ATTACHMENT 1

AT&T Rebuttal Testimony

03-10-10

Armstrong Telephone Company - North
Recurring Switched Access Charges

Current Intrastate Access Rate Armstrong Telephone Company - North Supplements No. 2, 5, and 9 - Telephone - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 1)		**Carrier Common Line**		
Per access line, per month	$0.00	(Not Allowed)	$0.00	No Change
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 5)		**End Office (Section 17.2.3 page 11)**		
Local Switching	$.016100	Local Switching	$.033045	$.016945
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.020600	Information Surcharge	$.032100	$.011500
Local Transport (Section 17.2.2 pages 3 to 4)		**Local Transport (Section 17.2.2)**		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.3)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000165	Same	$.000203	$.000038
Termination (Per Termination)	$.000836	Same	$.001055	$.000219
Tandem Switching (Per Tandem)	$.002763	Same	$.002744	
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$35.09	Same	$49.56	$14.47
Four Wire	$56.14	Same	$79.30	$23.16
DS1	$176.82	Same	$243.89	$67.07
DS3	$2,051.19	Same	$2,226.86	$175.67
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.50	Same	$3.53	$1.03
DS1	$13.14	Same	$16.70	-
DS3	$131.77	Same	$145.55	$13.78
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.3)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$25.11	Same	$35.48	$10.37
DS1	$94.18	Same	$86.69	
DS3	$525.64	Same	$556.71	$31.07
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$506.42	$32.11
DS1 to Voice	$183.12	Same	$195.52	$12.40
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000000	(Not Allowed)	$.000000	No Change
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$.01550	Same	$.01390	
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per Query	$.0048	Same	$.0054	$.0006
Vertical Features per query	$.0054	Same	$.0060	$.0006

Notes: * As of July 1, 2009

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Armstrong Telephone Company - North

Non-Recurring Switched Access Charges

Current Intrastate Access Rate Armstrong Telephone Company - North Supplements No. 2, 5, and 9 - Telephone - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17 2 1 page 2)		Local Transport (Section 17.2.1 page 10)		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$161.00	Same	$450.00	$289.00
Four Wire	$161.00	Same	$450.00	$289.00
DS1	$181.00	Same	$330.00	$149.00
DS3	$409.00	Same	$445.00	[illegible]
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$81.00	Same	$220.00	$139.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$260.00	Same	$442.00	$182.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$249.00	Same	$459.00	$210.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	No Change

Notes: * As of July 1, 2009

Armstrong Telephone Company - PA
Recurring Switched Access Charges

Current Intrastate Access Rate Armstrong Telephone Company - PA Supplements No. 2, 5, and 9 - Telephone - PA PUC Tariff No. 11		**Current Interstate & Proposed Intrastate Access Rate*** NECA Tariff FCC No. 5		**Change**
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 16)		**Carrier Common Line**		
Per access line, per month	$12.44	(Not Allowed)	$0.00	-
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 20)		**End Office (Section 17.2.3 page 11)**		
Local Switching	$.020297	Local Switching	$.033045	$.012748
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.020600	Information Surcharge	$.032100	$.011500
Local Transport (Section 17.2.2 pages 18 to 19)		**Local Transport (Section 17.2.2)**		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000169	Same	$.000203	$.000034
Termination (Per Termination)	$.000823	Same	$.001055	$.000232
Tandem Switching (Per Tandem)	$.002763	Same	$.002744	[illegible]
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$35.09	Same	$69.38	$34.29
Four Wire	$56.14	Same	$111.02	$54.88
DS1	$176.82	Same	$341.45	$164.63
DS3	$2,051.19	Same	$3,117.60	$1,066.41
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.50	Same	$4.94	$2.44
DS1	$19.14	Same	$23.38	$4.24
DS3	$131.77	Same	$203.77	$72.00
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$25.11	Same	$49.67	$24.56
DS1	$94.38	Same	$121.37	$26.99
DS3	$525.64	Same	$779.39	$253.75
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$708.99	$234.68
DS1 to Voice	$183.12	Same	$273.73	$90.61
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000000	(Not Allowed)	$.000000	No Change
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$.01550	Same	$.01390	
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0048	Same	$.0054	$.0006
Vertical Feature per query	$.0054	Same	$.0060	$.0006

Notes: * As of July 1, 2009

In the foregoing illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling, Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Armstrong Telephone Company - PA

Non-Recurring Switched Access Charges

Current Intrastate Access Rate Armstrong Telephone Company - PA Supplements No. 2, 5, and 9 - Telephone - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17.2.1 page 17)		Local Transport (Section 17.2.1 page 10)		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$161.00	Same	$450.00	$289.00
Four Wire	$161.00	Same	$450.00	$289.00
DS1	$181.00	Same	$330.00	$149.00
DS3	$499.00	Same	$441.00	-
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$81.00	Same	$220.00	$139.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$260.00	Same	$442.00	$182.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$249.00	Same	$459.00	$210.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per C C)	None	Same	None	No Charge

Notes: * As of July 1, 2009

Citizens Telephone Company of Kecksburg - PA
Recurring Switched Access Charges

Current Intrastate Access Rate Citizens Telephone Company of Kecksburg Supplements No. 2 & 6 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* ICORE Tariff FCC No. 2		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 46)		**Carrier Common Line**		
Per access line, per month	$11.18	(Not Allowed)	$0.00	[illegible]
	Premium Rate Per		Premium Rate Per	Premium Rate Per
End Office (Section 17.2.3 page 50)	Access Minute	**End Office** (Section 17.5.2 page 121)	Access Minute	Access Minute
Local Switching	$.012040	Local Switching	$.012828	$.000788
	Premium Rate Per 100		Premium Rate Per 100	Premium Rate Per 100
	Access Minutes		Access Minutes	Access Minutes
Information Surcharge	$.020900	Information Surcharge	$.022000	$.001100
Local Transport (Section 17.2.2 pages 48-49)		**Local Transport** (Section 17.5.2 pages 118 - 119)		
	Rate Per Access		Rate Per Access	Rate Per Access
Tandem Switched Transport	Minute	Tandem Switched Transport	Minute	Minute
Facility (Per Mile)	$.000054	Same	$.000115	$.000061
Termination (Per Termination)	$.000242	Same	$.000599	$.000357
Tandem Switching (Per Tandem)	N/A	Same	N/A	N/A
Entrance Facilities	Rate	Entrance Facilities	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$16.96	Same	ICB	N/A
Four Wire	$59.15	Same	ICB	N/A
DS1	$192.24	Same	$182.15	[illegible]
DS3	$2,230.19	Same	ICB	N/A
Direct-Trunked Transport (Facility)	Rate	Direct-Trunked Transport (Facility)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.64	Same	ICB	N/A
DS1	$22.70	Same	$12.47	[illegible]
DS3	$203.67	Same	ICB	N/A
Direct-Trunked Termination	Rate	Direct-Trunked Termination	Rate	Rate
(Per Termination)		Same		
Voice Grade	$20.46	Same	ICB	N/A
DS1	$111.27	Same	$64.74	[illegible]
DS3	$593.33	Same	ICB	N/A
Multiplexing	Rate	Multiplexing	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$524.23	Same	ICB	N/A
DS1 to Voice	$207.40	Same	ICB	N/A
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	None	(Not Allowed)	None	None
Network Blocking Charge	Rate	Network Blocking Charge	Rate	Rate
(Per Blocked Call - FGD)	$.01240	Same	$.01250	$.00010
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries	Rate	Rate
Basic per query	$.0054	Same	$.0056	$.0002
Vertical Feature per query	$.0059	Same	$.0061	$.0002

Notes: * As of July 1, 2009
In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services' rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Citizens Telephone Company of Keckeburg - PA

Non-Recurring Switched Access Charges

Current Intrastate Access Rate **Citizens Telephone Company of Kecksburg Supplements No. 2 & 6 - PA PUC Tariff No. 11**		**Current Interstate & Proposed Intrastate Access Rate*** **ICORE Tariff FCC No. 2**		**Change**
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17.2.2 page 47)		**Local Transport (Section 17.5.2 page 117)**		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$161.00	Same	CB	N/A
Four Wire	$161.00	Same	CB	N/A
DS1	$181.00	Same	$378.00	$197.00
DS3	$499.00	Same	CB	N/A
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$136.00	Same	$37.00	[illegible]
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$321.00	Same	$366.00	$45.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof - see 6.1.1.B)	$310.00	Same	$353.00	$43.00
Local Transport - Installation	Nonrecurring Charge	Local Transport - Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)	$220.00	Same	N/A	N/A
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

Commonwealth Telephone Company - PA
Recurring Switched Access Charges

Current Intrastate Access Rate Commonwealth Telephone Company - PA PUC Tariff No. 26		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17 1 1 page 1)		**Carrier Common Line**		
Per access line, per month	$7.00	(Not Allowed)	$0.00	-
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17 2.3 page 5)		**End Office** (Section 17 2 3 page 11)		
Local Switching	$.025719	Local Switching (Rate Band 3)	$.016522	[illegible]
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.017300	Same	$.032100	$.011800
Local Transport (Section 17.2 2 pages 3 to 4)		**Local Transport** (Section 17 2 2)		
	Rate Per Access Minute		Rate Per Access Minute	Rate Per Access Minute
Tandem Switched Transport		Tandem Switched Transport (page 17-10 2 1 2)		
Facility (Per Mile)	$.000267	Same	$.000203	[illegible]
Termination (Per Termination)	$.001316	Same	$.001055	
Tandem Switching (Per Tandem)	$.002763	Same	$.002714	[illegible]
Entrance Facilities	Rate	Entrance Facilities (page 10 1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$35.09	Same	$49.56	$14.47
Four Wire	$56.14	Same	$79.30	$23.16
DS1	$176.82	Same	$243.89	$67.07
DS3	$2,051.19	Same	$2,226.86	$175.67
Direct-Trunked Transport (Facility)	Rate	Direct-Trunked Transport (Facility) (page 10 1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.50	Same	$3.53	$1.03
DS1	$19.14	Same	$16.70	[illegible]
DS3	$131.77	Same	$145.55	$13.78
Direct-Trunked Termination	Rate	Direct-Trunked Termination (page 10 1 1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$25.11	Same	$35.48	$10.37
DS1	$94.38	Same	$86.69	[illegible]
DS3	$525.64	Same	$556.71	$31.07
Multiplexing	Rate	Multiplexing (page 10 2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$506.42	$32.11
DS1 to Voice	$183.12	Same	$195.52	$12.40
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.001096	(Not Allowed)	None	[illegible]
Network Blocking Charge	Rate	Network Blocking Charge (page 10 2 1 2)	Rate	Rate
(Per Blocked Call - FGD)	$.01550	Same	$.01390	[illegible]
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10 3)	Rate	Rate
Basic per query	$.0048	Same	$.0054	$.0006
Vertical Feature per query	$.0054	Same	$.0060	$.0006

Notes: * As of July 1, 2009

In this foregoing illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Commonwealth Telephone Company - PA
Non-Recurring Switched Access Charges

Current Intrastate Access Rate Commonwealth Telephone Company - PA PUC Tariff No. 26		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17.2.1 page 2)		**Local Transport (Section 17.2.1 page 10)**		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$161.00	Same	$450.00	$289.00
Four Wire	$161.00	Same	$450.00	$289.00
DS1	$181.00	Same	$330.00	$149.00
DS3	$499.00	Same	$445.00	[illegible]
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$81.00	Same	$220.00	$139.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$260.00	Same	$442.00	$182.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof - see 6.4.1 B)	$249.00	Same	$459.00	$210.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

Consolidated Communications of PA Company
Recurring Switched Access Charges

Current Intrastate Access Rate North Pittsburgh Telephone Company (d/b/a Consolidated Communications of PA) Supplements No. 6 and 10 - PA PUC Tariff No. 12	(A)	Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5	(B)	Change (C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 1)		Carrier Common Line		
Per access line, per month	$6.51	(Not Allowed)	$0.00	[illegible]
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 5)		**End Office (Section 17.2.3 page 11)**		
Local Switching	$.020297	Same	$.016522	[illegible]
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.020600	Same	$.032100	$.011500
Local Transport (Section 17.2.2 pages 3-4)		**Local Transport (Section 17.2.2)**		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000169	Same	$.000203	$.000034
Termination (Per Termination)	$.000833	Same	$.001055	$.000222
Tandem Switching (Per Tandem)	$.002743	Same	$.002744	$.000001
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$35.09	Same	$49.56	$14.47
Four Wire	$56.14	Same	$79.30	$23.16
DS1	$176.82	Same	$243.89	$67.07
DS3	$2,051.19	Same	$2,226.86	$175.67
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.50	Same	$3.53	$1.03
DS1	$19.14	Same	$16.70	[illegible]
DS3	$131.77	Same	$145.55	$13.78
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$25.11	Same	$35.48	$10.37
DS1	$94.38	Same	$86.69	[illegible]
DS3	$525.64	Same	$556.71	$31.07
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$506.42	$32.11
DS1 to Voice	$183.12	Same	$195.52	$12.40
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	None	(Not Allowed)	None	None
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.9)	Rate	Rate
(Per Blocked Call - FGD)	$.01550	Same	$.01390	[illegible]
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0048	Same	$.0054	$.0006
Vertical Feature per query	$.0054	Same	$.0060	$.0006

Notes: * As of July 1, 2009
In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Consolidated Communications of PA Company

Non-Recurring Switched Access Charges

Current Intrastate Access Rate North Pittsburgh Telephone Company (d/b/a Consolidated Communications of PA) Supplements No. 6 and 10 - PA PUC Tariff No. 12		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17.2.2 page 47)		Local Transport (Section 17.2.1 page 10)		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$161.00	Same	$450.00	$289.00
Four Wire	$161.00	Same	$450.00	$289.00
DS1	$181.00	Same	$330.00	$149.00
DS3	$499.00	Same	$445.00	[illegible]
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$81.00	Same	$220.00	$139.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multi-frequency Address Signaling to SS7 Signaling or SS7 Signaling to Multi-frequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$260.00	Same	$442.00	$182.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$249.00	Same	$459.00	$210.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

Frontier Communications of Breezewood
Recurring Switched Access Charges

Current Intrastate Access Rate Frontier Communications of Pennsylvania - Tariff PA PUC 15		Current Interstate & Proposed Intrastate Access Rate* Frontier Telephone Companies - Tariff FCC No. 2		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 3.5.1 page 4)		**Carrier Common Line (Section 16.1 page 1)**		
Per access line, per month	$6.00	(Not Allowed)	$0.00	No Change
End Office (Section 6.8.3 page 122)	Premium Rate Per Access Minute	**End Office (Section 16.4.7 page 7)**	Premium Rate Per Access Minute	Premium Rate Per Access Minute
Local Switching		Local Switching		
LS1 (FGA & B)	$.003500	LS1 (FGA & B)	$.002651	[illegible]
LS2 (FGC & D)	$.003500	LS2 (FGC & D)	$.002651	[illegible]
Common Trunk Port	Rate	Common Trunk Port	Rate	Rate
(Per Minute)	$.000812	(Per Minute)	$.000200	[illegible]
DS0, per month	$10.00	DS0, per month	$10.00	No Change
DS1, per month	$178.68	DS1, per month	$190.00	$11.32
Local Transport (Section 6.8.1 pages 114 - 119)		**Local Transport (Section 16.4 pages 4 - 8)**		
Tandem Switched (pages 117 - 118)	Premium Rate Per Access Minute	Tandem Switched Transport (page 6)	Rate Per Access Minute	Rate Per Access Minute
Transmission (Per Mile)	$.000040	Same	$.000010	[illegible]
Transmission (Fixed)	$.004497	Same	$.002418	[illegible]
Tandem Switching	$.000365	Same	$.000200	[illegible]
Entrance Facilities (Section 6.8.1 page 114)	Rate Per Month	Entrance Facilities (page 4)	Rate	Rate
Voice Grade	$81.52	Same	$80.70	[illegible]
DS1	$259.00	Same	$150.00	[illegible]
DS3	$1,192.00	Same	$1,192.00	No Change
Direct-Trunked Transport (Facility) (page 115)	Rate	Direct-Trunked Transport (Facility) (page 5)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$1.69	Same	$1.50	[illegible]
DS1	$22.00	Same	$10.00	[illegible]
DS3	$215.00	Same	$100.00	[illegible]
Direct-Trunked Termination (page 114)	Rate Per Month	Direct-Trunked Termination (page 5)	Rate	Rate
Voice Grade	$64.00	Same	$54.20	[illegible]
DS1	$372.00	Same	$75.00	[illegible]
DS3	$8,360.00	Same	$750.00	[illegible]
Multiplexing (page 116)	Rate Per Month	Multiplexing (page 5)	Rate	Rate
DS3 to DS1	$1,540.60	Same	$1,540.60	No Change
DS1 to Voice	$201.05	Same	$201.05	No Change
Shared Multiplexing (page 116)	Rate Per Minute	Shared Multiplexing (page 5)	Rate	Rate
(Per Minute)	$.000176	(Per Minute)	$.000000	[illegible]
Residual Interconnection Charge (page 119)	Premium Rate Per Minute	Residual Interconnection Charge (page 6)	Premium Rate Per Minute	Premium Rate Per Minute
Supplemental LEC Transport Charge	$.000000	(Not Allowed)	$.000000	No Change
Network Blocking Charge (page 120)	Rate	Network Blocking Charge (page 7)	Rate	Rate
(Per Call)	$.01000	Same	$.01000	$.000000
Dedicated Tandem Trunk Ports (page 119)	Rate	Dedicated Tandem Trunk Ports (page 7)	Rate	Rate
DS0, per month	$6.08	DS0, per month	$10.00	$3.92
DS1, per month	$168.29	DS1, per month	$190.00	$21.71
800 Data Base Access Service Queries (Section 6.8 page 112)	Rate	800 Data Base Access Service Queries (page 8)	Rate	Rate
Basic per query	$.00673	Same	$0.00667	[illegible]
Vertical Feature per query	$.00342	Same	$0.00069	[illegible]

Notes: * As of July 1, 2009

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Frontier Communications of Pennsylvania - Tariffs PA PUC 15 and FCC No. 2 did not include a section for Non-Recurring Charges.

Frontier Communications of Canton
Recurring Switched Access Charges

Current Intrastate Access Rate Frontier Communications of Pennsylvania - Tariff PA PUC 15		**Current Interstate & Proposed Intrastate Access Rate*** Frontier Telephone Companies - Tariff FCC No. 2		**Change**
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 3.5.1 page 4)		**Carrier Common Line (Section 16.1 page 1)**		
Per access line, per month	$0.00	(Not Allowed)	$0.00	No Change
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 6.8.3 page 122)		**End Office (Section 16.4.7 page 7)**		
Local Switching		Local Switching		
LS1 (FGA & B)	$.004991	LS1 (FGA & B)	$.002651	[illegible]
LS2 (FGC & D)	$.004991	LS2 (FGC & D)	$.002651	[illegible]
Common Trunk Port	Rate	Common Trunk Port	Rate	Rate
(Per Minute)	$.000812	(Per Minute)	$.000200	[illegible]
DS0, per month	$10.00	DS0, per month	$10.00	No Change
DS1, per month	$178.68	DS1, per month	$190.00	$11.32
Local Transport (Section 6.8.1 pages 114 - 119)		**Local Transport (Section 16.4 pages 4 - 8)**		
	Premium Rate Per Access Minute		Rate Per Access Minute	Rate Per Access Minute
Tandem Switched (pages 117 - 118)		Tandem Switched Transport (page 6)		
Transmission (Per Mile)	$.000040	Same	$.000010	[illegible]
Transmission (Fixed)	$.004497	Same	$.002418	[illegible]
Tandem Switching	$.000365	Same	$.000200	[illegible]
Entrance Facilities (Section 6.8.1 page 114)	Rate Per Month	Entrance Facilities (page 4)	Rate	Rate
Voice Grade	$81.52	Same	$80.70	[illegible]
DS1	$259.00	Same	$150.00	[illegible]
DS3	$1,192.00	Same	$1,192.00	No Change
Direct-Trunked Transport (Facility) (page 115)	Rate	Direct-Trunked Transport (Facility) (page 5)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$1.69	Same	$1.50	[illegible]
DS1	$22.00	Same	$10.00	[illegible]
DS3	$215.00	Same	$100.00	[illegible]
Direct-Trunked Termination (page 114)	Rate Per Month	Direct-Trunked Termination (page 5)	Rate	Rate
Voice Grade	$64.00	Same	$54.20	[illegible]
DS1	$872.00	Same	$75.00	[illegible]
DS3	$8,360.00	Same	$750.00	[illegible]
Multiplexing (page 116)	Rate Per Month	Multiplexing (page 5)	Rate	Rate
DS3 to DS1	$1,540.60	Same	$1,540.60	No Change
DS1 to Voice	$201.05	Same	$201.05	No Change
Shared Multiplexing (page 116)	Rate Per Minute	Shared Multiplexing (page 5)	Rate	Rate
(Per Minute)	$.000176	(Per Minute)	$.000000	[illegible]
	Premium Rate Per Minute		Premium Rate Per Minute	Premium Rate Per Minute
Residual Interconnection Charge (page 119)		Residual Interconnection Charge (page 6)		
Supplemental LEC Transport Charge	$.000666	(Not Allowed)	$.000000	[illegible]
Network Blocking Charge (page 120)	Rate	Network Blocking Charge (page 7)	Rate	Rate
(Per Call)	$.01000	Same	$.01000	$.000000
Dedicated Tandem Trunk Ports (page 119)	Rate	Dedicated Tandem Trunk Ports (page 7)	Rate	Rate
DS0, per month	$6.08	DS0, per month	$10.00	$3.92
DS1, per month	$108.29	DS1, per month	$190.00	$81.71
800 Data Base Access Service Queries (Section 6.8 page 132)	Rate	800 Data Base Access Service Queries (page 8)	Rate	Rate
Basic per query	$.00873	Same	$0.00867	[illegible]
Vertical Feature per query	$.00342	Same	$0.00069	

Notes: * As of July 1, 2009
In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.
Frontier Communications of Pennsylvania Tariffs PA PUC 15 and FCC No. 2 do not include a section for Non Recurring Charges.

Frontier Communications of Lakewood
Recurring Switched Access Charges

Current Intrastate Access Rate Frontier Communications of Pennsylvania - Tariff PA PUC 15		Current Interstate & Proposed Intrastate Access Rate* Frontier Telephone Companies - Tariff FCC No. 2		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 3.5.1 page 4)		**Carrier Common Line (Section 16.1 page 1)**		
Per access line, per month	$0.00	(Not Allowed)	$0.00	No Change
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 6.8.3 page 122)		**End Office (Section 16.4.7 page 7)**		
Local Switching		Local Switching		
LS1 (FGA & B)	$.007920	LS1 (FGA & B)	$.002651	[illegible]
LS2 (FGC & D)	$.007920	LS2 (FGC & D)	$.002651	[illegible]
Common Trunk Port	Rate	Common Trunk Port	Rate	Rate
(Per Minute)	$.006812	(Per Minute)	$.000200	[illegible]
DS0, per month	$10.00	DS0, per month	$10.00	No Change
DS1, per month	$178.68	DS1, per month	$190.00	$11.32
Local Transport (Section 6.8.1 pages 114 - 119)		**Local Transport (Section 16.4 pages 4 - 8)**		
Tandem Switched (pages 117 - 118)	Premium Rate Per Access Minute	Tandem Switched Transport (page 6)	Rate Per Access Minute	Rate Per Access Minute
Transmission (Per Mile)	$.000040	Same	$.000010	[illegible]
Transmission (Fixed)	$.004497	Same	$.002418	[illegible]
Tandem Switching	$.000365	Same	$.000700	[illegible]
Entrance Facilities (Section 6.8.1 page 114)	Rate Per Month	Entrance Facilities (page 4)	Rate	Rate
Voice Grade	$81.52	Same	$30.70	[illegible]
DS1	$259.00	Same	$150.00	[illegible]
DS3	$1,192.00	Same	$1,192.00	No Change
Direct-Trunked Transport (Facility) (page 115)	Rate	Direct-Trunked Transport (Facility) (page 5)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$1.69	Same	$1.50	[illegible]
DS1	$22.00	Same	$10.00	[illegible]
DS3	$215.00	Same	$100.00	[illegible]
Direct-Trunked Termination (page 114)	Rate Per Month	Direct-Trunked Termination (page 5)	Rate	Rate
Voice Grade	$64.00	Same	$54.70	[illegible]
DS1	$872.00	Same	$75.00	[illegible]
DS3	$8,360.00	Same	$750.00	[illegible]
Multiplexing (page 116)	Rate Per Month	Multiplexing (page 5)	Rate	Rate
DS3 to DS1	$1,540.60	Same	$1,540.60	No Change
DS1 to Voice	$201.05	Same	$201.05	No Change
Shared Multiplexing (page 116)	Rate Per Minute	Shared Multiplexing (page 5)	Rate	Rate
(Per Minute)	$.000176	(Per Minute)	$.000000	[illegible]
Residual Interconnection Charge (page 119)	Premium Rate Per Minute	Residual Interconnection Charge (page 6)	Premium Rate Per Minute	Premium Rate Per Minute
Supplemental LEC Transport Charge	$.000666	(Not Allowed)	$.000000	[illegible]
Network Blocking Charge (page 120)	Rate	Network Blocking Charge (page 7)	Rate	Rate
(Per Call)	$.01000	Same	$.01000	$.000000
Dedicated Tandem Trunk Ports (page 119)	Rate	Dedicated Tandem Trunk Ports (page 7)	Rate	Rate
DS0, per month	$6.08	DS0, per month	$10.00	$3.92
DS1, per month	$108.29	DS1, per month	$190.00	$81.71
800 Data Base Access Service Queries (Section 6.9, page 132)	Rate	800 Data Base Access Service Queries (page 8)	Rate	Rate
Basic per query	$.00873	Same	$0.00867	[illegible]
Vertical Feature per query	$.00342	Same	$0.00069	[illegible]

Notes: * As of July 1, 2009
In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.
Frontier Communications of Pennsylvania - Tariffs PA PUC 15 and FCC No. 2 did not include a section for Non-Recurring Charges.

Frontier Communications of Oswayo River
Recurring Switched Access Charges

Current Intrastate Access Rate Frontier Communications of Pennsylvania - Tariff PA PUC 15		Current Interstate & Proposed Intrastate Access Rate* Frontier Telephone Companies - Tariff FCC No. 2		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 3.5.1 page 4)		**Carrier Common Line (Section 16.1 page 1)**		
Per access line, per month	$ 17	(Not Allowed)	$ 00	
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 6.8.3 page 122)		**End Office (Section 16.4.7 page 7)**		
Local Switching		Local Switching		
LS1 (FGA & B)	$.013832	LS1 (FGA & B)	$.007651	
LS2 (FGC & D)	$.013832	LS2 (FGC & D)	$.007651	
Common Trunk Port	Rate	Common Trunk Port	Rate	Rate
(Per Minute)	$.000812	(Per Minute)	$.000200	[illegible]
DS0, per month	$10.00	DS0, per month	$10.00	No Change
DS1, per month	$178.68	DS1, per month	$190.00	$11.32
Local Transport (Section 6.8.1 pages 114 - 119)		**Local Transport (Section 16.4 pages 4 - 8)**		
Tandem Switched (pages 117 - 118)	Premium Rate Per Access Minute	Tandem Switched Transport (page 6)	Rate Per Access Minute	Rate Per Access Minute
Transmission (Per Mile)	$.000040	Same	$.000010	[illegible]
Transmission (Fixed)	$.004497	Same	$.002418	[illegible]
Tandem Switching	$.000365	Same	$.000200	[illegible]
Entrance Facilities (Section 6.9.1 page 114)	Rate Per Month	Entrance Facilities (page 4)	Rate	Rate
Voice Grade	$81.52	Same	$80.70	[illegible]
DS1	$259.00	Same	$150.00	[illegible]
DS3	$1,192.00	Same	$1,192.00	No Change
Direct-Trunked Transport (Facility) (page 115)	Rate	Direct-Trunked Transport (Facility) (page 5)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$1.69	Same	$1.50	[illegible]
DS1	$72.00	Same	$10.00	[illegible]
DS3	$215.00	Same	$100.00	[illegible]
Direct-Trunked Termination (page 114)	Rate Per Month	Direct-Trunked Termination (page 5)	Rate	Rate
Voice Grade	$64.00	Same	$54.20	[illegible]
DS1	$872.00	Same	$75.00	[illegible]
DS3	$8,360.00	Same	$750.00	[illegible]
Multiplexing (page 116)	Rate Per Month	Multiplexing (page 5)	Rate	Rate
DS3 to DS1	$1,540.60	Same	$1,540.60	No Change
DS1 to Voice	$201.05	Same	$201.05	No Change
Shared Multiplexing (page 116)	Rate Per Minute	Shared Multiplexing (page 5)	Rate	Rate
(Per Minute)	$.000176	(Per Minute)	$.000000	[illegible]
	Premium Rate Per Minute		Premium Rate Per Minute	Premium Rate Per Minute
Residual Interconnection Charge (page 119)		Residual Interconnection Charge (page 5)		
Supplemental LEC Transport Charge	$.000666	(Not Allowed)	$.000000	[illegible]
Network Blocking Charge (page 120)	Rate	Network Blocking Charge (page 7)	Rate	Rate
(Per Call)	$.01000	Same	$.01000	$.000000
Dedicated Tandem Trunk Ports (page 119)	Rate	Dedicated Tandem Trunk Ports (page 7)	Rate	Rate
DS0, per month	$6.08	DS0, per month	$10.00	$3.92
DS1, per month	$108.29	DS1, per month	$190.00	$81.71
800 Data Base Access Service Queries (Section 6.4 page 132)	Rate	800 Data Base Access Service Queries (page 6)	Rate	Rate
Basic per query	$.00873	Same	$0.00867	[illegible]
Vertical Feature per query	$.00342	Same	$0.00069	[illegible]

Notes: * As of July 1, 2009

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Frontier Communications of Pennsylvania - Tariffs PA PUC 15 and FCC No. 2 do not include a section for Non Recurring Charges

Frontier Communications of PA
Recurring Switched Access Charges

Current Intrastate Access Rate Frontier Communications of Pennsylvania - Tariff PA PUC 15	(A)	Current Interstate & Proposed Intrastate Access Rate* Frontier Telephone Companies - Tariff FCC No. 2	(B)	Change (C) = (B) - (A)
Carrier Charge (Section 3.5.1 page 4)		**Carrier Common Line (Section 16.1 page 1)**		
Per access line, per month	$0.00	(Not Allowed)	$0.00	No Change
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 6.8.3 page 122)		**End Office (Section 16.4.7 page 7)**		
Local Switching		Local Switching		
LS1 (FGA & B)	$.008961	LS1 (FGA & B)	$.002651	[illegible]
LS2 (FGC & D)	$.008961	LS2 (FGC & D)	$.002651	[illegible]
Common Trunk Port	Rate	Common Trunk Port	Rate	Rate
(Per Minute)	$.000812	(Per Minute)	$.000200	[illegible]
DS0, per month	$10.00	DS0, per month	$10.00	No Change
DS1, per month	$178.68	DS1, per month	$190.00	$11.32
Local Transport (Section 6.8.1 pages 114 - 119)		**Local Transport (Section 16.4 pages 4 - 8)**		
Tandem Switched (pages 117 - 118)	Premium Rate Per Access Minute	Tandem Switched Transport (page 6)	Rate Per Access Minute	Rate Per Access Minute
Transmission (Per Mile)	$.000040	Same	$.000010	[illegible]
Transmission (Fixed)	$.004497	Same	$.002418	[illegible]
Tandem Switching	$.000365	Same	$.000200	[illegible]
Entrance Facilities (Section 6.3.1 page 114)	Rate Per Month	Entrance Facilities (page 4)	Rate	Rate
Voice Grade	$81.52	Same	$80.70	[illegible]
DS1	$159.00	Same	$150.00	[illegible]
DS3	$1,192.00	Same	$1,192.00	No Change
Direct-Trunked Transport (Facility) (page 115)	Rate	Direct-Trunked Transport (Facility) (page 5)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$1.69	Same	$1.50	[illegible]
DS1	$22.00	Same	$10.00	[illegible]
DS3	$215.00	Same	$100.00	[illegible]
Direct-Trunked Termination (page 113)	Rate Per Month	Direct-Trunked Termination (page 5)	Rate	Rate
Voice Grade	$64.00	Same	$54.20	[illegible]
DS1	$872.00	Same	$75.00	[illegible]
DS3	$8,360.00	Same	$750.00	[illegible]
Multiplexing (page 116)	Rate Per Month	Multiplexing (page 5)	Rate	Rate
DS3 to DS1	$1,540.60	Same	$1,540.60	No Change
DS1 to Voice	$201.05	Same	$201.05	No Change
Shared Multiplexing (page 116)	Rate Per Minute	Shared Multiplexing (page 5)	Rate	Rate
(Per Minute)	$.000176	(Per Minute)	$.000000	[illegible]
	Premium Rate Per Minute		Premium Rate Per Minute	Premium Rate Per Minute
Residual Interconnection Charge (page 129)		Residual Interconnection Charge (page 6)		
Supplemental LEC Transport Charge	$.000666	(Not Allowed)	$.000000	[illegible]
Network Blocking Charge (page 120)	Rate	Network Blocking Charge (page 7)	Rate	Rate
(Per Call)	$.01000	Same	$.01000	$.000000
Dedicated Tandem Trunk Ports (page 129)	Rate	Dedicated Tandem Trunk Ports (page 7)	Rate	Rate
DS0, per month	$6.08	DS0, per month	$10.00	$3.92
DS1, per month	$108.29	DS1, per month	$190.00	$81.71
800 Data Base Access Service Queries (Section 6.8, page 132)	Rate	800 Data Base Access Service Queries (page 8)	Rate	Rate
Basic per query	$.00873	Same	$0.00467	[illegible]
Vertical Feature per query	$.00342	Same	$0.00069	[illegible]

Notes: * As of July 1, 2009

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Frontier Communications of Pennsylvania Tariffs PA PUC 15 and FCC No. 2 did not include a section for Non Recurring Charges.

Hickory Telephone Corporation
Recurring Switched Access Charges

Current Intrastate Access Rate Hickory Telephone Corporation - Supplements No. 2, 5 & 6 - Telephone - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) - (B) - (A)
Carrier Charge (Section 17.1.1 page 17 61)		**Carrier Common Line**		
Per access line, per month	$9.34	(Not Allowed)	$0.00	-
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 65)		**End Office (Section 17.2.3 page 11)**		
Local Switching	$.020297	Local Switching	$.033045	$.012748
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.020600	Information Surcharge	$.032100	$.011500
Local Transport (Section 17.2.2 pages 63 and 64)		**Local Transport (Section 17.2.2)**		
	Rate Per Access Minute		Rate Per Access Minute	Rate Per Access Minute
Tandem Switched Transport		Tandem Switched Transport (page 10.2.1.2)		
Facility (Per Mile)	$.000169	Same	$.000203	$.000034
Termination (Per Termination)	$.000833	Same	$.001055	$.000222
Tandem Switching (Per Tandem)	$.002743	Same	$.002744	$.000001
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$41.71	Same	$49.56	$7.85
Four Wire	$66.74	Same	$79.30	$12.56
DS1	$178.65	Same	$243.89	$65.76
DS3	$2,072.10	Same	$2,226.86	$154.76
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.3)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.97	Same	$3.53	$0.56
DS1	$19.34	Same	$16.70	[illegible]
DS3	$133.12	Same	$145.55	$12.43
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$29.86	Same	$35.48	$5.62
DS1	$95.34	Same	$86.69	
DS3	$531.00	Same	$556.71	$25.71
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$506.42	$32.11
DS1 to Voice	$183.12	Same	$195.52	$12.40
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000000	(Not Allowed)	$.000000	No Change
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.3)	Rate	Rate
(Per Blocked Call - FGD)	$.01080	Same	$.01390	$.00310
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0054	Same	$.0054	No Change
Vertical Feature per query	$.0059	Same	$.0060	$.0001

Notes: * As of July 1, 2009

In this mirroring illustration, AT&T excluded certain miscellaneous services including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Hickory Telephone Corporation

Non-Recurring Switched Access Charges

Current Intrastate Access Rate Hickory Telephone Corporation - Supplements No. 2, 5 & 6 - Telephone - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17.2.1 page 62)		Local Transport (Section 17.2.1 page 10)		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$230.00	Same	$450.00	$220.00
Four Wire	$240.00	Same	$450.00	$210.00
DS1	$251.00	Same	$330.00	$79.00
DS3	$251.00	Same	$445.00	$194.00
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$136.00	Same	$220.00	$84.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Converted or Fraction thereof)	$321.00	Same	$442.00	$121.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$310.00	Same	$459.00	$149.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

Ironton Telephone Company - PA
Recurring Switched Access Charges

Current Intrastate Access Rate Ironton Telephone Company Supplements No. 2 & 6 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* ICORE Tariff FCC No. 2		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 17-76)		**Carrier Common Line**		
Per access line, per month	$17.99	(Not Allowed)	$0.00	
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 17-80)		**End Office** (Section 17.5.2 page 121)		
Local Switching	$.010016	Local Switching	$.012828	$.002812
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.016000	Information Surcharge	$.028000	$.01[illegible]
Local Transport (Section 17.2.2 pages 78-79)		**Local Transport** (Section 17.5.2 pages 118 - 119)		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000363	Same	$.000115	
Termination (Per Termination)	$.001780	Same	$.000599	[illegible]
Tandem Switching (Per Tandem)	N/A	Same	N/A	N/A
Entrance Facilities	Rate	Entrance Facilities	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$36.96	Same	ICB	ICB
Four Wire	$65.96	Same	ICB	ICB
DS1	$176.54	Same	$182.15	$5.61
DS3	$2,047.31	Same	ICB	ICB
Direct-Trunked Transport (Facility)	Rate	Direct-Trunked Transport (Facility)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.94	Same	ICB	ICB
DS1	$19.11	Same	$12.47	[illegible]
DS3	$131.56	Same	ICB	ICB
Direct-Trunked Termination	Rate	Direct-Trunked Termination	Rate	Rate
(Per Termination)		Same		
Voice Grade	$29.51	Same	ICB	ICB
DS1	$94.22	Same	$64.74	
DS3	$524.77	Same	ICB	ICB
Multiplexing	Rate	Multiplexing	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$429.46	Same	ICB	ICB
DS1 to Voice	$165.81	Same	ICB	ICB
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	None	(Not Allowed)	None	None
Network Blocking Charge	Rate	Network Blocking Charge	Rate	Rate
(Per Blocked Call - FGD)	$.01240	Same	$.01250	$.00010
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries	Rate	Rate
Base, per query	$.0054	Same	$.0056	$.0002
Vertical Feature per query	$.0059	Same	$.0061	$.0002

Notes: * As of July 1, 2009

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Ironton Telephone Company - PA

Non-Recurring Switched Access Charges

Current Intrastate Access Rate Ironton Telephone Company Supplements No. 2 & 6 - PA PUC Tariff No. 11	(A)	Current Interstate & Proposed Intrastate Access Rate* ICORE Tariff FCC No. 2	(B)	Change (C) = (B) - (A)
Local Transport (Section 17.2.2 page 47)		**Local Transport (Section 17.5.2 page 117)**		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$230.00	Same	ICB	ICB
Four Wire	$230.00	Same	ICB	ICB
DS1	$251.00	Same	$378.00	$127.00
DS3	$251.00	Same	ICB	ICB
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$136.00	Same	$37.00	[illegible]
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Converted or Fraction thereof)	$321.00	Same	$366.00	$45.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$310.00	Same	$353.00	$43.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

Lackawaxen Telecommunications Services
Recurring Switched Access Charges

Current Intrastate Access Rate Lackawaxen Supplements No. 7 & 8 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 91)		**Carrier Common Line**		
Per access line, per month	$7.38	(Not Allowed)	$0.00	
End Office (Section 17.2.3 page 17.95)	Premium Rate Per Access Minute	**End Office (Section 17.2.3 page 11)**	Premium Rate Per Access Minute	Premium Rate Per Access Minute
Local Switching	$.010500	Local Switching	$.009313	
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.020600	Information Surcharge	$.032100	$.011103
Local Transport (Section 17.2.2 pages 93 to 94)		**Local Transport (Section 17.2.2)**		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000130	Same	$.000203	$.000073
Termination (Per Termination)	$.000750	Same	$.001055	$.000305
Tandem Switching (Per Tandem)	$.002743	Same	$.002744	$.000001
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$41.71	Same	$69.38	$27.67
Four Wire	$66.74	Same	$111.02	$44.28
DS1	$178.63	Same	$341.45	$162.82
DS3	$2,072.10	Same	$3,117.60	$1,045.50
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.97	Same	$4.34	$1.37
DS1	$19.34	Same	$23.38	$4.04
DS3	$133.12	Same	$203.77	$70.65
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$29.86	Same	$49.67	$19.81
DS1	$95.34	Same	$121.37	$26.03
DS3	$531.00	Same	$779.39	$248.39
Multiplexing	Rate	Multiplexing (page 10.3)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$708.99	$234.68
DS1 to Voice	$183.12	Same	$273.73	$90.61
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000000	(Not Allowed)	$.000000	No Charge
Network Blocking Charge	Rate	Network Blocking Charge (page 17.10.2.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$.01080	Same	$.01390	$0.00310
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 17.10.3)	Rate	Rate
Basic per query	$.0054	Same	$.0054	No Charge
Vertical feature per query	$.0059	Same	$.0060	$0.0001

Notes: * As of July 1, 2009

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Lackawaxen Telecommunications Services

Non-Recurring Switched Access Charges

Current Intrastate Access Rate Lackawaxen Supplement No. 2 & 8 - PA PUC Tariff No. 11		**Current Interstate & Proposed Intrastate Access Rate*** NECA Tariff FCC No. 5		**Change**
	(A)		(B)	(C) - (B) - (A)
Local Transport (Section 17.2.2 page 92)		**Local Transport (Section 17.2.1 page 10)**		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$230.00	Same	$450.00	$220.00
Four Wire	$230.00	Same	$450.00	$220.00
DS1	$251.00	Same	$330.00	$79.00
DS3	$251.00	Same	$445.00	$194.00
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$136.00	Same	$220.00	$84.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$321.00	Same	$442.00	$121.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$310.00	Same	$459.00	$149.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	No Change

Notes: * As of July 1, 2009

Laurel Highland
Recurring Switched Access Charges

Current Intrastate Access Rate Laurel Highland Supplements No. 2 & 6 PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) (B) - (A)
Carrier Charge (Section 17.1.1 page 106)		**Carrier Common Line**		
Per access line, per month	-	(Not Allowed)	$0.00	-
End Office (Section 17.2.3 page 110)	Premium Rate Per Access Minute	**End Office (Section 17.2.3 page 11)**	Premium Rate Per Access Minute	Premium Rate Per Access Minute
Local Switching	$.020297	Local Switching	$.013218	[illegible]
	Rate Per 100 Access Minutes**		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.016600	Information Surcharge	$.032100	$.015500
Local Transport (Section 17.2.2 pages 108 to 109)		**Local Transport (Section 17.2.2)**		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000169	Same	$.000203	$.000034
Termination (Per Termination)	$.000533	Same	$.001055	$.000222
Tandem Switching (Per Tandem)	$.002743	Same	$.002744	$.000001
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$35.09	Same	$49.56	$14.47
Four Wire	$56.14	Same	$79.30	$23.16
DS1	$176.82	Same	$243.89	$67.07
DS3	$2,051.19	Same	$2,226.86	$175.67
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.2)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.50	Same	$3.53	$1.03
DS1	$19.14	Same	$16.70	
DS3	$131.77	Same	$145.55	$13.78
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.2.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$25.11	Same	$35.48	$10.37
DS1	$94.38	Same	$86.69	-
DS3	$525.64	Same	$556.71	$31.07
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$506.42	$32.11
DS1 to Voice	$183.12	Same	$195.52	$12.40
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000000	(Not Allowed)	$.000000	No Change
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$.01550	Same	$.01390	-
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0048	Same	$.0074	$0.0006
Vertical Feature per query	$.0054	Same	$.0060	$0.0006

Notes: * As of July 1, 2009

** PA tariff states per minute rate, converted to per 100 minute rate for like to like comparison with interstate

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Laurel Highland

Non-Recurring Switched Access Charges

Current Intrastate Access Rate Laurel Highland Supplements No. 2 & 6 PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17.2.1 page 107)		**Local Transport (Section 17.2.1 page 10)**		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$161.00	Same	$450.00	$289.00
Four Wire	$161.00	Same	$450.00	$289.00
DS1	$181.00	Same	$330.00	$149.00
DS3	$449.00	Same	$445.00	-
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$81.00	Same	$220.00	$139.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$260.00	Same	$442.00	$182.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$249.00	Same	$459.00	$210.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per Co.)	None	Same	None	None

Notes: * As of July 1, 2009

Marianna & Scenery Hill
Recurring Switched Access Charges

Current Intrastate Access Rate Marianna & Scenery Hill Supplements No. 2 & 6 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 121)		**Carrier Common Line**		
Per access line, per month	$16.50	(Not Allowed)	$0.00	-
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 125)		**End Office (Section 17.2.3 page 11)**		
Local Switching	$.012178	Local Switching	$.009913	-
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.020600	Information Surcharge	$.032100	$.011500
Local Transport (Section 17.2.2 pages 123 to 124)		**Local Transport (Section 17.2.2)**		
	Rate Per Access Minute		Rate Per Access Minute	Rate Per Access Minute
Tandem Switched Transport		Tandem Switched Transport (page 10.2.1.2)		
Facility (Per Mile)	$.000169	Same	$.000170	$.000001
Termination (Per Termination)	$.000823	Same	$.000883	$.000060
Tandem Switching (Per Tandem)	$.002743	Same	$.002297	-
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$41.71	Same	$49.56	$7.85
Four Wire	$66.74	Same	$79.30	$12.56
DS1	$178.63	Same	$243.89	$65.26
DS3	$2,072.10	Same	$2,226.86	$154.76
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.97	Same	$3.53	$0.56
DS1	$19.34	Same	$16.70	-
DS3	$133.12	Same	$145.55	$12.43
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$29.86	Same	$35.48	$5.62
DS1	$95.34	Same	$86.69	-
DS3	$531.00	Same	$556.71	$25.71
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$506.42	$32.11
DS1 to Voice	$183.12	Same	$195.52	$12.40
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000060	(Not Allowed)	$.000000	No Change
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$.01080	Same	$.01390	$.00310
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0054	Same	$.0054	No Change
Vertical Feature per query	$.0059	Same	$.0060	$.0001

Notes: * As of July 1, 2009

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Marianna & Scenery Hill
Non-Recurring Switched Access Charges

Current Intrastate Access Rate Marianna & Scenery Hill Supplements No. 2 & 6 - PA PUC Tariff No. 11	(A)	Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5	(B)	Change (C) = (B) - (A)
Local Transport (Section 17.2.1 page 122)		**Local Transport (Section 17.2.1 page 10)**		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$230.00	Same	$450.00	$220.00
Four Wire	$230.00	Same	$450.00	$220.00
DS1	$251.00	Same	$330.00	$79.00
DS3	$251.00	Same	$445.00	$194.00
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$136.00	Same	$220.00	$84.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$321.00	Same	$442.00	$121.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$310.00	Same	$450.00	$140.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

North Eastern Pennsylvania Telephone Company
Recurring Switched Access Charges

Current Intrastate Access Rate North Eastern Pennsylvania Telephone Company (NEPA) Supplements 2, 5, 6 & 9 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) (B) (A)
Carrier Charge (Section 17.1.1 page 136)		**Carrier Common Line**		
Per access line, per month	$7.88	(Not Allowed)	$0.00	
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17 2.3 page 140)		**End Office (Section 17 2.3 page 11)**		
Local Switching	$.010856	Local Switching	$.016522	$.005666
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.021100	Information Surcharge	$.032100	$.011000
Local Transport (Section 17 2 2 pages 138 to 139)		**Local Transport (Section 17.2.2)**		
	Rate Per Access Minute		Rate Per Access Minute	Rate Per Access Minute
Tandem Switched Transport		Tandem Switched Transport (page 10.2.3.2)		
Facility (Per Mile)	$.000023	Same	$.000203	$.000180
Termination (Per Termination)	$.000243	Same	$.001055	$.000812
Tandem Switching (Per Tandem)	$.002956	Same	$.002744	
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$49.29	Same	$49.56	[illegible]
Four Wire	$69.29	Same	$79.30	$10.01
DS1	$185.74	Same	$243.89	$58.15
DS3	$2,051.19	Same	$2,226.86	$175.67
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$3.[illegible]	Same	$3.93	$0.45
DS1	$20.[illegible]8	Same	$16.70	
DS3	$131.77	Same	$145.55	$13.78
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$31.00	Same	$35.48	$4.48
DS1	$93.[illegible]	Same	$56.69	
DS3	$525.64	Same	$556.71	$31.07
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$506.42	$32.11
DS1 to Voice	$183.12	Same	$195.52	$12.40
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000000	(Not Allowed)	$.000000	No Change
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$.01550	Same	$.01390	
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.a)	Rate	Rate
Basic per query	$.0054	Same	$.0054	No Change
Vertical Feature per query	$.0060	Same	$.0060	No Change

Notes: * As of July 1, 2009

In this interstate illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

North Eastern Pennsylvania Telephone Company

Non-Recurring Switched Access Charges

Current Intrastate Access Rate North Eastern Pennsylvania Telephone Company (NEPA) Supplements 2, 5, 6 & 9 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17.2.1 page 137)		**Local Transport (Section 17.2.1 page 10)**		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$230.00	Same	$450.00	$220.00
Four Wire	$230.00	Same	$450.00	$220.00
DS1	$251.00	Same	$330.00	$79.00
DS3	$251.00	Same	$445.00	$194.00
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$136.00	Same	$220.00	$84.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$321.00	Same	$442.00	$121.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$310.00	Same	$459.00	$149.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

North Penn Telephone Company
Recurring Switched Access Charges

Current Intrastate Access Rate North Penn Telephone Company Supplements No. 2 & 8 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 151)		**Carrier Common Line**		
Per access line, per month	$5.23	(Not Allowed)	$0.00	
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 155)		**End Office (Section 17.2.3 page 11)**		
Local Switching	$ 010060	Local Switching	$ 016522	$ 006462
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$ 020000	Information Surcharge	$ 032100	$ 012100
Local Transport (Section 17.2.2 pages 153 to 154)		**Local Transport (Section 17.2.2)**		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10 2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$ 000140	Same	$ 000203	$ 000063
Termination (Per Termination)	$.000800	Same	$ 001055	$ 000255
Tandem Switching (Per Tandem)	$ 002743	Same	$ 002744	$ 000001
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$41.72	Same	$69.36	$27.67
Four Wire	$66.74	Same	$111.02	$44.28
DS1	$1,73[illegible].63	Same	$341.45	$[illegible]2.82
DS3	$2,072.10	Same	$3,117.60	$1,045.50
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.97	Same	$4.94	$1.97
DS1	$19.34	Same	$23.38	$4.04
DS3	$133.12	Same	$203.77	$70.65
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$29.86	Same	$49.67	$19.81
DS1	$95.34	Same	$121.37	$26.03
DS3	$531.00	Same	$779.39	$248.39
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$708.99	$234.68
DS1 to Voice	$183.12	Same	$273.73	$90.61
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$ 000000	(Not Allowed)	$ 000000	No Change
Network Blocking Charge	Rate	Network Blocking Charge (page 10.1.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$ 01550	Same	$ 01550	
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0054	Same	$.0054	No Change
Vertical Feature per query	$.0059	Same	$.0060	$.0001

Notes: * As of July 1, 2009
In the foregoing illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

North Penn Telephone Company

Non-Recurring Switched Access Charges

Current Intrastate Access Rate North Penn Telephone Company Supplements No. 2 & 8 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) - (B) - (A)
Local Transport (Section 17.2.1 page 152)		**Local Transport (Section 17.2.1 page 17-10)**		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$230.00	Same	$450.00	$220.00
Four Wire	$230.00	Same	$450.00	$220.00
DS1	$251.00	Same	$330.00	$79.00
DS3	$251.00	Same	$445.00	$194.00
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$136.00	Same	$220.00	$84.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$321.00	Same	$442.00	$121.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$310.00	Same	$459.00	$149.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

Palmerton Telephone Company
Recurring Switched Access Charges

Current Intrastate Access Rate Palmerton Telephone Company Supplements No. 4 & 8 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) - (B) - (A)
Carrier Charge (Section 17.1.1 page 166)		**Carrier Common Line**		
Per access line, per month	$10.03	(Not Allowed)	$0.00	
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 170)		**End Office (Section 17.2.3 page 11)**		
Local Switching	$.010546	Local Switching	$.013218	$.002672
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.023600	Information Surcharge	$.032100	$.008500
Local Transport (Section 17.2.2 pages 168 to 169)		**Local Transport (Section 17.2.2)**		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000161	Same	$.000203	$.000042
Termination (Per Termination)	$.000781	Same	$.001055	$.000274
Tandem Switching (Per Tandem)	$.000000	Same	$.002744	$.002744
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$36.96	Same	$49.56	$12.60
Four Wire	$65.63	Same	$79.30	$13.67
DS1	$192.24	Same	$243.89	$51.65
DS3	$2,230.19	Same	$2,226.86	[illegible]
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.92	Same	$3.53	$0.61
DS1	$22.70	Same	$16.70	[illegible]
DS3	$203.67	Same	$145.55	[illegible]
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$29.36	Same	$35.48	$6.12
DS1	$111.27	Same	$86.69	[illegible]
DS3	$593.33	Same	$536.71	[illegible]
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$524.23	Same	$506.42	[illegible]
DS1 to Voice	$202.40	Same	$195.52	[illegible]
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000000	(Not Allowed)	$.000000	No Charge
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$.01240	Same	$.01390	$.00150
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0054	Same	$.0054	No Change
Vertical Feature per query	$.0059	Same	$.0060	$.0001

Notes: * As of July 1, 2009

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling, Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not mirrored in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Palmerton Telephone Company

Non-Recurring Switched Access Charges

Current Intrastate Access Rate Palmerton Telephone Company Supplements No. 4 & 8 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17.2.1 page 167)		Local Transport (Section 17.2.1 page 10)		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$230.00	Same	$450.00	$220.00
Four Wire	$230.00	Same	$450.00	$220.00
DS1	$251.00	Same	$330.00	$79.00
DS3	$251.00	Same	$445.00	$194.00
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$136.00	Same	$220.00	$84.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$321.00	Same	$442.00	$121.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$310.00	Same	$459.00	$149.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

Pennsylvania Telephone Company
Recurring Switched Access Charges

Current Intrastate Access Rate Pennsylvania Telephone Company Supplements No. 2 & 6 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 181)		**Carrier Common Line**		
Per access line, per month	$7.16	(Not Allowed)	$0.00	
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 185)		**End Office (Section 17.2.3 page 17-11)**		
Local Switching	$.020297	Local Switching	$.033045	$.012748
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.020600	Information Surcharge	$.032100	$.011500
Local Transport (Section 17.2.2 pages 183 to 184)		**Local Transport (Section 17.2.2)**		
	Rate Per Access Minute		Rate Per Access Minute	Rate Per Access Minute
Tandem Switched Transport		Tandem Switched Transport (page 10.2.1.2)		
Facility (Per Mile)	$.000169	Same	$.000203	$.000034
Termination (Per Termination)	$.000833	Same	$.001055	$.000222
Tandem Switching (Per Tandem)	$.002743	Same	$.002744	$.000001
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$41.71	Same	$49.56	$7.85
Four Wire	$66.74	Same	$79.30	$12.56
DS1	$178.63	Same	$243.89	$65.26
DS3	$2,072.10	Same	$2,226.86	$154.76
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.96	Same	$3.32	$0.36
DS1	$15.34	Same	$16.20	
DS3	$133.12	Same	$145.55	$12.43
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$29.86	Same	$35.48	$5.62
DS1	$95.34	Same	$96.09	
DS3	$531.00	Same	$556.71	$25.71
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$506.42	$32.11
DS1 to Voice	$183.12	Same	$195.52	$12.40
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000000	(Not Allowed)	$.000000	No Change
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$.01080	Same	$.01390	$0.00310
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0054	Same	$.0054	No Change
Vertical Feature per query	$.0059	Same	$.0060	$0.0001

Notes: * As of July 1, 2009
In this intercarrier illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Pennsylvania Telephone Company

Non-Recurring Switched Access Charges

Current Intrastate Access Rate Pennsylvania Telephone Company Supplements No. 2 & 6 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17 2.1 page 182)		Local Transport (Section 17.2.1 page 10)		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$230.00	Same	$450.00	$220.00
Four Wire	$230.00	Same	$450.00	$220.00
DS1	$251.00	Same	$330.00	$79.00
DS3	$251.00	Same	$445.00	$194.00
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$186.00	Same	$220.00	$34.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$321.00	Same	$442.00	$121.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$310.00	Same	$459.00	$149.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per C C)	None	Same	None	None

Notes: * As of July 1, 2009

Pymatuning Independent Telephone Company
Recurring Switched Access Charges

Current Intrastate Access Rate Pymatuning Independent Telephone Company Supplements No. 2 & 6 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 196)		**Carrier Common Line**		
Per access line, per month	$8.46	(Not Allowed)	$0.00	-
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 200)		**End Office (Section 17.2.3 page 11)**		
Local Switching	$.016238	Local Switching	$.026436	$.010198
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.020600	Information Surcharge	$.032100	$.011500
Local Transport (Section 17.2.2 pages 198 to 199)		**Local Transport (Section 17.2.2)**		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (per Mile)	$.000169	Same	$.000203	$.000034
Termination (Per Termination)	$.000833	Same	$.001055	$.000222
Tandem Switching (Per Tandem)	$.002743	Same	$.002744	$.000001
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$41.71	Same	$49.56	$7.85
Four Wire	$66.74	Same	$79.30	$12.56
DS1	$178.63	Same	$243.89	$65.26
DS3	$2,072.10	Same	$2,226.86	$154.76
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.97	Same	$3.53	$0.56
DS1	$19.34	Same	$16.70	[illegible]
DS3	$131.12	Same	$145.55	$14.43
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$29.86	Same	$35.48	$5.62
DS1	$95.34	Same	$76.69	[illegible]
DS3	$531.00	Same	$556.71	$25.71
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$506.42	$32.11
DS1 to Voice	$183.12	Same	$195.52	$12.40
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000000	(Not Allowed)	$.000000	No Change
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$.01080	Same	$.01390	$.00310
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0054	Same	$.0054	No Change
Vertical Feature per query	$.0059	Same	$.0060	$.0001

Notes: * As of July 1, 2009

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Pymatuning Independent Telephone Company

Non-Recurring Switched Access Charges

Current Intrastate Access Rate Pymatuning Independent Telephone Company Supplements No. 2 & 6 - PA PUC Tariff No. 11	(A)	Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5	(B)	Change (C) = (B) - (A)
Local Transport (Section 17.2.2 page 197)		Local Transport (Section 17.2.1 page 10)		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$230.00	Same	$450.00	$220.00
Four Wire	$230.00	Same	$450.00	$220.00
DS1	$251.00	Same	$330.00	$79.00
DS3	$251.00	Same	$445.00	$194.00
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$136.00	Same	$220.00	$84.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Covered or Fraction thereof)	$321.00	Same	$442.00	$121.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$310.00	Same	$459.00	$149.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

South Canaan Telephone Company
Recurring Switched Access Charges

Current Intrastate Access Rate South Canaan Telephone Company Supplement No. 2 & 8 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) - (B) - (A)
Carrier Charge (Section 17.1.1 page 211)		**Carrier Common Line**		
Per access line, per month	$11.02	(Not Allowed)	$0.00	
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 215)		**End Office (Section 17 2 3 page 11)**		
Local Switching	$.015462	Local Switching	$.026436	$.010974
	Premium Rate Per 100 Access Minutes**		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.021100	Information Surcharge	$.032100	$.011000
Local Transport (Section 17.2.2 pages 213 to 214)		**Local Transport (Section 17.2.2)**		
	Rate Per Access Minute		Rate Per Access Minute	Rate Per Access Minute
Tandem Switched Transport		Tandem Switched Transport (page 10.2.1.2)		
Facility (Per Mile)	$.000165	Same	$.000203	$.000038
Termination (Per Termination)	$.000816	Same	$.001055	$.000239
Tandem Switching	$.002743	Same	$.002744	$.000001
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$36.96	Same	$49.56	$12.60
Four Wire	$59.15	Same	$79.10	$20.15
DS1	$192.24	Same	$243.89	$51.65
DS3	$2,230.19	Same	$2,226.86	[illegible]
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.64	Same	$3.53	$0.89
DS1	$22.70	Same	$16.70	[illegible]
DS3	$233.67	Same	$145.55	[illegible]
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$26.46	Same	$35.48	$9.02
DS1	$111.27	Same	$86.69	[illegible]
DS3	$393.33	Same	$556.71	[illegible]
Multiplexing	Rate	Multiplexing (page 10.3)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$524.23	Same	$506.42	[illegible]
DS1 to Voice	$202.40	Same	$195.52	[illegible]
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000000	(Not Allowed)	$.000000	No Change
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - GD)	$.03320	Same	$.01390	[illegible]
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.8)	Rate	Rate
Basic per query	$.0054	Same	$.0054	No Change
Vertical Feature per query	$.0059	Same	$.0060	$.0001

Notes: * As of July 1, 2009

**PA tariff states per minute rate; converted to per 100 minute rate for like to like comparison with interstate

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

South Canaan Telephone Company

Non-Recurring Switched Access Charges

Current Intrastate Access Rate **South Canaan Telephone Company** **Supplement No. 2 & 8 - PA PUC Tariff No. 11**		**Current Interstate & Proposed Intrastate Access Rate*** **NECA Tariff FCC No. 5**		**Change**
	(A)		(B)	(C) - (B) - (A)
Local Transport (Section 17.2.2 page 212)		**Local Transport (Section 17.2.1 page 10)**		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$161.00	Same	$430.00	$269.00
Four Wire	$161.00	Same	$450.00	$289.00
DS1	$181.00	Same	$530.00	$349.00
DS3	$499.00	Same	$445.00	[illegible]
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$81.00	Same	$220.00	$139.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$260.00	Same	$442.00	$182.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction Thereof)	$249.00	Same	$459.00	$210.00
Local Transport Installation	Nonrecurring Charge	Local Transport Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)	$120.00	(Per Entrance Facility)	$0.00	[illegible]
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per C-C)	None	Same	None	None

Notes: * As of July 1, 2009

TDS - Mahanoy & Mahantango
Recurring Switched Access Charges

Current Intrastate Access Rate TDS - Mahanoy & Mahantango Supplements No. 2 & 6 - PA PUC Tariff No. 11	(A)	Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5	(B)	Change (C) = (B) - (A)
Carrier Common Line (Section 17.1.1 page 226)		**Carrier Common Line**		
Per access line, per month	$4.78	(Not Allowed)	$0.00	
End Office (Section 17.2.3 page 230)	Premium Rate Per Access Minute	**End Office (Section 17.2.3 page 11)**	Premium Rate Per Access Minute	Premium Rate Per Access Minute
Local Switching	$.015431	Local Switching	$.009913	
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.017200	Information Surcharge	$.037100	$.01[illegible]00
Local Transport (Section 17.2.2 pages 228 to 229)		**Local Transport (Section 17.2.2)**		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000267	Same	$.000170	[illegible]
Termination (Per Termination)	$.001316	Same	$.000283	[illegible]
Tandem Switching (Per Tandem)	$.002763	Same	$.002297	[illegible]
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$35.09	Same	$59.47	$24.38
Four Wire	$56.14	Same	$95.16	$39.02
DS1	$176.82	Same	$292.67	$115.85
DS3	$2,051.29	Same	$2,672.23	$621.94
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.50	Same	$4.24	$1.74
DS1	$19.14	Same	$20.04	$0.90
DS3	$131.77	Same	$174.66	$42.89
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$25.11	Same	$42.58	$17.47
DS1	$94.38	Same	$104.03	$9.65
DS3	$525.64	Same	$668.05	$142.41
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$607.70	$133.39
DS1 to Voice	$183.12	Same	$234.62	$51.50
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.005242	(Not Allowed)	$.000000	-
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - HSD)	$.01550	Same	$.01390	-
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0048	Same	$.0054	$.0006
Vertical Features per query	$.0054	Same	$.0060	$.0006

Notes: * As of July 1, 2009

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

TDS - Mahanoy & Mahantango

Non-Recurring Switched Access Charges

Current Intrastate Access Rate TDS - Mahanoy & Mahantango Supplements No. 2 & 6 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17.2.1 page 227)		Local Transport (Section 17.2.1 page 10)		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$161.00	Same	$450.00	$289.00
Four Wire	$161.00	Same	$450.00	$289.00
DS1	$181.00	Same	$330.00	$149.00
DS3	$496.00	Same	$445.00	[illegible]
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$81.00	Same	$220.00	$139.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Converted or Fraction thereof)	$260.00	Same	$442.00	$182.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$249.00	Same	$459.00	$210.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

TDS - Sugar Valley
Recurring Switched Access Charges

Current Intrastate Access Rate TDS - Sugar Valley Supplements No. 2 & 6 - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Common Line (Section 17.1.1 page 241)		**Carrier Common Line**		
Per access line, per month	$4.63	(Not Allowed)	$0.00	
End Office (Section 17.2.3 page 245)	Premium Rate Per Access Minute	**End Office (Section 17.2.3 page 11)**	Premium Rate Per Access Minute	Premium Rate Per Access Minute
Local Switching	$.016003	Local Switching	$.009913	[illegible]
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.017200	Information Surcharge	$.032100	$.014800
Local Transport (Section 17.2.2 pages 243 to 244)		**Local Transport (Section 17.2.2)**		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000267	Same	$.000203	[illegible]
Termination (Per Termination)	$.001116	Same	$.001055	[illegible]
Tandem Switching (Per Tandem)	$.002763	Same	$.002744	
Entrance Facilities	Rate	Entrance Facilities (page 17.10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$35.09	Same	$28.96	
Four Wire	$56.14	Same	$46.35	[illegible]
DS1	$176.62	Same	$142.54	[illegible]
DS3	$2,051.19	Same	$1,301.46	[illegible]
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 17.10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.50	Same	$2.06	
DS1	$19.14	Same	$3.76	[illegible]
DS3	$131.77	Same	$85.06	[illegible]
Direct Trunked Termination	Rate	Direct Trunked Termination (page 17.10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$25.11	Same	$20.74	[illegible]
DS1	$41.38	Same	$50.66	[illegible]
DS3	$525.64	Same	$325.36	[illegible]
Multiplexing	Rate	Multiplexing (page 17.10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$295.97	[illegible]
DS1 to Voice	$183.12	Same	$114.27	[illegible]
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.008242	(Not Allowed)	$.000000	[illegible]
Network Blocking Charge	Rate	Network Blocking Charge (page 17.10.2.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$.01550	Same	$.01360	[illegible]
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 17.10.3)	Rate	Rate
Basic per query	$.0048	Same	$.0054	$.0006
Vertical Feature per query	$.0054	Same	$.0060	$.0006

Notes: * As of July 1, 2009
In this mirroring illustration, AT&T excluded certain miscellaneous charges, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

TDS - Sugar Valley

Non-Recurring Switched Access Charges

Current Intrastate Access Rate TDS - Sugar Valley Supplements No. 2 & 6 - PA PUC Tariff No. 11	(A)	Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5	(B)	Change (C) = (B) - (A)
Local Transport (Section 17.2.1 page 242)		Local Transport (Section 17.2.1 page 17 10)		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$161.00	Same	$450.00	$289.00
Four Wire	$161.00	Same	$450.00	$289.00
DS1	$181.00	Same	$330.00	$149.00
DS3	$499.00	Same	$445.00	[illegible]
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$81.00	Same	$220.00	$139.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$260.00	Same	$442.00	$182.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$245.00	Same	$459.00	$210.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

The Bentleyville Telephone Company - PA
Recurring Switched Access Charges

Current Intrastate Access Rate Bentleyville Telephone Company - Supplement No. 2 - Telephone – PA PUC Tariff No. 11		**Current Interstate & Proposed Intrastate Access Rate*** NECA Tariff FCC No. 5		**Change**
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 31)		**Carrier Common Line**		
Per access line, per month	$7.68	(Not Allowed)	$0.00	- -
End Office (Section 17.2.3 page 15)	Premium Rate Per Access Minute	**End Office** (Section 17.2.3 page 11)	Premium Rate Per Access Minute	Premium Rate Per Access Minute
Local Switching	$.011597	Local Switching (Rate Band 3)	$.023132	$.011535
	Rate Per 100 Access Minutes**		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.000211	Information Surcharge	$.032100	$.031889
Local Transport (Section 17.2.2 pages 33 to 34)		**Local Transport** (Section 17.2.2)		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000165	Same	$.000203	$.000038
Termination (Per Termination)	$.000816	Same	$.001055	$.000239
Tandem Switching (Per Tandem)	$.002743	Same	$.002744	$.000001
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$35.09	Same	$49.56	$14.47
Four Wire	$56.14	Same	$79.30	$23.16
DS1	$176.82	Same	$243.89	$67.07
DS3	$2,051.19	Same	$2,226.86	$175.67
Direct-Trunked Transport (Facility)	Rate	Direct-Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.50	Same	$3.53	$1.03
DS1	$19.14	Same	$16.70	[illegible]
DS3	$131.77	Same	$145.55	$13.78
Direct-Trunked Termination	Rate	Direct-Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$25.11	Same	$35.48	$10.37
DS1	$94.38	Same	$86.69	[illegible]
DS3	$525.64	Same	$556.71	$31.07
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$506.42	$32.11
DS1 to Voice	$183.12	Same	$195.52	$12.40
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000000	(Not Allowed)	None	None
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$.01550	Same	$.01390	
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0048	Same	$.0054	$.0006
Vertical Feature per query	$.0054	Same	$.0060	$.0006

Notes: * As of July 1, 2009
**PA tariff states per minute rate, converted to per 100 minute rate for ease of the comparison with Interstate

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

The Bentleyville Telephone Company - PA
Non-Recurring Switched Access Charges

Current Intrastate Access Rate Bentleyville Telephone Company - Supplement No. 2 - Telephone – PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) - (B) - (A)
Local Transport (Section 17.2.1 page 32)		**Local Transport (Section 17.2.1 page 10)**		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$161.00	Same	$450.00	$289.00
Four Wire	$161.00	Same	$450.00	$289.00
DS1	$81.00	Same	$230.00	$149.00
DS3	$499.00	Same	$445.00	[illegible]
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$81.00	Same	$220.00	$139.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$260.00	Same	$442.00	$182.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof - see 6.4.1 B)	$249.00	Same	$459.00	$210.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

Venus Telephone Corporation
Recurring Switched Access Charges

Current Intrastate Access Rate Venus Telephone Corporation - Supplements No. 2 & 6 - Telephone - PA PUC Tariff No. 11	(A)	Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5	(B)	Change (C) (B) - (A)
Carrier Charge (Section 17.1.1 page 256)		**Carrier Common Line**		
Per access line, per month	$7.39	(Not Allowed)	$0.00	
End Office (Section 17.2.3 page 260)	Premium Rate Per Access Minute	**End Office (Section 17.2.3 page 11)**	Premium Rate Per Access Minute	Premium Rate Per Access Minute
Local Switching	$.018267	Local Switching	$.033045	$.014778
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.020600	Information Surcharge	$.032100	$.011500
Local Transport (Section 17.2.2 pages 258 to 259)		**Local Transport (Section 17.2.2)**		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000169	Same	$.000203	$.000034
Termination (Per Termination)	$.000833	Same	$.001055	$.000222
Tandem Switching (Per Tandem)	$.002743	Same	$.002744	$.000001
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$41.71	Same	$49.56	$7.85
Four Wire	$66.74	Same	$79.30	$12.56
DS1	$176.63	Same	$241.89	$65.26
DS3	$2,072.10	Same	$2,226.86	$154.76
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.97	Same	$3.53	$0.56
DS1	$19.34	Same	$[illegible].70	-
DS3	$133.12	Same	$145.55	$12.43
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$29.86	Same	$35.48	$5.62
DS1	$95.34	Same	$[illegible]6.69	-
DS3	$531.00	Same	$556.71	$25.71
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$506.42	$32.11
DS1 to Voice	$183.12	Same	$195.52	$12.40
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000000	(Not Allowed)	$.000000	No Change
Network Blocking Charge	Rate	Network Blocking Charge (page 10.1.1.3)	Rate	Rate
(Per Blocked Call - FGD)	$.01080	Same	$.01390	$.00310
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0054	Same	$.0054	No Change
Vertical Feature per query	$.0059	Same	$.0[illegible]	$.000[illegible]

Notes: * As of July 1, 2009

In the preceding illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Venus Telephone Corporation

Non-Recurring Switched Access Charges

Current Intrastate Access Rate Venus Telephone Corporation - Supplements No. 2 & 6 - Telephone - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) - (B) - (A)
Local Transport (Section 17.2.1 page 257)		Local Transport (Section 17.2.1 page 10)		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$230.00	Same	$450.00	$220.00
Four Wire	$230.00	Same	$450.00	$220.00
DS1	$251.00	Same	$330.00	$79.00
DS3	$251.00	Same	$445.00	$194.00
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$136.00	Same	$220.00	$84.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$321.00	Same	$442.00	$121.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$310.00	Same	$459.00	$149.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2003

Windstream
Recurring Switched Access Charges

Current Intrastate Access Rate Windstream Pennsylvania Inc. - Tariff PA P.U.C. 8		Current Interstate & Proposed Intrastate Access Rate* Windstream Telephone System - Tariff FCC No. 6		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.2.1 page 1)		**Carrier Common Line**		
Per access line, per month	$4.88	(Not Allowed)	$0.00	
	Premium Rate Per Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2 page 4)		**End Office (Section 17.2.3 pages 46 to 47)**		
Local Switching (Originating & Terminating)		Local Switching (Originating & Terminating)		
LS1 and LS2	$.008116	LS1 and LS2	$.003024	[illegible]
	Premium Rate Per Minute		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.000630	Information Surcharge	$.000000	[illegible]
Local Transport (Section 17.2.2 page 2)		**Local Transport (Section 17.2.2)**		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (pages 30 - 32)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000225	Same	$.000140	[illegible]
Termination (Per Termination)	$.000772	Same	$.000584	[illegible]
Tandem Switching (Per Tandem)	$.000996	Same	$.001574	$.000578
Entrance Facilities	Rate Per Month	Entrance Facilities (pages 20 - 23)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$18.63	Same	$15.47	
Four Wire	$29.81	Same	$24.76	
DS1	$167.66	Same	$111.02	[illegible]
DS3	$1,769.75	Same	$1,033.22	[illegible]
Direct Trunked Transport (Facility)	Rate Per Month	Direct-Trunked Transport (Facility) (pages 23 - 25)	Rate	Rate
(Per Mile)		Same		
Voice Grade		Same		
Two Wire	$.02	Same	$.86	[illegible]
Four Wire	$.92	Same	$.86	[illegible]
DS1	$12.25	Same	$10.33	[illegible]
DS3	$124.61	Same	$67.65	[illegible]
Direct-Trunked Termination	Rate Per Month	Direct-Trunked Termination (pages 23 - 25)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$13.24	Same	$11.61	[illegible]
Four Wire	$13.34	Same	$11.61	[illegible]
DS1	$41.54	Same	$12.40	[illegible]
DS3	$673.04	Same	$773.26	$100.22
Multiplexing	Rate Per Month	Multiplexing (page 28)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$304.22	Same	$302.10	$302.10
DS1 to Voice	$151.10	Same	$149.70	$149.70
Network Blocking Charge	Rate	Network Blocking Charge	Rate	Rate
(Per Blocked Call - FGD)	$.0076	(Per Blocked Call - FGD)	N/A	N/A
Residual Interconnection Charge	Rate	Residual Interconnection Charge	Rate	Rate
(Per Access Minute)	$.001518	(Not Allowed)	$.000000	[illegible]
800/888 Data Base Access Service Queries (page 3)	Rate	800/888/877 Data Base Access Service Queries (page 44)	Rate	Rate
(Per Query)				
Basic	$.0010	Same	$.0010	$.0000
Vertical Feature	$.0012	Same	$.0012	$.0000

Notes: * As of July 1, 2009

[illegible] proceeding, [illegible] AT&T [illegible] certain [illegible] services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent [illegible] exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at the current levels.

Windstream

Non-Recurring Switched Access Charges

Current Intrastate Access Rate Windstream Pennsylvania Inc. - Taifff PA P.U.C. 8		Current Interstate & Proposed Intrastate Access Rate* Windstream Telephone System - Tariff FCC No. 6		Change
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17.2.1-2 pages 1 and 2)		Local Transport (Section 17.2.1 page 15)		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$218.00	Same	$215.00	[illegible]
Four Wire	$218.00	Same	$215.00	[illegible]
DS1	$340.00	Same	$303.00	[illegible]
DS3	$370.00	Same	$333.00	[illegible]
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per Order)	$71.00	Same	$68.00	[illegible]
Carrier Identification Parameter (CIP)	Nonrecurring Charge	Carrier Identification Parameter (CIP)	Nonrecurring Charge	Nonrecurring Charge
Voice Grade	$4.08	Same	$4.08	No Change
DS1	$97.92	Same	$97.92	No Change
DS3	$2,741.76	Same	$2,741.76	No Change
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$115.00	Same	$112.00	[illegible]
FGC and FGD SS7\MF Signaling Trunk Group Conversion Charge	Nonrecurring Charge	FGC and FGD SS7\MF Signaling Trunk Group Conversion Charge	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	N/A	Same	$112.00	$112.00

Notes * As of July 1, 2009

Windstream Buffalo Valley - PA
Recurring Switched Access Charges

Current Intrastate Access Rate Windstream Buffalo Valley - Telephone – PA PUC Tariff No. 10		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) - (B) - (A)
Carrier Charge (Section 17.1.1 page 1)		**Carrier Common Line**		
Per access line, per month	$4.20	(Not Allowed)	$0.00	
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 5)		**End Office** (Section 17.2.3 page 11)		
Local Switching	$.010455	Local Switching	$.013218	$.002763
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.007560	Information Surcharge	$.032100	$.024540
Local Transport (Section 17.2.2 pages 3 to 4)		**Local Transport** (Section 17.2.2)		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000036	Same	$.000203	$.000167
Termination (Per Termination)	$.000184	Same	$.001055	$.000871
Tandem Switching (Per Tandem)	$.000385	Same	$.002744	$.002359
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$22.29	Same	$49.56	$27.27
Four Wire	$35.67	Same	$79.30	$43.63
DS1	$115.40	Same	$243.39	$127.99
DS3	$1,344.56	Same	$2,726.86	$382.30
Direct-Trunked Transport (Facility)	Rate	Direct-Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$1.59	Same	$3.53	$1.94
DS1	$12.80	Same	$16.70	$3.90
DS3	$97.63	Same	$145.55	$47.92
Direct-Trunked Termination	Rate	Direct-Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$15.95	Same	$35.48	$19.53
DS1	$66.43	Same	$86.69	$20.26
DS3	$362.70	Same	$556.71	$194.01
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$311.92	Same	$506.42	$194.50
DS1 to Voice	$120.42	Same	$195.52	$75.10
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.005379	(Not Allowed)	None	[illegible]
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$.03270	Same	$.01390	[illegible]
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0073	Same	$.0054	
Vertical feature per query	$.0076	Same	$.0050	-

Notes: * As of July 1, 2009

In its interim proposal, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not mirrored in the interstate tariff, AT&T proposes that such intrastate rates remain at the current levels.

Windstream Buffalo Valley - PA
Non-Recurring Switched Access Charges

Current Intrastate Access Rate Windstream Buffalo Valley - Telephone – PA PUC Tariff No. 10		**Current Interstate & Proposed Intrastate Access Rate*** NECA Tariff FCC No. 5		**Change**
	(A)		(B)	(C) - (B) - (A)
Local Transport (Section 17.2.1 page 17-2)		Local Transport (Section 17.2.1 page 10)		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$161.00	Same	$450.00	$289.00
Four Wire	$161.00	Same	$450.00	$289.00
DS1	$181.00	Same	$330.00	$149.00
DS3	$499.00	Same	$445.00	[illegible]
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$78.82	Same	$220.00	$141.18
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Converted or Fraction thereof)	$260.00	Same	$442.00	$182.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof - see 6.4.1 B)	$249.00	Same	$459.00	$210.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	No Change

Notes: * As of July 1, 2009

Windstream Conestoga, Inc. - PA
Recurring Switched Access Charges

Current Intrastate Access Rate Windstream Conestoga, Inc. - PA PUC Tariff No. 13		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 1)		**Carrier Common Line**		
Per access line, per month	$4.83	(Not Allowed)		
End Office (Section 17.2.3 page 5)	Premium Rate Per Access Minute	**End Office** (Section 17.2.3 page 11)	Premium Rate Per Access Minute	Premium Rate Per Access Minute
Local Switching	$.010193	Same	$.016522	$.006329
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.011425	Same	$.032100	$.020675
Local Transport (Section 17.2.2 pages 3 to 4)		**Local Transport** (Section 17.2.2)		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000176	Same	$.000203	$.000027
Termination (Per Termination)	$.000869	Same	$.001055	$.000186
Tandem Switching	$.001825	Same	$.002744	$.000919
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$23.18	Same	$49.56	$26.38
Four Wire	$37.08	Same	$79.30	$42.22
DS1	$116.79	Same	$243.89	$127.10
DS3	$1,354.88	Same	$2,326.86	$971.98
Direct-Trunked Transport (Facility)	Rate	Direct-Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$1.65	Same	$3.53	$1.88
DS1	$12.64	Same	$16.70	$4.06
DS3	$87.04	Same	$145.55	$58.51
Direct-Trunked Termination	Rate	Direct-Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$16.59	Same	$35.48	$18.89
DS1	$62.34	Same	$86.69	$24.35
DS3	$347.20	Same	$556.71	$209.51
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$313.30	Same	$506.42	$193.12
DS1 to Voice	$120.96	Same	$195.52	$74.56
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.005444	(Not Allowed)	$.000000	-
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - TGO)	$.01550	Same	$.01390	
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0048	Same	$.0054	$.0006
Vertical Feature per query	$.0054	Same	$.0060	$.0006

Notes: * As of July 1, 2009

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Windstream Conestoga, Inc. - PA

Non-Recurring Switched Access Charges

Current Intrastate Access Rate Windstream Conestoga, Inc. - PA PUC Tariff No. 13		**Current Interstate & Proposed Intrastate Access Rate*** NECA Tariff FCC No. 5		**Change**
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17.2.1 page 2)		**Local Transport (Section 17.2.1 page 10)**		
Installation	Nonrecurring Charge	Same	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$161.00	Same	$450.00	$289.00
Four Wire	$161.00	Same	$450.00	$289.00
DS1	$181.00	Same	$330.00	$149.00
DS3	$499.00	Same	$445.00	[illegible]
Interim NXX Translation	Nonrecurring Charge	Same	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$81.00	Same	$220.00	$139.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Same	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$260.00	Same	$442.00	$182.00
Trunk Activation	Nonrecurring Charge	Same	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof - see 6.4.1 B)	$249.00	Same	$459.00	$210.00
Flex ANI	Nonrecurring Charge	Same	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of December 7, 2009

Windstream Denver & Ephrata - PA
Recurring Switched Access Charges

Current Intrastate Access Rate Windstream Denver & Ephrata – PA PUC Tariff No. 19		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 1)		**Carrier Common Line**		
Per access line, per month	$4.04	(Not Allowed)	$0.00	-
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 5)		**End Office** (Section 17.2.3 page 11)		
Local Switching	$.017201	Local Switching	$.016522	-
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.011570	Information Surcharge	$.032100	$.020530
Local Transport (Section 17.2.2 pages 3 to 4)		**Local Transport** (Section 17.2.2)		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000179	Same	$.000203	$.000024
Termination (Per Termination)	$.000880	Same	$.001055	$.000175
Tandem Switching (Per Tandem)	$.001848	Same	$.002744	$.000896
Entrance Facilities	Rate	Entrance Facilities (page 10.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$23.47	Same	$49.56	$26.09
Four Wire	$37.54	Same	$79.30	$41.76
DS1	$118.26	Same	$243.89	$125.63
DS3	$1,371.83	Same	$2,226.86	$855.03
Direct-Trunked Transport (Facility)	Rate	Direct-Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$1.68	Same	$3.53	$1.85
DS1	$12.80	Same	$16.70	$3.90
DS3	$88.13	Same	$145.55	$57.42
Direct-Trunked Termination	Rate	Direct-Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$16.80	Same	$35.48	$18.68
DS1	$63.12	Same	$86.69	$23.57
DS3	$351.55	Same	$556.71	$205.16
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$317.22	Same	$506.42	$189.20
DS1 to Voice	$122.47	Same	$195.52	$73.05
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.005512	(Not Allowed)	$.000000	-
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.2)	Rate	Rate
(Per Blocked Call - FGD)	$.01550	Same	$.01390	-
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 17.16.3)	Rate	Rate
Basic per query	$.0048	Same	$.0054	$.0006
Vertical Feature per query	$.0054	Same	$.0060	$.0006

Notes: * As of July 1, 2009

In this mirroring illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at the current levels.

Windstream Denver & Ephrata - PA
Non-Recurring Switched Access Charges

Current Intrastate Access Rate Windstream Denver & Ephrata – PA PUC Tariff No. 19		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Local Transport (Section 17.2.1 page 2)		**Local Transport (Section 17.2.1 page 10)**		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$161.00	Same	$450.00	$289.00
Four Wire	$161.00	Same	$450.00	$289.00
DS1	$181.00	Same	$230.00	$149.00
DS3	$499.00	Same	$445.00	[illegible]
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$81.00	Same	$270.00	$139.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$260.00	Same	$442.00	$182.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof - see 6.4.1 B)	$249.00	Same	$459.00	$210.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	No Change

Notes: * As of July 1, 2009

Yukon-Waltz Telephone Company
Recurring Switched Access Charges

Current Intrastate Access Rate Yukon-Waltz Telephone Company Supplements No. 2 & 6 - Telephone - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 17.1.1 page 271)		**Carrier Common Line**		
Per access line, per month	$11.45	(Not Allowed)	$0.00	-
	Premium Rate Per Access Minute		Premium Rate Per Access Minute	Premium Rate Per Access Minute
End Office (Section 17.2.3 page 275)		**End Office (Section 17.2.3 page 11)**		
Local Switching	$.020297	Local Switching	$.033045	$.012748
	Premium Rate Per 100 Access Minutes		Premium Rate Per 100 Access Minutes	Premium Rate Per 100 Access Minutes
Information Surcharge	$.020600	Information Surcharge	$.032100	$.011500
Local Transport (Section 17.2.2 pages 273 to 274)		**Local Transport (Section 17.2.2)**		
Tandem Switched Transport	Rate Per Access Minute	Tandem Switched Transport (page 10.2.1.2)	Rate Per Access Minute	Rate Per Access Minute
Facility (Per Mile)	$.000169	Same	$.000203	$.000034
Termination (Per Termination)	$.000833	Same	$.001055	$.000222
Tandem Switching (Per Tandem)	$.002743	Same	$.002744	$.000001
Entrance Facilities	Rate	Entrance Facilities (page 10.2)	Rate	Rate
(Per Termination)		Same		
Voice Grade		Same		
Two Wire	$41.71	Same	$49.56	$7.85
Four Wire	$66.74	Same	$79.30	$12.56
DS1	$179.63	Same	$243.89	$64.26
DS3	$2,072.10	Same	$2,226.86	$154.76
Direct Trunked Transport (Facility)	Rate	Direct Trunked Transport (Facility) (page 10.1)	Rate	Rate
(Per Mile)		Same		
Voice Grade	$2.97	Same	$3.53	$0.56
DS1	$19.34	Same	$16.70	[illegible]
DS3	$133.12	Same	$145.55	$12.43
Direct Trunked Termination	Rate	Direct Trunked Termination (page 10.1.1)	Rate	Rate
(Per Termination)		Same		
Voice Grade	$29.86	Same	$35.48	$5.62
DS1	$95.34	Same	$86.69	-
DS3	$531.00	Same	$556.71	$25.71
Multiplexing	Rate	Multiplexing (page 10.2)	Rate	Rate
(Per Arrangement)		Same		
DS3 to DS1	$474.31	Same	$506.42	$32.11
DS1 to Voice	$183.12	Same	$195.52	$12.40
Transport Interconnection Charge	Rate	Transport Interconnection Charge	Rate	Rate
(Per Access Minute)	$.000000	(Not Allowed)	$.000000	No Change
Network Blocking Charge	Rate	Network Blocking Charge (page 10.2.1.3)	Rate	Rate
(Per Blocked Call - FGD)	$.01080	Same	$.01390	$.00310
800 Data Base Access Service Queries	Rate	800 Data Base Access Service Queries (page 10.3)	Rate	Rate
Basic per query	$.0054	Same	$.0054	No Change
Vertical Feature per query	$.0059	Same	$.0060	$.0001

Notes: * As of July 1, 2009

In this overview illustration, AT&T excluded certain miscellaneous services, including for example, Common Channel Signaling Network Connection, Operator Transfer Service, and Directory Assistance. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

Yukon-Waltz Telephone Company

Non-Recurring Switched Access Charges

Current Intrastate Access Rate Yukon-Waltz Telephone Company Supplements No. 2 & 6 - Telephone - PA PUC Tariff No. 11		Current Interstate & Proposed Intrastate Access Rate* NECA Tariff FCC No. 5		Change
	(A)		(B)	(C) (B) (A)
Local Transport (Section 17.2.1 page 272)		Local Transport (Section 17.2.1 page 10)		
Installation	Nonrecurring Charge	Installation	Nonrecurring Charge	Nonrecurring Charge
(Per Entrance Facility)		Same		
Voice Grade		Same		
Two Wire	$230.00	Same	$450.00	$220.00
Four Wire	$230.00	Same	$450.00	$220.00
DS1	$251.00	Same	$330.00	$79.00
DS3	$251.00	Same	$445.00	$194.00
Interim NXX Translation	Nonrecurring Charge	Interim NXX Translation	Nonrecurring Charge	Nonrecurring Charge
(Per LATA or Market Area)	$126.00	Same	$220.00	$94.00
FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Coverted or Fraction thereof)	$321.00	Same	$442.00	$121.00
Trunk Activation	Nonrecurring Charge	Trunk Activation	Nonrecurring Charge	Nonrecurring Charge
(Per 24 Trunks Activated or Fraction thereof)	$310.00	Same	$459.00	$149.00
Flex ANI	Nonrecurring Charge	Flex ANI	Nonrecurring Charge	Nonrecurring Charge
(Per End Office, Per CIC)	None	Same	None	None

Notes: * As of July 1, 2009

CenturyLink - PA

Recurring Switched Access Charges

Current Intrastate Access Rate* The United Telephone Company (d/b/a CenturyLink) Pa. PUC No. 29		**Current Interstate & Proposed Intrastate Access Rate*** CenturyLink Tariff FCC No. 1		**Change**
	(A)		(B)	(C) = (B) - (A)
Carrier Charge (Section 3.9.1 page 90)		**Carrier Common Line**		
Applicable to [illegible] Monthly Rate, Per Line/Trunk ($0.041430 MOU)	$7.19	(Not Allowed)	$0.00	[illegible]
[illegible]				
	Rate Per Access Minute		Rate Per Access Minute	Rate Per Access Minute
Local Switching (Section 6.8.2 page 216)		**Local Switching** (Section 6.8.3 pages 6-516 and 517)		
LS1 - Originating and Terminating Feature Group A & B	$.003892	Same	$.003892	No Change
LS2 - Originating and Terminating Feature Group D	$.003892	Same	$.003892	No Change
Switched Transport** (Section 6.8.1 page 214.2)		**Switched Transport** (Section 6.8.2 pages 6-365 through 379)		
	Rate Per Access Minute		Rate Per Access Minute	Rate Per Access Minute
Tandem Switched Transmission		Tandem Switched Transmission		
Termination (Fixed) ***	$.000449	Same	$.000449	No Change
Facility (Per Mile) - Per Access Minute Per Mile ***	$.000022	Same	$.000022	No Change
Tandem Switching ***	$.001438	Same	$.001438	No Change
Common Transport Multiplexing ***	$.000469	Same	$.000469	No Change
Common Trunk Ports	$.000490	Same	$.000490	No Change
Dedicated Trunk Port	Monthly	Dedicated Trunk Port	Monthly	Monthly
Per DS0	$3.83	Same	$3.83	No Change
Per DS1	$98.56	Same	$98.56	No Change
Entrance Facilities (Section 6.8.1 page 213.2)	Monthly	Entrance Facilities (Section 6.8.2 pages 6-224 through 234)	Monthly	Monthly
Voice Grade Per Point of Termination		Same		
Two Wire	$40.00	Same	$40.00	No Change
Four Wire	$55.00	Same	$55.00	No Change
DS1		Same		
Zone 1	$104.00	Same	$104.00	No Change
Zone 2	$104.00	Same	$109.50	$5.50
Zone 3	$104.00	Same	$120.00	$16.00
DS3 Per Point of Termination		Same		
Within CO		Same		
Zone 1	$1,150.70	Same	$1,036.00	[illegible]
Zone 2	$1,150.70	Same	$1,208.00	$57.30
Zone 3	$1,150.70	Same	$1,266.00	$115.30
0-3 Miles		Same		
Zone 1	$1,412.10	Same	$1,271.00	[illegible]
Zone 2	$1,412.10	Same	$1,483.00	$70.90
Zone 3	$1,412.10	Same	$1,553.00	$140.90
Over 3 Miles		Same		
Zone 1	$1,900.00	Same	$1,710.00	[illegible]
Zone 2	$1,900.00	Same	$1,995.00	$95.00
Zone 3	$1,900.00	Same	$2,090.00	$190.00
Direct-Trunked Transport (Section 6.8.1 page 214.1)	Monthly	Direct-Trunked Transport (Section 6.8.2 pages 6-314 through 321)	Monthly	Monthly
Voice Grade Per Channel		Same		
Fixed	$30.00	Same	$30.00	No Change
Per Mile	$.81	Same	$.81	No Change
DS1 Per DS1		Same		
Zone 1		Same		
Fixed	$70.00	Same	$65.00	[illegible]
Per Mile	$2.00	Same	$2.00	No Change
Zone 2		Same		
Fixed	$70.00	Same	$68.00	[illegible]
Per Mile	$2.00	Same	$2.05	$0.05
Zone 3		Same		
Fixed	$70.00	Same	$72.00	$2.00
Per Mile	$2.00	Same	$2.10	$0.10
DS3 Per DS3		Same		
Zone 1		Same		
Fixed	$375.70	Same	$375.70	No Change
Per Mile	$65.20	Same	$65.20	No Change
Zone 2		Same		
Fixed	$375.70	Same	$413.00	$37.30
Per Mile	$65.20	Same	$72.00	$6.80
Zone 3		Same		
Fixed	$375.70	Same	$413.00	$37.30
Per Mile	$65.20	Same	$72.00	$6.80
Toll Free Code (TFC) Access Service (Section 6.8.3 page 222.2)		**Toll Free Code (TFC) Access Service** (Section 6.8.4 page 6-522)		
TFC Access Service Data Base Query per query	$.010288	Same	$.006679	-

Notes.
* As of July 1, 2009
** State access tariff shows a single rate for all zones. Shown in Zones 1, 2, & 3 to follow counterpart interstate tariff rates.
*** Rate applies to Zones 1-3

[illegible]

CenturyLink - PA

Non-Recurring Switched Access Charges

Current Intrastate Access Rate*		Current Interstate & Proposed Intrastate Access Rate*		Change
	(A)		(B)	(C) = (B) - (A)
Local Switching (Section 6.8.2 page 217)		**Local Switching** (Section 6.8.3 page 6-520)		
End Office to Tandem Rearrangement Charge	Nonrecurring Charge	Same	Nonrecurring Charge	Nonrecurring Charge
Per 24 channels Converted or Fraction Thereof	$76.28	Same	$66.00	[illegible]
Switched Transport** (Section 6.8.1 page 215.7)		**Switched Transport** (Section 6.8.2 page 6-507)		
Installation	Nonrecurring Charge	Same	Nonrecurring Charge	Nonrecurring Charge
Per Line	$32.22	Same	$38.00	$5.78
Per Trunk	$44.04	Same	$38.00	[illegible]
Entrance Facilities (Section 6.8.1 page 213.2)	Nonrecurring Charge	Same	Nonrecurring Charge	Nonrecurring Charge
Voice Grade Per Point of Termination		Same		
Two Wire	$134.25	Same	$134.25	No Change
Four Wire	$134.25	Same	$134.25	No Change
DS1		Same		
Zone 1	$309.00	Same	$309.00	No Change
Zone 2	$309.00	Same	$309.00	No Change
Zone 3	$309.00	Same	$309.00	No Change
DS3		Same		
Nonrecurring Installation Charge		Same		
Zone 1	$342.00	Same	$342.00	No Change
Zone 2	$342.00	Same	$342.00	No Change
Zone 3	$342.00	Same	$342.00	No Change
Nonrecurring Rearrangement Charge		Same		
Zone 1	$171.00	Same	$171.00	No Change
Zone 2	$171.00	Same	$171.00	No Change
Zone 3	$171.00	Same	$171.00	No Change

Notes:

* As of July 1, 2009

** State access tariff shows a single rate for all zones. Shown as Zones 1, 2, & 3 to follow counterpart interstate tariff rates

ATTACHMENT 2

AT&T Rebuttal Testimony

03-10-10

AGENDA DATE: 1/20/10
AGENDA ITEM: 4A

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

IN THE MATTER OF THE BOARD'S INVESTIGATION AND REVIEW OF LOCAL EXCHANGE CARRIER INTRASTATE EXCHANGE ACCESS RATES	))))))	TELECOMMUNICATIONS ORDER DOCKET NO. TX08090830

(SERVICE LIST ATTACHED)

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BY THE BOARD:

At its October 3, 2008 Agenda Meeting, the Board of Public Utilities ("Board" or "BPU"), in recognition of requests by certain telecommunications providers in the State, ordered the initiation of an investigation into Local Exchange Carrier ("LEC") Intrastate Exchange Access Rates ("Intrastate Access Rates"). Specifically, in its Order dated October 6, 2008, the Board noted that since Intrastate Access Rates were first established by the Board in 1984, there have been limited changes to the structure and level of these rates. Since the implementation of Intrastate Access Rates and in light of the advent of local competitive alternatives, there are now a significant number of competitive local exchange carriers ("CLECs") with intrastate access tariffs on file with the Board, in addition to the access tariffs of the incumbent local exchange carriers ("ILECs"), many of which have varying Intrastate Access Rates. This Order memorializes the Board's determination with regard to the structure and level of Intrastate Access Rates.

Procedural History

Pursuant to the Board's October 6, 2008 Order, Board Staff and the Division of Law convened a pre-hearing conference to allow interested parties an opportunity to present positions on the issues involved, the nature of the proceeding, and the schedule for discovery, hearings and briefings. The pre-hearing conference was held on October 29, 2008 after notice was sent to the telecommunications companies operating in the State. Interested parties submitted proposed schedules, statements of the case and other relevant information. Entities were also directed to submit *pro hac vice* motions and motions to intervene and/or participate by a certain deadline.

On December 18, 2008, the Board issued a Pre-Hearing Order ("Pre-Hearing Order") that set forth the issues to be resolved and the procedural schedule. The Pre-Hearing Order also granted eight motions to intervene and five motions for participant status. Motions for intervention were granted to: United Telephone of New Jersey, Inc. d/b/a CenturyLink (f/d/b/a Embarq) ("Embarq")[1]; Verizon New Jersey Inc. ("Verizon"); Sprint Communications Company, L.P., Sprint Spectrum, L.P. and Nextel of New York, Inc. (collectively, "Sprint");AT&T Communications of New Jersey, TCG Pittsburgh, Inc and TCG New York, Inc. (collectively, "AT&T"); Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"); and One Communications, PAETEC Communications, Inc. of Pennsylvania, LLC, Level 3 Communications LLC and XO Communications Services, Inc. (collectively, "Joint CLECs"). Motions for participation were granted to Monmouth Telephone and Telegraph, Inc. ("Monmouth"), New Jersey Cable Telecommunications Association ("NJCTA"), Cavalier

[1] On or about October 2009, Embarq changed its designation to d/b/a CenturyLink. However, for purposes of convenience, this Order will use the Embarq designation.

Telephone, RNK Communications and Warwick Valley Telephone Company ("WVTC"). The Order designated Commissioner Elizabeth Randall as the designated presiding officer. Finally, the Pre-Hearing Order provided a schedule for the filing of testimony and discovery. Direct Testimony was scheduled to be submitted on February 13, 2009, Reply Testimony on April 20, 2009, and Rebuttal Testimony on June 22, 2009. In an Order dated January 14, 2009, Commissioner Randall granted Monmouth's request to change its status to an intervener, and granted several *pro hac vice* motions.

On February 19, 2009, the Joint CLECs filed a letter requesting an extension to the discovery schedule previously set by the Board, claiming Verizon, in supplying its initial testimony, produced only six of nine CD-ROMs, citing third-party confidentiality issues. The Joint CLECs asserted the need for additional time to generate discovery requests, and asked for a deadline of two weeks following the submission of CD-ROMs by Verizon. Commissioner Randall ordered that the parties be permitted to propound discovery within 10 days of receipt of the missing CD-ROMs in an Order dated February 23, 2009.

By letter dated March 12, 2009, Rate Counsel filed a Motion to Extend Discovery, which sought to extend the discovery deadline concerning the right to propound additional discovery on the cost model CD-ROMs obtained from Verizon New Jersey on March 2 and 3, 2009, pursuant to the February 23, 2009 Order. By letter dated March 13, 2009, AT&T concurred with Rate Counsel and requested that the Board grant Rate Counsel's motion. On March 23, 2009, Verizon filed a letter opposing Rate Counsel's motion to extend discovery on Verizon's cost model. Rate Counsel filed its reply to Verizon's opposition on March 25, 2009. In an Order dated April 6, 2009, Commissioner Randall held that Verizon had sufficiently complied with her February 23rd Order and additional time for discovery was unwarranted. As for the claims concerning the difficulties experienced when attempting to review, manipulate and understand the Verizon cost model, Commissioner Randall held that technical issues be addressed through Verizon's technical support staff. With respect to the request of Rate Counsel that Verizon be directed to provide a "stand-alone" version of the cost model, Commissioner Randall held that the question was not ripe and denied the motion.

On July 7, 2009, Embarq filed a Motion for an extension of time to respond to discovery requests related to rebuttal testimony filed by the parties. The date set for discovery requests related to rebuttal testimony was July 13, 2009, and Embarq sought an extension of time of one week, setting the date at July 20, 2009. Based upon the lack of opposition and the foundation for the request, the motion to modify the schedule was granted by Commissioner Randall.

On August 4, 2009, a second pre-hearing conference was held at the Board's Newark office. Representatives from participating and intervening parties attended the conference, which centered on discussions to streamline the evidentiary process in this case. To that end, the parties agreed on a number of issues dealing with marking and introduction of evidence, but left open the questions of the order of testimony and the ability to submit discovery responses to the discretion of the Commissioner. Based upon those agreements, and the open questions, Commissioner Randall amended the previously issued scheduling Order.

On August 13, 2009, the Joint CLECs filed a Motion to Compel AT&T, to provide further responses to certain Discovery Requests JCLEC-AT&T-1(a), JCLEC-AT&T-1(d) and JCLEC-AT&T-3. According to the Motion, the information the Joint CLECs' sought was directly relevant to the case and the Joint CLECs argued that the information sought has already been compiled by AT&T and that providing the information to the Joint CLECs would be a minimal burden. Furthermore, the Joint CLECs argued that its Motion to Compel was tailored to ensure that the information sought is relevant to AT&T's testimony in this matter, is reasonable in scope, is crucial to the proceedings, and is consistent with the provisions of N.J.A.C. 1:1-10.1(c). By letter dated August 18, 2009, AT&T opposed the Joint CLEC Motion to Compel, claiming that the requests were untimely, overly broad, unduly burdensome, irrelevant and non-probative. AT&T claimed that voluminous information was already provided and there was no credible basis for the motion. Accordingly, AT&T sought that the motion be denied in its entirety. On August 21, 2009, the Joint CLECs filed a reply to AT&T's response to their Motion to Compel. Commissioner Randall denied the Joint CLECs Motion to Compel in its entirety for in an Order dated September 10, 2009.

On September 8, 2009. Embarq filed a Motion *in Limine* requesting that the Board not admit into the record certain discovery responses. Additionally, on September 9, 2009, Monmouth filed a Motion *in Limine* requesting that the Board exclude from the record the response to its discovery request Monmouth 3-1(b). Both motions were filed with the Board pursuant to an Amended Pre-Hearing Order setting forth a schedule providing for the filing of a list of proposed documents to be pre-submitted into evidence and for the filing of Motions *in Limine* and responses challenging the proposed evidentiary lists. Each motion was opposed by other parties in the case. Upon review and consideration of the motions and the responses, Commissioner Randall held that the discovery responses at issue in the Motions *in Limine* filed by Embarq and Monmouth, respectively, were relevant to the proceeding and should be admitted into the record. Accordingly, by Order dated September 11, 2009, Commissioner Randall denied both Monmouth and Embarq's Motion *in Limine* in their entirety.

The Board held evidentiary hearings before Commissioner Randall in Newark on September 15 and 17 and on October 19 and 20, 2009. Initial and Reply Briefs were submitted on November 13 and December 4, 2009 respectively.

Summary of the Positions of the Parties

Verizon

In its initial brief, Verizon proposes that the Board adopt a two-step approach by first leveling the playing field by capping the intrastate switched access rates of all local exchange carriers at the rates currently authorized for Verizon NJ. Verizon argues that its switched access rate is a reasonable benchmark because it has been subject to more scrutiny than any other carrier and is in the mainstream of switched access rates both in New Jersey and across the country. The Company avers that a universal benchmark would immediately increase economic efficiency and benefit New Jersey consumers. VNJ IB at 1-2. As a second step, and only after evaluating the market-disciplining effect of establishing a reasonable benchmark based on Verizon NJ's access rate, the Company believes that the Board could consider reducing the uniform benchmark, but only if the Board were at the same time to eliminate the Company's carrier of last resort obligations and grant more pricing flexibility. Id. at 2.

Furthermore, Verizon argues that no evidence exists to support the idea that an immediate massive reduction in the intrastate access rates is critical for New Jersey's telecommunications consumers, because Verizon's residential basic exchange rates remain among the lowest in the nation and that it continues to invest hundreds of millions of dollars in its network to upgrade it from a traditional copper network to an advanced fiber optic network, even though it has lost a substantial number of access lines to competition. Based upon these circumstances, Verizon concludes that its intrastate switched access rates are not unreasonable, and that all other carriers should have their rates reduced immediately to ensure competitive intrastate toll pricing. Id.at 1. Moreover, according to Verizon, a benchmark at the level of Verizon's rates would be a simple and effective means to quickly move the most excessive switched access rates in New Jersey to more efficient levels by promoting equity and competitive parity as well as to reduce market distortions by prompting carriers with the highest access rates to recover more of their network costs from their own customers, rather than from other carriers and their customers through access rates. Id.at 7.

Verizon further states that when ordering CLECs to mirror the interstate switched access rates of the ILECs with which they compete, the Federal Communications Commission ("FCC") explained that a benchmark approach to switched access regulation is both administratively efficient and good policy. Verizon asserts that the FCC's benchmark rule was prompted by "persistent" concerns that CLEC access rates varied dramatically and were frequently well above the rates charged by ILECs operating in the same area, just as in New Jersey. In further support of its benchmark position, Verizon argues that its intrastate access rate is close to the median rate in New Jersey and is in line with other states. Id. at 9-10.

Verizon assails the Joint CLECs for arguing that they should be exempted from switched access regulation by arguing that intrastate switched access is competitive. Id. at 10-11. Verizon contends that the Joint CLECs theory that competition for CLEC retail customers will discipline CLECs' switched access rates over some indeterminate long run ignores the marketplace reality that carriers compete with each other for customers by offering the best retail price for a service. End-users care only about what they have to pay their chosen supplier, not what that supplier may be charging others for switched access service. In fact, argues Verizon, a CLEC that wishes to avoid losing customers will have the incentive to maintain high switched access rates so it can make up for revenues lost from reducing its retail rates to win or keep customers. Id. at 11.

Verizon further contends that the CLECs in this proceeding also argue that their switched access rates may be justified by higher costs. Verizon states that even if it were true that some CLECs have higher switched access costs than ILECs, (it would be irrelevant because no basis exists for regulators to permit CLECs to subsidize an inefficient cost structure by charging excessive switched access rates. Ibid. According to Verizon, CLECs should compete on the same playing field as the ILECs (i.e., without the artificial competitive advantage of higher switched access rates), and there is no evidence that CLECs have been unable to compete with ILECs in the wake of the FCC's CLEC Rate Cap Order requiring them to mirror ILEC interstate rates. Verizon adds that as witnesses for Verizon, AT&T, and Rate Counsel have explained, the CLECs cost studies in this proceeding have fundamental flaws that exaggerate their switched access costs. Id. at 11-12.

Verizon argues that Embarq should be allowed additional pricing flexibility if its intrastate access rates are reduced to the benchmark level of Verizon's rates. Verizon asserts that such pricing flexibility would ensure that Embarq can compete on a level playing field with Verizon NJ and other LECs. Id. at 13. However, Verizon contends that Embarq does not want additional pricing flexibility, but instead seeks the creation of a state universal service fund ("USF") with which to recover its network costs. Accordingly, Verizon asks the Board to reject Embarq's request, because based on sound regulatory principles, Embarq has a right only to a reasonable opportunity to recover its prudently incurred costs. Ibid. Verizon also counters Embarq's position that its loop costs should be included in its costs for switched access. Verizon argues that such costs should not be attributable to switched access service because it is well established that it is improper to include loop costs in the total service long run incremental cost ("TSLRIC") of switched access services because loop costs are not caused by usage-based services, such as intrastate switched access. Id. at 13-14.

Verizon contends that its Intrastate Access Rates allows it to maintain the affordable basic exchange rates set by the Board and provide basic local service at below cost rates. Accordingly, Verizon argues that if the Board were to determine that a reasonable benchmark is lower than Verizon's intrastate access rate, the Board must permit it to collect more of its network costs from its own end-users and removing the legacy regulatory obligations supported by access charges. Verizon further argues that the Board has consciously set Verizon's Intrastate Access Rates to provide a contribution to local retail service. In support of its argument, Verizon cites to the Board's PAR-1 and PAR-2 Orders. Id. at 16.

Moreover, Verizon argues that evidence in the present case shows that revenues from Verizon's basic exchange service are not sufficient to cover the total costs to provide the service. According to Verizon, its rate-regulated services earn revenue substantially lower than its costs for providing the services, therefore, the Board cannot reduce Verizon NJ's intrastate switched access rates without simultaneously providing Verizon NJ the ability to offset such a reduction with greater pricing flexibility for its other rate-regulated services and without simultaneously eliminating the legacy regulatory obligations supported by access charges that still burden Verizon notwithstanding that Verizon now operates in a hyper-competitive communications market. Id. at 17.

According to Verizon, reducing its Intrastate Access Rates without considering the effects on Verizon's other rate regulated services would result in unjust and unreasonable rates. Id.at 19. Verizon argues that under New Jersey law, rates for services classified by the Board as "non-competitive" must be "just and reasonable," and since the introduction of the "competitive" and "non-competitive" service classifications in 1987, the Board has monitored the reasonableness of rates for services classified as non-competitive by evaluating the aggregate revenues and costs for those services. In Verizon's view, the rates of rate-regulated services, as a whole, must allow Verizon an opportunity to earn revenues sufficient to cover total costs associated with providing these services. If the Board considers reducing any of Verizon's rates for rate-regulated services, including intrastate access rates, the Board must evaluate and understand the effect that reduction will have on Verizon's opportunity to earn sufficient revenues to recover its total costs for its rate regulated services. Id. at 19-20. Verizon argues that requiring it to subsidize its regulated services with revenue from competitive services would violate New Jersey law. Id. at 20. Verizon further adds that the arguments from Sprint and Rate Counsel, and to a lesser extent, AT&T, that long distance, broadband, an expansive list of custom calling features, and video services provide revenues that can be used by ILECs to recover their full basic network connection costs are incorrect. Id. at 20.

Verizon adds that in issuing the ILEC Reclassification Order,[2] the Board did not anticipate and accommodate any specific level of future rate reductions in the retail reclassification case. Ibid. Moreover, Verizon argues that even if it were able to immediately take advantage of the full extent of pricing flexibility approved in the ILEC Reclassification Order, which it is prohibited from doing until October 2010, Verizon has shown that the total

[2] I/M/O the Board Investigation Regarding the Reclassification of Incumbent Local Exchange Carrier (ILEC) Services as Competitive; I/M/O the Application of United Telephone Company of New Jersey, Inc. d/b/a Embarq for Approval of a Plan for Alternative Regulation, BPU Docket Nos. TX07110873 and TO08060451 (August 20, 2008); ("ILEC Reclassification Order.").

costs for Residential Basic Exchange Service ("RBES") would still exceed RBES revenues. Thus, Verizon concludes that there is no way that the additional revenue that Verizon may derive from last year's ILEC reclassification proceeding can be considered as having "set the stage" for reducing Verizon NJ's intrastate access rates. Id. at 23.

Verizon also requests the Board to ignore AT&T's assertions regarding policies and experiences of other states. According to Verizon, AT&T's witnesses attempt to create the impression that there is a trend among state public utility commission towards ordering the type of reform AT&T advocates. Id. at 27. Verizon points out what it perceives as fundamental flaws with AT&T's assertion. As an initial matter, AT&T misrepresents what many other state commissions have done by suggesting, for example, that Texas is a "mirroring state" while unable to produce a statute, order, or any other authority that requires any company in Texas to mirror its interstate rate. Similarly, Verizon argues that some of the other parties misrepresent its advocacy elsewhere. Verizon contends that it consistently advocates the same benchmark policy it advocates here – that the rate of the ILEC that has undergone the most scrutiny should be used as the benchmark rate for all telephone companies. Id. at 28-29.

In its Reply Brief, Verizon contends that no other party credibly rebutted Verizon's position that its proposal is pro-consumer and fair to all carriers. Verizon also argues that reducing excessive access rates to a reasonable benchmark will also curb the opportunities for fraud and arbitrage that arise from undue rate disparities among carriers. Verizon adds that disproportionately high access charges provide an incentive for carriers to stimulate artificial demand for access services in order to increase their own revenues and profits, which is commonly known as "traffic pumping." In this scenario, according to Verizon, a LEC collaborates with a non-LEC entity that advertises "free" international calling, adult content calling, or other such "free" services to generate access minutes—and terminating access fees—for the LEC. The LEC, according to Verizon, then gives the non-LEC firm kickbacks of a portion of the terminating switched access fees carriers pay to the LEC. The LEC thus exploits its high access rates at the expense of the carriers compelled to send long-distance calls to the LEC's network. VZ RB at 5-6.

Verizon also counters the arguments posed by the Joint CLECs and Embarq that excessive access rates may be justified by their higher costs. Id. at 9. Verizon contends that nothing in the record supports the conclusion that Embarq and the Joint CLECs costs are more than those of Verizon to provide switched access service. Verizon reiterates its previous argument that even if the Board were to determine that Embarq or the Joint CLECs actually had higher costs than Verizon, the Board should not subsidize an inefficient cost structure by allowing Embarq or the Joint CLECs to charge excessive rates for a non-competitive service. Moreover, Verizon states that the purpose of regulation is to mimic the effects of competition, and, in competitive markets, higher cost firms typically are not rewarded for inefficiency with higher prices. Id. at 10.

Furthermore, Verizon argues that the Joint CLECs position that the market for switched access services is competitive is incorrect because regulation prohibits the originating carrier from blocking calls to a CLEC with high access rates, and the originating carrier does not have a choice of terminating carriers the originating carrier must pay the switched access rate set by the terminating carrier. Verizon, AT&T, Sprint, and Rate Counsel all have presented evidence of other regulatory decisions supporting the fact that CLEC access services are not subject to sufficient competitive discipline because regulation prohibits one carrier from refusing to deliver traffic to another carrier with disproportionately high access rates. Moreover, claims Verizon, the FCC and state commissions have rejected the Joint CLECs argument repeatedly, and no state commission that has investigated the issue has declined to constrain CLEC intrastate access rates. Id. at 10.

In its Reply Brief, Verizon also argues that any reduction in its Intrastate Access Rates must accompany a rate rebalancing to the extent that the lost revenues from the Intrastate Access reductions were subsidizing non-competitive services. Id. at 12. Verizon also counters the argument of AT&T, Sprint and Rate Counsel that the pricing flexibility granted in the ILEC Reclassification proceeding was intended to provide ILECs with sufficient revenues to compensate for potential revenue losses due to a reduction in Intrastate Access Rates. Id. at 14. Moreover, Verizon asserts that any separate proceeding to grant additional pricing flexibility to ILECs must occur immediately following a reduction in Verizon's Intrastate Access Rates. Furthermore, Verizon requests that a subsequent pricing flexibility proceeding conclude before a reduction in Intrastate Access Rates are phased in. Otherwise, claims Verizon, such regulatory lag would be confiscatory to Verizon. Id. at 19-20. Additionally, Verizon argues that any argument that the Board should require a company to subsidize rate-regulated services with revenue from non-regulated services is an unsustainable policy that must be rejected. Id. at 27.

EMBARQ

In its Initial Brief, Embarq argues that the Board must reject the proposals presented by the other parties to reduce Embarq's Intrastate Access Rates. Alternatively, Embarq requests that if the Board deems it necessary to adjust Embarq's Intrastate Access Rates, the Board must also implement the following: (1) a statewide universal service fund supported by all competitive providers; (2) the allowance of additional pricing flexibilities to Embarq in recognition that an ILEC serving less dense and higher cost areas that has Carrier of Last Resort ("COLR") obligations; and (3) a reduction of intrastate access rates on a phased-in basis over a period of several years. EQ IB at 69.

First, Embarq contends that the parties seeking to change intrastate access rates must prove the case that intrastate access rates require reduction, something they have failed to do. Id. at 6. Moreover, Embarq argues that this case is a policy matter which requires the Board to take notice of the costs needed to install and maintain a network. Cost studies and testimony submitted by Embarq support the argument that the costs to provide service exceed Embarq's revenues and reducing intrastate access rates and/or eliminating the Carrier Common Line Charge ("CCLC") will only exacerbate the deficit between costs and revenues. Moreover, Embarq contends that access rate reductions, absent a recovery mechanism, provides no benefit to New Jersey's consumers. Id. at 7-8.

Furthermore, Embarq argues that AT&T, in recommending that Intrastate Access Rates be immediately reduced to interstate levels, wrongfully aligns the pricing flexibility granted in the Embarq ILEC Reclassification proceeding with access reduction relief. Embarq also contends that Verizon's proposal is flawed because it uses Verizon's rate as a benchmark for intrastate access rates. Additionally, Embarq asserts that Rate Counsel's approach to eliminate subsidies and use TELRIC to determine the cost for switched access is unreasonable. Id. at 4.

In arguing how its customers benefit from the current Intrastate Access Rates, Embarq describes how it serves less dense high cost areas and holds less than 4% of the access lines in the State. Furthermore, Embarq argues that while its COLR obligations, as provided under N.J.S.A. 48:2-23 and related regulations, are a costly burden, the obligation furthers the state policy of universal service at affordable rates. Id.at 16. Embarq contends that opposing parties fail to show how Embarq can continue to meet its COLR obligations in light of the proposed access charge reductions, and the record does not establish that if such reductions to Embarq's intrastate switched access rates occur it can avoid rate increases for New Jersey's consumers. Id. at 10.

Embarq further argues that toll rates and access charges are set based on regulatory policy promoting affordable residential service, and the subsidies inherent in local rates which derive from switched access is a policy maintained over the years that supports the provision of universal and affordable service. Id. at 18. To provide local exchange service, Embarq must maintain and upgrade its network. This is achieved through the existing public policies of the state which support the use of intrastate access charges to ensure safe, quality, affordable service in Embarq's territory including less dense, high cost service areas. This regulatory balance should be preserved. Id. at 20.

Furthermore, Embarq argues that, as shown by its cost study, its current Intrastate Access Rates are just and reasonable. Embarq details the testimony from its witnesses that its cost study submitted provides TSLRIC. Furthermore, Embarq argues that its CCLC is necessary and generally is gauged by minutes of use billed to an IXC by the ILEC to recover costs of the local loop plant. Id. at 30. Embarq argues that "the evidentiary record demonstrates that loop cost support is critical and necessary. Embarq claims the cost adjustments proposed by various parties are not supported in the record and that previously granted pricing flexibility was not intended to justify access reductions. Id. at 38.

Embarq goes on to argue that its Plan of Alternative Regulation established in the 2008 ILEC Reclassification proceeding is necessary to keep its rates just and reasonable and to accomplish the Board's goals. Additionally, Embarq contends that using the revenues from the pricing flexibility granted in the ILEC Reclassification Order to fund access reductions is improper. Id. at 39. Embarq opposes AT&T and Sprint's position that any reduction in revenues from Intrastate Access Rates can be offset through the pricing flexibility, arguing, in part, that intrastate access rates were not an issue in the ILEC Reclassification proceeding. Moreover, Embarq contends that the language in its Stipulation and Agreement from that proceeding does not create a linkage between price flexibility and access reductions. Id. at 40-41. Finally, Embarq argues that its New Jersey customers will be harmed if revenues from the ILEC Reclassification proceeding are used to fund access reductions. Embarq claims that the Board granted it additional pricing flexibility to counter low rates, level the competitive playing field between Embarq and unregulated competitors, and to enhance incentives for Embarq to invest in infrastructure improvements, and any diversion of funding to support access reductions will be done at the consumers' expense. Id. at 43-45.

Additionally, Embarq argues that any reduction to its Intrastate Access Rate would result in *de minimis* financial benefits to consumers and that the current Intrastate Access Rate levels are not a barrier to competition in New Jersey. Id. at 49-53. Embarq also attacks Verizon's benchmarking proposal, arguing that using Verizon specific intrastate switched access rates as a benchmark for all carriers does not ensure rates that are just and reasonable. Embarq further contends that contrary to Verizon's suggestion, no state commission has adopted Verizon's proposal that the Regional Bell Operating Company's ("RBOC") intrastate access rate be used as the benchmark rate for other ILECs operating in the state. Id. at 65-67.

Embarq's Reply Brief argues that reduction of the Intrastate Access Rates by the Board would be premature in light of ongoing FCC investigations into intercarrier compensation and universal service. EQ RB at 4. Embarq also claims that AT&T's studies showing a benefit to customers if Intrastate Access Rates are reduced are misleading. Moreover, Embarq states that while AT&T has offered to eliminate its in-state access fee and reduce a decrement rate on intrastate prepaid calling cards if the Intrastate Access Rate is reduced to interstate levels, Sprint has failed to make a similar commitment. Id. at 23.

Embarq further asserts that AT&T. Sprint and Rate Counsel's reliance on the Board's *IntraLATA Presubscription Order*[3] to argue that total company revenues should be considered when reviewing financial harm, is misplaced. Embarq contends that the *IntraLATA Presubscription Order* is narrow and limited to a specific context inapplicable to the instant proceeding. In that 1995 proceeding, Verizon claimed that it would suffer financial harm in the form of competitive losses as a result of intraLATA toll presubscription being introduced in New Jersey. Embarq argues that unlike the factual circumstances in the *IntraLATA Presubscription Order*, Embarq in this proceeding provided hard evidence of the direct harm to consumers, to New Jersey, and to Embarq's regulatory obligations if the proponents of intrastate switched access rate reductions prevail and unravel one component of Board pricing policies. Id. at 35-36.

Embarq reiterates its argument that the implementation of a state USF is an essential component of access reform. Id. at 40. Embarq also assails Rate Counsel for arguing that rate increases for competitive services and other consumer demanded services, such as bundles, should be used to fund access reductions. Embarq argues that Rate Counsel advocates breaking the historic linkage between the elimination of subsidies in switched access charges and wrongly recommends that the ILECs use revenues from competitive services to offset reductions in carrier access charges. According to Embarq, a recommendation that the ILECs subsidize basic rates with revenues from their own retail services is contrary to New Jersey law and the intentions of the Telecommunications Act of 1996, which states that there "should be specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service." Id. At 36-37.

JOINT CLECS

In its Initial Brief, the Joint CLECs contend that the main point of this proceeding is to determine whether Verizon, the dominant carrier in New Jersey, should be required to reduce its Intrastate Access Rates and whether it should be allowed to recoup lost revenues from another source. They further add that where the Joint CLECs have shown their costs to be far higher than the level urged by the IXCs, the Board must reject the IXCs' requests for lower rates. Specifically, there can be no reduction in the Joint CLECs access charges by any amount that would result in the Joint CLECs not being able to recover the costs of providing a service (to IXCs) that the Joint CLECs have no choice but to provide. They add that if the Board finds it appropriate to adjust all carriers' Intrastate Access Rates, then, at least with respect to the Joint CLECs, a reduction of its Intrastate Access Rates can only be done in a manner consistent with its cost studies. JC IB at 2-3. Moreover, the Joint CLECs submit that Rate Counsel has acknowledged that the Joint CLECs switched access rates should also be set on the basis of company specific cost studies. Id. at 3.

Though the Joint CLECs believe no reduction in their access charges is necessary or appropriate, and that any change must heed cost floors shown by cost studies, the CLECs agree that transition periods are good policy. Alternatively, the Board may avoid all concerns

[3] Investigation of IntraLATA toll Competition for Telecommunications Services, BPU Dkt. No. TX94090388 (Dec. 14, 1995) ("IntraLATA Presubscription Order")

with confiscation by eschewing the regulation by price caps (involving slashing of Joint CLECs access charges) by allowing the market to control the prices. Id. at 4.

The Joint CLECs argue that in determining whether to adjust Intrastate Access rates, the Board should consider the carrier's cost, and that this position is in line with the ILECs' testimony on the argument that rates should be compensatory and that they too have submitted cost studies to support their demands for adequate compensation. Id. at 5-6. Accordingly, the Joint CLECs state that the costing/pricing considerations for the CLECs are relatively straightforward. The costs of providing switched access services are shown by the cost studies. If the Board determines to regulate the prices for such services, those prices must cover costs, and as the Joint CLECs' witness, Dr. Ankum, testified, CLECs cannot easily shift switched access costs, a wholesale service, to retail customers. This is shown by the relatively low margin on CLEC retail services. Id. at 7. In contrast, ILECs have several regulated services and historically regulators intentionally subsidized basic service. Therefore, the Joint CLECs contend that the issue is more complex in the case of the two incumbents than it is for the competitive carriers. The Joint CLECs argue that these issues mandate that the Board take a different approach to ILECs and CLECs rates, though ultimately, all carriers must be allowed to set rates that cover costs. Id. at 7-8. The Joint CLECs also allege that AT&T has not shown that there has been inefficient operation or investment by the CLECs, and that a uniform price vision for Intrastate Access Rates in improper. Id. at 8-9.

The Joint CLECs also contend that long-standing precedent at the Board, and through the New Jersey courts and the U.S. Supreme Court bars regulators from setting rates that do not allow a company to recover its costs of providing service. Such precedent bars the "free-riding" sought by AT&T and Sprint. Id. at 12.

Regardless of the existence of a cost study, or of the Board's acceptance of any cost study, the Joint CLECs contend that there are fundamental differences between ILECs and CLECs resulting in different costs to provide service. Id. at 13. Dr. Ankum showed that five significant factors can lead to demonstrably higher CLEC access costs:

1. CLECs do not have the same economies of scale as large ILECs.
2. CLECs have different network architectures than large ILECs with proportionately more traffic-sensitive costs.
3. CLECs have lower facility utilization than large ILECs.
4. CLECs have a sparser customer base than large ILECs.
5. CLECs have higher input prices than large ILECs.

Id. at 14.

For these reasons, the Joint CLECs argue that the Board should summarily reject the suggestions that CLECs' Intrastate Access Rates may in any way be set with reference to ILEC switched access rates. Ibid. The Joint CLECs maintain that the study results demonstrate that the difference between rates and costs comprises a much narrower gap for One Comm. and PAETEC than for Verizon (*i.e.* CLECs operate on a much thinner margin). The Joint CLECs submit that it is clear that even modest rate reductions would force PAETEC and One Comm. rates "underwater." Id. at 15. The Joint CLECs also allege that its cost studies analyze all the companies' facilities and equipment and financial records, as well as consider their network and business planning, and the cost studies and the panel of experts that performed those studies were barely questioned on the stand and the only criticisms raised, were thoroughly rebutted. Id. at 16.

Furthermore, the Joint CLECs argue that IXCs must bear their share of joint and common costs associated with the provision of switched access service. Id. at 18. Furthermore, the Joint CLECs argue that loop costs must be considered, because the local loop is needed to both provide local service to an end user and to carry toll calls to and from an end user. Moreover, the Joint CLECs contend that customers simply do not sign up for a telecommunications service that allows them to connect to a relatively limited number of people and businesses in a very limited geographic proximity. Indeed, there is considerable evidence on the record to the effect that end-users purchase telecommunications services on a bundled basis. Thus, the Joint CLECs argue, it is clear that customers focus on being able to make whatever calls they want to –local or toll– and that the clear conclusion is that both carriers and customers view local and toll services as intertwined, such that the total cost of providing both services should be allocated to customers of both services. Id. at 19-20.

The Joint CLECs also contend that because the cost studies model a forward-looking network using the most current, most efficient equipment, even if the companies are currently using older, more expensive equipment, those studies will understate costs actually incurred by the CLECs. Moreover, the Joint CLECs state that the cost studies have used a reasonable (if not conservative) cost of capital, based upon actual costs of existing debt, expectations of each company's chief financial officer for future debt issuances and the commonly used and accepted CAPM equity cost model, using inputs determined as reasonable by the person responsible for raising capital for the companies. Id. at 22-23.

Additionally, the Joint CLECs argue that the Board should permit the market to control Intrastate Access Rates. The Joint CLECs oppose the position of the other parties that CLECs have a monopoly on switched access services because the CLEC providing switched access is chosen by the CLEC end-user and so the IXC has no choice but to connect to the CLEC, regardless of the level of access charges. Id. at 29. The Joint CLECs also recommend that just as AT&T currently charges an in-state customer connectivity charge, that is built upon the allegedly excessive access charges, and just as many IXCs impose a variety of other usage based surcharges, IXCs could impose a fee reflecting the cost of any access charge differential. Id. at 35.

The Joint CLECs further allege that AT&T has mischaracterized action on Intrastate Access Rates by other state commissions. While the Joint CLECs do not deny that a number of states have taken some action over the past eight years that affect CLEC access charges, the Joint CLECs contend that those actions are more nuanced than AT&T and others would have the Board believe. Id. at 36.

Finally, the Joint CLECs' Initial Brief argues that the Board, with regard to One Comm. and PAETEC, cannot reduce access charges below the indicated level of costs. As to Level 3 and XO, they recommend that the Board should follow the Massachusetts approach and allow Level 3 and XO a reasonable time to prepare and file their own cost studies should they so choose. Also, at any time in the future, the Joint CLECs argue that any CLEC should be able to propose access rates higher than any cap if those rates are supported by a cost study. Id. at 37. The Joint CLECs assert that their economic arguments have merit, and the Board must not succumb to AT&T's superficial claims. The record reflects that the IXCs have plenty of options to bypass the CLECs intrastate switched access services and/or to force CLEC pricing on such services lower. According to the CLECs, IXCs dwarf the CLECs in both the local and long distance markets and are fully capable of reaching an end-user customer on their own. The

Board need not take the extraordinary step of regulating (even in part) heretofore unregulated competitive carrier services. Ibid.

In its Reply Brief, the Joint CLECs reiterate their position that the Intrastate Access Rate proposals put forth by Sprint and AT&T would force the Joint CLECs to provide services at rates below their costs. JC RB at 5. The Joint CLECs also argue that the IXCs and Rate Counsel are recommending a pricing scheme under which the CLECs end users would subsidize IXC access services. According to the Joint CLECs, the whole thrust of regulation over the last decades has been to eliminate implicit subsidies and to have cost causers pay and the IXCs and Rate Counsel's suggestions would be a giant step back in this process. The Joint CLECs assert that they and other CLECs would be forced to attempt to have their end users subsidize IXCs, some of whom are the largest and most profitable telecommunications companies in the United States. Id. at 14.

The Joint CLECs also argue that a number of decisions cited by the IXCs and Rate Counsel in support of their positions also support the Joint CLECs because these decisions recognize a need to consider CLEC costs and base access charges on the cost studies, as well as allow a transition period to any reduction in access charges. According to the Joint CLECs, the 2008 decision of the Massachusetts Department of Telecommunications and Cable ("MDTC") imposed a one year transition period in recognition of the possible adverse effects on CLECs. More importantly, argues the Joint CLECs, the MDTC agreed with the CLECs confiscation arguments and allowed all CLECs an opportunity to file a cost study to justify a level of charges other than that of the ILEC (Verizon). Thus, the Joint CLECs argue, this precedent endorses the rejection of the "flash cut" arguments of AT&T and Rate Counsel, as well as the need to base any regulated charges on the costs of providing the service by the carrier in question (as PAETEC and One Comm. have done here). Id. at 33. The Reply Brief concludes by stating that the West Virginia Commission issued on November 23, 2009 a final order that allowed for up to a 30 month, three step phase in of rate reductions and allowed CLECs the opportunity to file cost studies that could be the basis for an exemption from any requirement to reduce their access charges to Verizon's interstate charges. Id. at 34.

MONMOUTH TELEPHONE & TELEGRAPH COMPANY

In its Initial Brief, Monmouth contends that it is well settled that utility rates must provide sufficient revenue to avoid use of private property for public without just and adequate compensation. To that end, Monmouth asserts that the record shows that its Intrastate Access Rates are below costs, are not unjust and unreasonable, and, accordingly, should not be reduced. Monmouth IB at 2-3.

Monmouth claims that it has presented in this docket a forward-looking study of its specific costs to provide intrastate switched access services, and that study, including the update for cost of capital, supports a cost that is well in excess of Monmouth's current intrastate switched access rate of 3.3 cents per MOU. Moreover, Monmouth contends, after refuting Verizon and AT&T's criticisms as unsupported and without merit, that it has shown that adjusting its study to accommodate the criticisms results in a cost, which remains above Monmouth's current intrastate switched access rate. Id. at 4.

Monmouth argues that criticism levied at its cost study by other parties is without merit and does not justify an adjustment to Monmouth's Intrastate Access Rates. Monmouth contends that Rate Counsel offered into evidence a late-filed revised discovery response by AT&T, to Monmouth-AT&T 3-1(b). Monmouth notes that it filed a Motion *in Limine*, requesting that the AT&T revised response be excluded from record of evidence in this docket, but the motion was denied by Commissioner Randall. In its Initial Brief, Monmouth requests that the full Board reverse that Order and order that the subject, revised discovery response by AT&T, introduced by Rate Counsel, be excluded from the record of evidence in this docket. Monmouth claims that the revised response does not address the basis of AT&T's pre-filed rebuttal testimony, for which the discovery asked. Instead, claims Monmouth, the response provides a revised calculation of costs, which provided new calculations using Monmouth's cost study by an unidentified person or persons. Id. at 14-15.

Monmouth notes that this docket contains proposals by AT&T, Verizon, Sprint, and Rate Counsel to set intrastate switched access rates for CLECs based on the rates of other carriers, set by other tribunals, or otherwise not based on the CLECs costs to provide switched access service. According to Monmouth, discovery responses placed in the record confirm that these parties developed and filed their access rate proposals without any review of Monmouth's or any other New Jersey CLECs' costs. Monmouth asserts that findings on Monmouth's currently tariffed intrastate switched access rates, or setting new rates, without regard to Monmouth's costs would violate the legal standards governing the setting of utility rates under N.J.S.A. 48:2-21(b)1. Id. at 19.

Monmouth concludes that with regard to Monmouth, the Board should focus on the evidence of Monmouth's cost for providing switched access service. Based on the evidence in the record, the Board should find that there is no basis to find Monmouth's rates unjust or unreasonable. Thus, Monmouth argues, this matter should conclude with no change in Monmouth's rates and no further inquiry into them. Id. at 21.

In its Reply Brief, Monmouth argues that any non-voluntary reduction in Monmouth's intrastate switch access rate that may be ordered by the Board cannot result in rates so low as to be confiscatory by constitutional standards. Additionally, Monmouth continues to request that the Board either strike or give no weight to AT&T's response to discovery responses Monmouth-AT&T 3-1(b), which is part of Exhibit RC-4. Monmouth RB at 5.

Finally, Monmouth asserts that if the Board reduces Intrastate Access Rates, that a transition period, such as the one proposed by the Joint CLECs, be provided so that carriers can adjust or exit the New Jersey telecommunications industry. Monmouth also requests that a Board order addressing CLEC Intrastate Access Rates on a generic basis allow carriers to submit cost studies to support rates and rate filings that are consistent with their costs. Monmouth also notes that the FCC order that set CLEC rates based on ILEC costs provided for a three year transition period to the new rates based on a finding that a "flash cut" to such rates would be "unduly detrimental to the competitive carriers." Id. at 6.

WARWICK VALLEY TELEPHONE COMPANY

In a letter brief filed in lieu of a brief, Warwick, a participant in this proceeding, contends that the Board's Prehearing Order dated December 18, 2008 provides that this investigation is designed to set rates for which all entities will be required to charge "including default rates where entities have failed to participate in this proceeding." Accordingly, Warwick argues that because it participated in this proceeding by responding to Staff's discovery response, based on the record in this proceeding, there is no basis to adjust Warwick's intrastate access rates. WVT IB at 1.

According to Warwick, on January 23, 2009, Warwick provided answers to Board Staff's discovery requests, including a response to request Staff-5, to which Warwick provided a copy of a cost study and related work papers quantifying Warwick's cost to provide intrastate switched access service. These materials, according to the Warwick, show that Warwick's switched access rates are not unreasonable. Warwick argues that no other party has submitted materials that address Warwick's specific costs. Id. at 2.

Warwick asserts that there is no record basis to change its current intrastate switched access rate in this docket, and submits that policy and constitutional considerations dictate that Warwick be afforded the opportunity to have its specific costs and services addressed by the Board before any change to Warwick's intrastate switched access rates are ordered by the Board. Ibid.

In its Reply Brief, WVT claims that because it is the only rural ILEC, as defined under 47 U.S.C. §153 (37), and because the Board annually certifies WVT's eligibility to receive federal high-cost universal service funds, no party's proposal relate to the costs and operations of WVT. Accordingly, WVT asks that the Board make no changes to its Intrastate Access Rates in this docket. WVT RB at 1.

AT&T

In its Initial Brief, AT&T argues that the Board should reject the claims made by the ILECs and CLECs and pursue Intrastate Access Rate reform. First, AT&T notes that only the LEC serving the calling or called customer can provide switched access service on calls to or from that customer absent a dedicated service arrangement through special access, and an IXC has no choice of which LEC to use because there can be only one supplier of switched access on each LEC line. ATT IB at 8. AT&T contends that this bottleneck gives all LECs market power in the provision of switched access. The originating carrier has no other choice but to terminate the call through the called party's carrier. Moreover, AT&T argues that the record shows there is no difference between the origination and termination functions of both intrastate and interstate switched access, and that the other LECs in the proceeding acknowledged these similarities.

Secondly, AT&T states that AT&T, Verizon, and Rate Counsel concur that intrastate access rate reductions will benefit New Jersey consumers. According to AT&T, Verizon intimated that competitive forces in the interexchange market will ensure that retail rates include the effects of cost savings reflected in reduced rates, and Rate Counsel's witness expected market discipline would prevent an IXC from only temporarily decreasing its retail rates and then raising them again. Id. at 11. AT&T also found that prices in non-mirroring states were approximately 15% higher than in mirroring states, an indication of a strong correlation between access reductions and lowering of retail rates. Id.at 12. AT&T further argues that a Verizon witness in another proceeding testified that "asymmetric regulation" harms competition and consumers because they prevent a competitor from charging cost-based prices that would prevail in an unregulated market, harm customers who are served with higher costs and diminish the ability to innovate. Id. at 14-15.

AT&T also claims that by allowing Embarq and Verizon pricing flexibility in the ILEC Reclassification proceeding, the Board has paved the way for reduced access rates. In arguing that a reduction in intrastate access charge revenues for Embarq and Verizon would be less than the increase both ILECs generated as a result of the ILEC Reclassification proceeding, AT&T urges the Board to immediately reduce Intrastate Access Rates Id. at 16-17.

Furthermore, AT&T contends that nearly two dozen states, including Massachusetts, Ohio and Illinois, have reduced intrastate access rates. Id. at 17. States with a similar level of industrialization to New Jersey such as Massachusetts, Ohio and Illinois are among the pack of states that have mirrored intrastate rates with interstate rates. Id. at 9. According to AT&T, Verizon agrees that consumers will benefit from access reductions because competitive market forces will cause carriers to flow those reductions through to customers.

In addressing Verizon's charges, AT&T claims that while Verizon has argued against a reduction of Intrastate Access Rates in this proceeding, it has advocated for it before other state commissions. Id. at 25. AT&T also states that Verizon's Intrastate Access Rates are excessive and Verizon's costs to provide switched access service are below its Intrastate Access Rates. Moreover, AT&T contends that Verizon's Intrastate Access Rate is three and a half times Verizon's average interstate access rate for the same functionality. Id. at 31. With modest corrections to eliminate excessive cost of capital, non-traffic sensitive costs, use of Board approved depreciation lives, removal of the common overhead factor not needed in forward looking costs and others, AT&T claims that Verizon's cost would be reduced to a figure that leaves an 80% margin of profit over its interstate rates. Id. at 32-34. AT&T dismisses the LECs' argument that reducing intrastate access rates to interstate parity would somehow result in below-cost access rates. There is no record evidence that any carrier participating in this case has ever challenged its interstate rates as being below cost.

Furthermore, AT&T contends that Verizon's argument that the Board must consider that Verizon's rate-regulated revenues do not cover the costs for providing these services is wrong. AT&T argues that not only would the net effect of Intrastate Access Rate reductions and the ILEC Reclassification Order be a financial benefit to Verizon, but Verizon's cost study includes excessive costs. Id. at 35. AT&T also states that the Board's Prehearing Order was clear that issues related to revenue recovery are outside the scope of this proceeding. Id. at 36. Moreover, provisions in the Stipulations of Settlement approved in the ILEC Reclassification Orders provided that Embarq and Verizon may not petition the Board to modify their rate caps until the Board initiates a proceeding to reevaluate the competitiveness of certain services unless the Board issues an Order reducing Intrastate Access Rates. Then, according to AT&T, Verizon and Embarq may request the Board to adjust the rate caps upon petition to the Board, upon notice and hearing. Accordingly, AT&T contends that any request for an adjustment to rate regulated rates in this docket is premature. Id. at 37. According to AT&T, Verizon eventually admitted that the net impact of the Board's pricing flexibility order and access reductions for LECs will still generate very substantial positive revenue over a three year period. AT&T further states that issues such as additional pricing regulations, COLR and Fiber Optic Service ("FiOS") investments are clearly outside the scope of this proceeding. Id. at 44-45.

AT&T similarly argues Embarq has already been granted more retail pricing flexibility than it will require to recover access revenue reductions if the Board reduces its Intrastate Access Rates. Id. at 48. Moreover, AT&T argues that consumers will benefit from access reductions, contrary to Embarq's position, because a reduction in Intrastate Access Rates to the interstate level would result in some reduction in long distance rates. Id. at 51-53. Additionally, AT&T contends that Embarq's direct costs of access are below its interstate rate, and Embarq's inclusion of the CCLC is improper. Id. at 54-55. According to AT&T, Verizon, AT&T, the FCC and Embarq's Dr. Stahir agree that "there is no causative relationship between the provision of customer loops and the provision of switched access." Embarq also wrongfully included a common cost loading factor to the direct cost of switched access. AT&T also claims that Embarq incorrectly attributed other traffic non-sensitive costs into its model as Verizon did and overstated its average trunk investment. AT&T argues that when these four issues are corrected, the incremental cost of Embarq's switched access is below the interstate rate, and by reducing the intrastate rates to the interstate level, Embarq will still be making a 200% profit over its costs. Id. at 59-61.

AT&T also dismisses Embarq's position that the Board should create a statewide Universal Service Fund, and its arguments regarding the Board's ILEC Reclassification Order, COLR, rate regulated services and that any reductions in Intrastate Access Rates be phased in. Id. at 63. AT&T contends that Embarq's witnesses did not identify any specific costs related to its COLR obligations and affirmed that Embarq conducted no studies to determine such costs. Id. at 62. Additionally, AT&T argues that Embarq's request for a statewide USF should be rejected because universal service support is intended to provide assistance to local exchange companies that have higher than average cost and or serve low income communities. Embarq is a net payer into the Federal Universal Service fund and receives no high cost loop support from the Federal Universal Service Fund. Ibid.

AT&T contends that the Intrastate Access Rates charged by CLECs in New Jersey are excessive. Id. at 64. Moreover, AT&T attacks the Joint CLECs position that they have no market power, arguing that switched access rates are not subject to competitive pressures. Id. at 69-70. Additionally, AT&T asserts that the CLECs are not entitled to offsetting revenue streams if their Intrastate Access Rates are lowered because all CLEC retail services are competitive and have no pricing restraints. Id. at 70.

AT&T also argues that witnesses at the hearings all confirmed that switched access is a monopoly product because CLECs have 100% market share on all calls made to and from their customers. Id. at 67. Claims by CLECs that the access market is competitive because others could win away CLEC customers if the access rates are too high is implausible to quote Rate Counsel because competition will cause CLECs to lower their retail rates and not the switched access rates. According to AT&T, the record in this case is consistent with the findings of the FCC and numerous state regulators who have ordered that CLEC switched access rates above the level of the principal incumbent in its serving area can not be considered just and equitable. Id. at 68. Moreover, AT&T states that CLECs may not (and do not) charge interstate switched access rates in excess of the relevant ILECs rates today for interstate calls that either originate or terminate in New Jersey, and they have provided no evidence that this limit has caused them to exit any market or diminished their ability to compete. AT&T also asserts that CLECs have no universal service obligations, and none of the CLECs participating in this docket serve any residential customers. Id. at 16.

AT&T argues that the CLECs cost studies are irrelevant because access costs should be based on ILEC and not CLEC costs. Id. at 72. AT&T further argues that if a CLEC has no market power, its prices for switched access service would not be expected to exceed the ILECs rate in its geographic area even if it has higher costs, and the FCC found persuasive the IXC arguments that it is highly unusual for a competitor to enter a market at a price dramatically above the price charged by the incumbent absent a differentiated service offering. Id. at 73-74. Notwithstanding these arguments, AT&T also asserts that the CLEC cost studies contain many errors that do not support CLEC claims. PAETEC and One Communications, for instance, both include excessive overhead costs and local loop costs in their cost studies, as did Embarq. Id. at 74-75. AT&T also argues that Monmouth's cost study also contains many flaws which it was unable to refute, and Monmouth admitted to one flaw and even agreed to reduce the cost of capital during the hearings. According to AT&T, eight other errors include a modification in depreciation lives from five years to a conservative 12 years for network assets, elimination of double counting of engineering costs from switched investments, assignment of transport costs in proportion to switched access minutes consistent with cost causation principles. Id. at 75-76. Collectively, AT&T argues, these modifications reduce Monmouth costs to an amount which is well below Monmouth's interstate access rate. Id. at 77.

Furthermore, AT&T recommends that the Board reject all of the CLEC arguments; including using company-specific costs to establish rates for competitive carriers and that the reduction in access charges results in a subsidy for IXCs. AT&T contends that the standing rule for CLECs is the one that the FCC has used for all CLECs with regard to interstate access. Moreover, new entrants are generally not bound by legacy rules that affect incumbents and the burden is on them to reduce their costs, accept lower overall margins or provide a higher value retail service that will attract end users. Id. at 78-79.

AT&T concludes its Initial Brief by asserting that the evidence shows that LEC intrastate switched access prices are much too high, are harmful to competition and New Jersey consumers, and Intrastate Access Rates should be immediately reduced to interstate level no later than January 1, 2010 for all carriers. Id. at 79.

AT&T argues in its Reply Brief that Verizon will not suffer financial harm because of this proceeding, and that Verizon's Initial Brief does not mention that the Board has already created a process to address revenue recovery issues "in a separate matter, as appropriate, following the conclusion of this matter." AT&T RB at 16. AT&T also argues that if Verizon persists in its argument that its rate regulated services are below cost, it would be perfectly proper for the Board to require Verizon to provide a full review of all the costs and revenues associated with all of its telecommunications services, including both rate-regulated and competitive services, pursuant to N.J.S.A. § 48:2-21.18(d). Ibid.

Also, according to AT&T, if Verizon wishes to seek additional opportunities to recover reduced access revenues related to access rate reductions, the Board has already announced its willingness to entertain such a request. This is only a matter of timing, not one of substantive right, and, according to AT&T, it moots Verizon's claim that no party offers any policy argument for why Verizon should not be permitted greater retail pricing flexibility to offset potential switched access reductions. AT&T also notes that the Board may in fact grant Verizon additional pricing flexibility – just not in this docket. Id. at 17.

AT&T's Reply Brief also states that Embarq tries to confuse matters with the suggestion that reducing intrastate switched access rates to match the corresponding interstate rates would impose administrative costs, asserting that the interstate rate structure is complex. AT&T contends that Embarq's arguments defy common sense because achieving parity with interstate rates is easy, as the interstate rates and structure have been in place for years, and Embarq has already established the administrative processes needed to implement them. Id. at 37.

According to AT&T, the Joint CLECs' Brief rests upon the false premise that CLECs lack market power over switched access and ask the Board to "take no action" to address the fact that CLEC access rates are often much higher than even the ILECs' excessive rates AT&T maintains that CLECs cannot make this argument without ignoring (i) that they have total pricing flexibility for all of their retail services and (ii) that they serve only business (and not residential) customers and have historically had no role in the social policies that underlie the use of cross subsidies to support universal service objectives. Thus, argues AT&T, CLECs stand on a completely different footing from ILECs with regard to access policies, and they have no entitlement to recover their costs of service through subsidies that come from excessive access charges, which harm consumers and distort competition. Id. at 45-46.

AT&T adds that it is asking nothing more than for CLECs to be required to cap their intrastate rates at the same level the FCC already required them to charge years ago for the same services in the interstate jurisdiction. Id. at 12-16.

AT&T also argues that there is no basis for the Joint CLECs' claim that requiring IXCs to pay intrastate access rates that match interstate rates could result in a subsidy to the IXCs or would result in the IXC receiving some kind of free ride. In an efficient competitive market, no IXC would voluntarily pay more for access than the market rate as defined by the price (and ultimately the costs) of the predominant supplier, the ILEC. All AT&T seeks here is for the Board to create the same market-emulating environment for intrastate rates that the FCC set for interstate rates. By doing so, CLECs that are willing and able to compete on the basis of such fair and reasonable rates are permitted the same chance to succeed as the incumbents. CLECs that do not (or cannot) compete on those terms should not be allowed to force IXCs and their customers to subsidize the CLECs inefficiencies. Such inefficiencies should be supported by CLEC customers who have market choices (i.e., end users) or by the CLECs owners. Id. at 52.

AT&T further argues that both PAETEC's and One Communications' studies improperly included costs of the local loop, which is not a cost of access service. In addition, both apply extremely high common overhead costs. AT&T argues that when just these two incorrect inputs are removed, the results shows that their direct costs of access are well below their interstate rates. For its part, Monmouth's cost study is riddled with a plethora of errors that, when corrected, also show its costs of access are below its interstate rates. Thus, none of the CLECs that submitted cost studies have demonstrated that their properly calculated costs of access exceed the rates the Board should establish. Id. at 53.

AT&T disagrees with the Joint CLECs argument that Level 3 and XO, two of their members that elected not to submit cost studies, should be allowed to rely upon the PAETEC and/or One Communications cost study as a "proxy" or should be permitted a reasonable time to prepare and file cost studies should they so choose. AT&T argues that the Board's Prehearing Order gave all LECs notice in December 2008 that they should file whatever evidence they chose in support of their positions in this docket. Having failed to do so for the past year, neither Level3 nor XO nor any other CLEC should be allowed to avoid the Board's direction and make untimely filings, especially since AT&T and Verizon have demonstrated that CLECs' costs are neither relevant nor material to the Board's decision regarding the proper intrastate access rate. Id. at 54.

SPRINT

In its Initial Brief, Sprint argues that the Board should 1) order the ILECs to set their intrastate switched access rates and rate structures to the equivalent interstate access rate and rate structure; and 2) order the CLECs to cap their aggregate switched access rate at the aggregate rate of the ILEC the CLEC is competing against. Sprint IB at 1.

In support of its position, Sprint argues that excessive access rates are anti-competitive and that these rates are harmful to consumers because its forces carriers to subsidize competitors. Id. at 9. All carriers, including wireless carriers that compete against a LEC in a retail market, must use that LEC's switched access service to terminate non-local calls to the

ILECs customers. Ibid. According to Sprint, this monopoly-controlled bottleneck facility is priced far above the actual cost of providing the functions, and access prices are traditionally inflated as a mechanism to subsidize the price of basic local service in a regulated environment. The subsidies distort the true cost of providing service, the true value of such service, and the development of the telephone market. Id. at 11. Sprint further argues that consumers are not receiving the best offers because high Intrastate Access Rates inflate the rates for alternative services. Id. at 12.

Sprint also notes that the FCC and other states have taken action to lower Intrastate Access Rates. According to Sprint, the FCC has long relied on cooperation from state commissions to accomplish its access charge reform initiative, encourage reform efforts by states in advance of final FCC action, and provided clear guidance on the need for access reforms. Id. at 18. Moreover, 22 states require LECs' intrastate access rates to mirror their interstate access rates. For instance, Sprint notes that in Virginia the commission ordered a reduction of Embarq's access line revenues by $2.79 per access line, and a recovery of the revenue could only be done through existing pricing flexibility. Id. at 22-23. Sprint emphasizes that the reduction of input costs will pass through to the customers as shown by AT&T's witness's predictive study. In her study, according to Sprint, Dr. Aron predicted that 83% of costs would be passed through to customers, and markets that dropped prices gained market share at the detriment of companies that did not pass through costs savings. Id .at 13.

Sprint argues that the record establishes that ILECs costs are inflated when compared with several relevant points of cost comparison, including the reciprocal compensation rates, the interstate access rates and the ILECs cost studies. Sprint contends that the Board established cost-based, forward looking economic rates (or TELRIC) for ILECs to compensate another carrier for the use of switches and transport facilities that complete local calls and to stimulate efficiency and competition. Because no significant differences exist between calls subject to reciprocal compensation and calls subject to switched access charges in terms of the network elements used, and because competition regulates prices and ensures the availability of service at affordable prices, Sprint argues that different call termination rates are improper. Id. at 29-31. Furthermore, Sprint argues that Verizon's and Embarq's costs studies do not support their Intrastate Access Rates. Sprint asserts that Verizon's study clearly demonstrated that its intrastate cost was lower than its interstate rates, and Embarq's cost study concealed the cost results by inappropriately including a loop cost in the switched access cost analysis. Id. at 34.

Sprint also asserts that a reduction in the Intrastate Access Rates will not result in unaffordable retail rates or hardship for the LECs. Sprint argues that the Board's Pre-Hearing Order and the stipulations in the ILEC Reclassification proceeding address provisions for additional rate relief for Embarq and Verizon, but that such requests may only be made after the Board issues an order reducing the access rates. Claims by ILECs that pricing flexibility gained cannot be sufficient without further retail rate flexibility must be rejected because the ILECs omitted critical information regarding their present ability to recover their network costs from their own customers. Id. at 36-37. Verizon and Embarq are fully capable of recovering their full basic network connections from their own end user customers and the record shows that Verizon and Embarq have increased the average revenue per customer as a result of bundled services. Id. at 38. Furthermore, Sprint recommends that the Board needs to consider other sources of revenue before entertaining any ILEC claims of additional retail relief. Id at 45. Sprint also argues that COLR obligations need not be reduced because COLR does not constitute any impediment to the ILECs and ILECs have not provided cost evidence on any negative influence of COLR obligations on their performance. Id. at 46.

Sprint asserts that CLEC Intrastate Access Rates must mirror competing ILEC rates. According to Sprint, because the FCC determined that a CLEC monopoly over end users was inconsistent with pro-competitive policy, the FCC detariffed all CLEC interstate access rates that exceeded a rate benchmark by ordering CLECs to mirror competing ILEC rates. Id. at 47. Sprint argues that there is no need for the Board to reach a decision contrary to the FCC and the Board should order the CLECs to mirror the rates of the ILEC in whose territory they operate. Id. at 48. Sprint concludes by recommending that the Board should quickly institute reform by ordering each LEC to mirror the rate levels and structure of their interstate switched access charges.

Sprint argues in its Reply Brief that Embarq never quantified its COLR obligations in the record, and it has failed to present any evidence whatsoever regarding its cost of COLR and service quality compliance. As it stands, there is no record on which the Board can withhold access reductions for Embarq on COLR grounds. There is, however, evidence that no state commission that has reduced a ILECs access charges has concomitantly relieved it of its COLR obligations. Sprint RB at 22.

Sprint further states that in 1983, the FCC indicated that its long-range goal was for common-line costs to be removed from the calculation of the cost of switched access. In support of this conclusion, the FCC found that a customer which does not use his or her local-loop to place or receive even a single call generates the same local-loop expense as a customer who places calls over the local-loop; accordingly, every LEC customer causes the same local-loop expense, and does so regardless of whether the local-loop is ever used. Thus, according to Sprint, as the LEC customer causes 100% of the local-loop expense without any traffic-sensitivity, the FCC concluded that those costs should ultimately be borne exclusively by the LEC customer and/or the LEC, and should not be shifted to competing carriers. Id. at 23. Sprint argues that in other proceedings, Embarq has testified regarding the impropriety of including local-loop costs in switched access rates. Brian Stahir, a regulatory economist for Embarq, testified before the Kansas Commission that loop costs should be recovered on a flat rate basis from customers as a part of basic local service rates.

Sprint goes on to argue in its Reply Brief that Embarq's testimony indicates that only a minimal percent of Embarq's wire centers are located in areas that can be classified as rural. Id. at 29-30. The record also indicates that the average income in Embarq's service area is approximately $110,000 per household, so while Embarq characterizes part of its service area as rural, the area Embarq serves lacks certain characteristics of typical rural areas. Finally, Sprint contends that the record also establishes that despite its characterization of itself as a rural carrier in New Jersey, Embarq receives no High Cost Universal Service Support in New Jersey.

RATE COUNSEL

Based upon the record created in this proceeding, Rate Counsel urges the Board to order an immediate reduction in Intrastate Access Rates to the level of Verizon's interstate access rate, and a subsequent reduction to a lower interim rate pending a determination by the Board of the appropriate forward looking access rate based upon a TELRIC analysis. Rate Counsel also urges the Board to reject all of the cost studies offered by parties in this proceeding because none of these parties have shown that their cost study is forward looking, and because the rates resulting from such cost studies are well above any just and reasonable rate for intrastate access. RC IB at 1-2. Providers of intrastate switched access possess monopoly power and the wide disparities in rates charged demonstrate that the marketplace does not discipline rates. The rates are well in excess of the interstate rates that ILECs and CLECs are permitted to charge by the FCC. Ibid.

Rate Counsel contends that TELRIC analysis should guide the Board's determination of the forward-looking cost of intrastate switched access and thereby establish the appropriate rate. According to Rate Counsel, the economic benefits of applying TELRIC methodology to set prices for unbundled network elements supports adoption of TELRIC methodology to set an intrastate access rate, because:

1) TELRIC-based prices simulate the prices for network elements that would result in a competitive market; *i.e.*, in a competitive market competition would drive prices to forward looking costs;

2) Rates based on forward looking costs minimize the opportunity for ILECs to exploit their market power over bottleneck network elements;

3) TELRIC-based rates provide accurate pricing signals to CLECs that are deciding whether to invest;

4) TELRIC-based rates minimize the opportunity for anticompetitive cross subsidization (and price squeezes); and

5) TELRIC-based rates could lead to lower prices for consumers in "downstream" markets.

Id. at 16-17.

According to Rate Counsel, the TELRIC methodology is favored over TSLRIC because it provides a better cost measure of the various elements that comprise a service without excessive allocation of joint and common costs, and the two costing methods seek to compute the cost that would prevail in a competitive market and reflect forward-looking efficient cost. The core difference between the two relates to their allocation of joint and common costs. The results of Verizon's TSLRIC analysis produces costs and rates well outside of any reasonable range of forward looking rates due to numerous deficiencies. Notwithstanding those deficiencies, the analysis shows that Verizon's cost for intrastate switched access is well below its interstate rate. Id. at 20. Moreover, Rate Counsel contends that TSLRIC tends to over-allocate common costs, which causes intrastate switched access rates to be inflated and inconsistent with rates that would exist in a competitive market, thus making TELRIC superior to TSLRIC. Id. at 19.

Rate Counsel argues that Verizon's benchmarking proposal should not be adopted by the Board, because Verizon's current Intrastate Access Rates are not market-based and provides no benefit to consumers. Id. at 21. Likewise, Rate Counsel contends that Embarq's cost study is flawed because the calculations and assumptions regarding the cost of debt are unsupported by detailed market data and common costs and overhead are dramatically excessive. Moreover, Rate Counsel contends that the major flaw in Embarq's study is the inclusion of the CCL non-traffic sensitive costs that are based on the allocation of the local loop cost. Id. at 22-23. Additionally, Rate Counsel argues that Monmouth's cost study fails to justify its Intrastate Access Rates because it fails to represent TELRIC compliant costs. Id. at 23. Moreover, Rate Counsel argues that the CLECs' cost studies results are inflated and are flawed because of inclusion of loop costs, because of flawed inputs such as shared/common costs factor, and cost of capital. Id. at 24-25. AT&T's critique of Monmouth's cost analysis reveals that Monmouth's cost model shows unreasonably high cost factors due to misallocations and miscalculations that yield erroneously excessive minute of use rates. The CLECs cost model suffers from the same infirmities as Verizon's and Embarq's Cost Model. The inputs and the assumptions made in their cost models are flawed and the results derived there from are overstated and unreliable. An analysis conducted by Rate Counsel demonstrates that the CLECs' loop costs, shared/common costs factor, and cost of capital, in some cases, are inflated.

Rate Counsel also argues that Verizon's and Embarq's requests that they be relieved from their COLR obligations if their respective Intrastate Access Rates are reduced should be rejected. According to Rate Counsel, Verizon failed to identify particular exchanges, classes, or subsets of customers that it would choose not to serve if it was relieved of its COLR obligations. In addition, it failed to quantify the one-time and recurring cost of providing basic local service to new customers. Moreover, Embarq's request for COLR relief is unsupported by any competent evidence in this record, in part because its witness admitted that costs for COLR were not quantified. Id. at 28-29.

Rate Counsel assails Verizon's cost study on several grounds. Rate Counsel contends that the study is flawed because it is not forward looking; it fails to include rate regulated revenues; it fails to look at all services to determine if a reasonable return exists; and it fails to show that its revenues are insufficient to cover its intrastate access costs. Id. at 32. Rate Counsel also argues that Embarq has failed to provide any evidence to demonstrate that its revenue is insufficient to cover the costs associated with providing basic, local service at affordable rates. Id. at 50. Similarly, Rate Counsel notes that the CLECs have failed to show that any reductions in Intrastate Access revenues cannot be recovered from its retail services. Moreover, Rate Counsel asserts that the CLECs have not demonstrated how they will be harmed by a flash cut reduction of Intrastate Access Rates to the interstate level. Id. at 57-58.

Finally, Rate Counsel contends that its recommendations will have a positive effect on consumers because it will lead to more accurate pricing signals. Id at 62. According to Rate Counsel, witnesses for AT&T, Sprint and Verizon have testified that upon a reduction of the Intrastate Access Rates, competitive forces should cause carriers to flow through the reductions to consumers. Id. at 64.

Rate Counsel urges the Board to adopt its recommendations that 1) on a flash cut basis, the Board should direct all carriers to set Intrastate Access Rates at levels that are no higher than Verizon's interstate rates; and 2) on a phased-in basis, the Board should direct all carriers to set intrastate switched access rates at cost-based rates, using cost studies and models that incorporate forward-looking assumptions, and in the absence of TELRIC-compliant rates, the Board should set local switching rates between the levels of the interstate ISP reciprocal compensation rate of $.0007 and the reciprocal compensation rate of $.001493 in the recent Verizon interconnection agreement filed with the Board. Additionally, CLECs should have the opportunity to file cost studies to show their costs, but such studies must be subject to the same examination and forward-looking cost standards as are the ILECs costs studies. Rate Counsel also requests that the Board seek commitments from carriers to pass through access charge reductions to consumers. Id. at 69.

In its Reply Brief, Rate Counsel asserts that Verizon's argument that if the Board were to lower its intrastate access rates without permitting a rate rebalancing mechanism, the result would have constitutional implications is without merit. Verizon has the opportunity to seek further relief in a subsequent proceeding for any revenue losses arising from intrastate access reform. Rate Counsel further argues that while the constitution protects utilities from confiscatory regulation, as held in *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 307 (1989), the Court has further held that in determining whether a rate is confiscatory depends on whether the rate is just and reasonable and not on what methodology is used. *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 602-603 (1944). Verizon's subsequent opportunity to recover claimed revenue losses that result from intrastate switched access rate reductions dispels any notion that access reform would be confiscatory.

Rate Counsel's Reply Brief goes on to state that when Monmouth's cost study is revised, the adjusted cost for access is well below the flash cut rate proposed by Rate Counsel. In addition, when the Joint CLECs cost studies are revised to be forward-looking, the adjusted cost for access is below PAETEC's and One Communications' respective interstate access prices. The Joint CLECs and Monmouth mount no serious or articulated basis for the Board to deviate from its well established policy that a carrier's return is measured by looking at all services and not just one service or subset of services. The Joint CLECs and Monmouth fail to acknowledge the Board's 1995 *IntraLATA Prescription Order* that clearly set forth the standard of looking at all services including regulated, competitive and other services. RC RB at 12.

Rate Counsel submits that the Board should give no weight to WVT's cost studies because they are not part of the record. Neither Board Staff nor any other party put into the record responses to Staff discovery. As a result, there is no factual basis to conclude that Warwick intrastate access rates are in fact reasonable or are reflective of forward-looking rates. In fact, Warwick acknowledges that its rates were set in September 2, 1983 and at that time such rates were set under rate of return regulation. Under rate of return regulation, rates are based upon embedded costs and therefore, such rates by definition are not forward looking. Rate Counsel also notes that reporting of costs under Part 36 and Part 69 are based upon embedded costs and not forward-looking costs. Rate Counsel also notes that Warwick's request is inconsistent with the Board's stated intention to set one intrastate rate for all carriers. Rate Counsel asks that the Board reject Warwick's request to change the scope of the proceeding at this time. Id. at 14.

NEW JERSEY CABLE AND TELECOMMUNICATIONS ASSOCIATION

In its Initial Brief, NJCTA, an organization whose members currently provide a broad range of communications services in competition with ILECs and CLECs, argues that the Board should take two measures in this proceeding to further the competitive provision of telecommunications services in New Jersey and to reduce distortions in the state's current intrastate access charge regime.

First, NJCTA contends that the Board should cap CLECs Intrastate Access Rates at the competing incumbent's intrastate rate, unless a CLEC can prove to the Board that a higher intrastate access rate is necessary to recover its costs. According to NJCTA, the need to constrain CLEC access charges is driven by a relatively small number of CLECs that assess charges well in excess of their competing incumbent carrier, and the unchecked ability of CLECs to impose inflated access charges creates incentives to structure business arrangements designed primarily to generate access revenue. NJCTA member companies (and their customers) have no alternative but to pay supracompetitive intrastate access rates to certain CLECs to provide customers with the ability to make calls to those CLECs' customers, according to the brief. These rates are not subject to market discipline, may have no reasonable relation to cost, and thus are antithetical to the competitive market fostered by this

Board's policies. Moreover, if, as some CLECs claim, their costs justify higher rates, NJCTA suggests that the Board can provide a procedure to allow a CLEC to make an affirmative showing that the ILEC intrastate rate would be insufficient to recoup costs. Id. at 2.

Second, NJCTA supports the Board's review and reduction of all LEC access charges. With respect to ILEC access charges, NJCTA asserts that the Board should immediately eliminate Verizon's Market Share Line Charge ("MSLC"), because it is nothing more than a compelled subsidy paid by Verizon's competitors to prop up Verizon's profits. NJCTA argues that the MSLC is an outdated subsidy that does not serve any reasonable, useful purpose. The Board granted Verizon substantial retail rate relief and Verizon today reaps revenues from a host of other services, including video and broadband. New Jersey is one of only two states that permit recovery of this type of charge. The MSLC should therefore be eliminated, NJCTA argues. Id. at 2-3.

NJCTA goes on to state in its Reply Brief that subsidy-ridden access charges (like the MSLC) are not only outdated and anti-competitive, they are wholly unnecessary in light of the greatly increased revenue opportunities available to Verizon through a host of services that are free from rate regulation. These include long distance service, vertical features, such as call waiting, and DSL. Verizon has received substantial price flexibility for its local voice service, which it has used to its full advantage. NJCTA argues that Verizon is a company with over $100 billion in revenues, a thriving wireline and wireless business, and easy access to the capital markets. Verizon does not need (and the Board should not permit) legacy subsidies in the form of the MSLC originally intended to keep local phone rates low in order to fund its investment in advanced and competitive services. The Board should end this antiquated practice and instead allow CLECs to put these resources to innovation and investment in their own networks and products, rather than contributing to Verizon's bottom line. NJCTA RB at 6.

NJCTA further argues that Verizon's claim that its revenues are insufficient to cover its costs without access charge subsidies such as the MSLC is predicated on the disproportionate and unreasonable assignment of all network costs to basic voice service when the same network is used to provide other advanced and competitive services that contribute substantially to network costs. There is simply no support in the record for the MSLC, according to NJCTA. Id. at 7.

DISCUSSION

Prior to the divestiture of AT&T in 1984, AT&T was a monopoly that provided both local and long distance or toll calling. Generally, toll calls were priced in excess of cost so that local service rates could be kept artificially low. With the divestiture of AT&T, local telephone service was provided by local exchange companies, like New Jersey Bell, and long distance service was provided by interexchange carriers, like AT&T. In an effort to continue the subsidy flow from toll calls to local service, access charges were developed separately for interstate calls by the FCC and for intrastate calls by the Board. Access charges were purposely set well above the cost to provide the service, to maintain the existing subsidy. IXCs such as AT&T pay LECs, such as Verizon (formerly New Jersey Bell) for the use of the local telephone network to complete toll calls.

Since the divestiture, the FCC and numerous other states have, over time, reduced and/or eliminated the subsidy paid through access charges as telecommunications markets have become competitive. The Board opened this investigation to determine the appropriate level of access charges in New Jersey, which have changed little since 1984.

The parties' positions in this proceeding have been described in detail above. On one side of the argument, AT&T, Sprint, the NJCTA and Rate Counsel, those that seek to have access charges reduced, argue that the current Intrastate Access Rates contain subsidies that distort the competitive market by assessing IXCs with access rates significantly higher than the rates paid by their competitors. These parties ask that the Board no longer require their customers to subsidize the services and customers of their local exchange carrier competitors.

On the other side -- the primary recipients of access charges – Verizon, Embarq and the CLECs argue that their access charges should not be reduced and that the existing subsidy should continue. Verizon and Embarq ask that the Board maintain the flow of subsidy to offset their carrier of last resort obligations and to keep their basic residential rates low.

Over the past 22 years, this Board has recognized the changing nature of the telecommunications industry by reducing and/or eliminating regulation and granting pricing flexibility, where appropriate, in the face of competition in the marketplace. *See*, e.g., ILEC Reclassification Proceeding. While the pace of this relaxation of regulatory oversight may not have satisfied everyone, the Board has been deliberate and consistent in its approach in permitting the marketplace to determine prices where a showing has been made that sufficient competition exists.

In fact, in 1987, five years prior to the enactment of state legislation that determined that it was state policy to open markets to competition, and nine years before federal legislation opened local telephone markets to competition, this Board granted regulatory relief to New Jersey Bell for a group of services that the Board described as subject to "obvious market competition".[4] Since that time, this Board has granted partial or complete regulatory and pricing freedom to virtually all of Verizon and Embarq retail services,[5] and the CLECs have complete pricing freedom for all retail services.[6] In these decisions, the Board has made a concerted effort to balance the need for the appropriate level of continued consumer protections in the marketplace, with the desire to eliminate unnecessary regulation of carriers under the Board's jurisdiction. Each decision was a measured step toward allowing competing carriers more pricing flexibility in order to more effectively compete in the market. Each decision was consistent with the Board's statutory obligation to balance the needs and the rights of both the utility and the consumers of those utility services.

Following these progressive, pro-competitive policy determinations, the Board now has completed its review of access charges. These rates were established in 1984 and have not been materially changed since that time. As described above, much has happened in the industry since 1984. It is this Board's view, based upon the record in this proceeding, that it is time to reduce these long standing subsidies that are neither necessary nor appropriate in the increasingly competitive marketplace. As noted in the record, many states and the FCC have reduced access charge rates over the years, some as many as 15 years ago. The policy decisions by the Board in the past to include significant subsidies in these rates were

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[4] I/M/O the Petition of New Jersey Bell Telephone Company for Approval of a Proposal for a Rate Stability Plan and Relaxed Earnings Surveillance for Certain Competitive Services, BPU Docket No. TO87050398 (June 22, 1987).

[5] *See*, ILEC Reclassification Proceeding.

[6] *See*, I/M/0 the Board Investigation Regarding the Reclassification of Competitive Local Exchange Carrier (CLEC) Services as Competitive, BPU Docket No. TX06120841 (June 29, 2007) ("CLEC Reclassification Proceeding").

appropriate at a time when there was little or no competition. The Board is convinced that the current level of subsidies is no longer necessary today.

After a careful review of the record in this matter, the Board HEREBY FINDS that switched access service is a monopoly because there is no ability for an IXC or its customers to avoid excessive access charges. The Board concurs with Sprint's argument, that LECs have a monopoly over access to their end users, which has permitted a situation where CLECs have charged access rates well above the rates that ILECs charge for similar services. Sprint IB at 47. Verizon, in countering the Joint CLECs position that switched access service is competitive, argues that regulation prohibits an originating carrier from blocking calls to a CLEC with a high access rate. VZ RB at 10. Furthermore, switched access is a monopoly because an originating carrier does not have a choice of terminating carriers. VZ RB at 10; and VZ IB at 11 FN 21. Accordingly, the Board does not find persuasive the Joint CLECs' claim that they do not have a monopoly on intrastate access services and that the Board should permit the market to control Intrastate Access Rates.

AT&T argues that the functionality used to provide interstate and intrastate switched access do not materially differ. *See also*, Sprint IB at 29-31. AT&T IB at 9. The Board agrees. Accordingly, the Board HEREBY FINDS that there is no material difference in the functionalities used to provide interstate and intrastate switched access and, as a result, any disparities in the Intrastate and Interstate Access Rates should be eliminated. Additionally, the CLECs and ILECs in New Jersey have been charging interstate rates and using interstate rate structures for all interstate calls in New Jersey since the FCC issued its CLEC Rate Cap Order. Sprint argues, and the Board agrees that the FCC's approach has been successful and the FCC has not since changed its approach to the pricing of Interstate Access Rates. Sprint IB at 48. The record also indicates that there is no evidence that interstate access rates capped by the FCC eight years ago have caused any CLEC to exit the market. See, Reply Testimony of Verizon witness Vasington at 17; Rebuttal Testimony of AT&T witness Aron at 56.

Throughout the proceeding emphasis was placed on the benefits of reducing and maintaining the Intrastate Access Rates. After a review of the record and the arguments put forth by the parties, the Board HEREBY FINDS that a reduction of Intrastate Access Rates will benefit customers because there is a relationship between reduced access charges and toll reductions. The record also shows that not only will market discipline drive IXC rates lower, but AT&T has committed to eliminate an in-state connectivity fee and reduce the decrement rate on prepaid calling cards. AT&T IB. at 11-12.

Many of the parties in this proceeding offered into evidence their cost studies to support their positions. The record shows that each and every cost model presented in this proceeding overstates, and in some cases, grossly overstates intrastate switched access costs. The record shows that flaws in the access cost models include, but are not limited to, cost of capital, common overheads and depreciation rates that were inappropriately inflated. Furthermore, loop costs, which should not be included, are in some cases the largest cost elements in the cost model. These costs are inappropriate for inclusion in the access cost models in this proceeding. Moreover, there is evidence that the cost models offered by the parties are not forward looking as required by the Board's December 2008 Order. Accordingly, the Board HEREBY FINDS that the cost models offered by the parties to this proceeding included inappropriate costs, are flawed and overstate costs for providing intrastate switched access service, such that they do not form a foundation for higher access rates.

The ILECs in this proceeding have argued that if the Board reduces Intrastate Access Rates, the Board should provide the LECs with more pricing flexibility to offset the reduction in Intrastate Access revenues. VZ IB. at 2. Despite the arguments from Verizon and Embarq, the question of revenue recovery is not part of this proceeding. Verizon and Embarq agreed in their respective Stipulations in the ILEC Reclassification Proceeding that they would have the ability to seek additional rate relief if the Board issues an order reducing access rates. See, ILEC Reclassification Proceeding Order at 31, 43. Moreover, the Board's December 2008 Pre-Hearing Order in this docket provided that revenue recovery would not be determined in this proceeding and that determination was not challenged by any party to this proceeding.

Nevertheless, the record shows that Embarq and Verizon would still have a positive revenue impact after both the rate flexibility granted to them in the ILEC Reclassification Proceeding and the potential access reductions are calculated. Furthermore, CLECs have complete retail pricing flexibility because all of their retail services have been deemed competitive. Accordingly, the Board HEREBY FINDS that the issue of revenue recovery was not intended to be a part of the proceeding, and the issue should be reserved for a separate proceeding, as appropriate for each ILEC.

Verizon and Embarq also argued that if the Board reduces Intrastate Access Rates, the Board should also eliminate their COLR obligations. However, the record shows that COLR obligations of ILECs have not been reduced or eliminated in any state that has also reduced Intrastate Access Rates. Sprint RB at 22. Furthermore, the ILECs have failed to quantify the cost of their COLR obligations in New Jersey. Id. at 15, 22. Accordingly, the Board HEREBY FINDS that the requests of Embarq and Verizon are without merit and therefore, the ILECs current COLR obligations as codified in N.J.S.A. 48:2-23 and in the Board's rules and Board Orders, should not be eliminated.

The Board HEREBY FINDS that the proposal for a Universal Service Fund would merely shift the subsidy from toll customers to all customers and would protect Embarq from competitive losses. Moreover, because Embarq is not a federally-funded high cost carrier in New Jersey, there is no need to establish a fund for Embarq. Accordingly, the Board HEREBY REJECTS Embarq's proposal to establish a state Universal Service Fund.

The Board also HEREBY FINDS that the Board need not to wait for federal action from the FCC or from Congress on Intrastate Access Rate issues. As the Board stated in its December 2008 Order, the Board regulates Intrastate Access Rates and it is within the Board's authority to review the complete record in this proceeding and render its decision.

Finally, the LECs request that if the Board reduces the Intrastate Access Rates, that it do so over a transition period. EQ IB at 69; JC IB at 4; Monmouth RB at 5-6. AT&T, Rate Counsel and Sprint request that the Board reduce Intrastate Access Rates through a flash cut. AT&T IB at 46.The Board HEREBY FINDS that the record supports a reduction of Intrastate Access Rates over a transition period as more fully described below. Therefore, based upon the extensive record in this docket, the Board HEREBY ORDERS that 1) the ILECs Intrastate Access Rates be modified to mirror their respective interstate access rates and rate structures; and 2) that all CLECs Intrastate Access Rates shall be reduced to, and capped at, the corresponding ILEC Intrastate Access Rates.

The Board also HEREBY REJECTS the arguments of WVT that there is no basis in this record to change its current Intrastate Access Rates. As the Board notes in its December 2008 Order, the Board intended to investigate the Intrastate Access Rates of the entire New Jersey telecommunications industry with the expectation that the results of the investigation would apply, unless otherwise appropriate, to all entities in the state that charge Intrastate Access Rates. In that Order, the Board denied WVT's request that it be excluded from the investigation, and the Board similarly rejects its request here. Therefore, the Board FURTHER ORDERS that all local exchange carriers in New Jersey, regardless of their involvement in this docket, reduce their Intrastate Access Rates to their interstate access rates and rate structures.

While the Board finds that it is appropriate to reduce Intrastate Access Rates to the lower interstate levels, the Board recognizes the concerns put forth by the LECs about the timing of these reductions. In light of the current economic conditions throughout the State, and in recognition of actions taken by other state commissions, the Board HEREBY ORDERS that a phase-in period be established. This will allow the Board to remove subsidies that the Board finds are no longer appropriate without subjecting LECs to sudden revenue changes or other negative rate continuity issues. While the Board agrees that it is necessary and appropriate to bring access rates to a more reasonable level quickly, a balanced, phase-in approach is good public policy. Therefore, the Board FURTHER ORDERS that the reduction to the respective ILEC interstate rates and the mirroring of the interstate rate structure shall be accomplished in four phases over a 36-month period. In addition to recognizing the economic environment and the need for allowing all parties a transition phase on the rate change, a 36-month period represents a reasonable compromise between the "flash cut" called for by certain parties and the five-year phase-in that represents the outer time frame used by two other states. Thirty-six months is also consistent with the FCC's phase-in for the reduction of CLEC access charges as well as suggestions by the CLECs in this proceeding.

For the reasons stated above, the Board HEREBY FINDS that the legacy subsidies contained in intrastate switched access rates are no longer appropriate and should therefore be removed. In an effort to remove legacy subsidies as quickly as possible under the Board's four-step, 36-month phase-in, thereby sending the appropriate pricing signals to toll providers, the Board HEREBY ORDERS that the subsidy elements, specifically the ILECs' Carrier Common Line Charge ("CCLC") and Verizon's Market Share Line Charge ("MSLC") shall be eliminated and/or reduced first, followed by other access rate elements. In light of the fact that the individual ILEC intrastate tariff and rate structures are currently not the same, each step of the four-step phase-in will necessarily differ by carrier. However, the phase-in detailed below, while not the same for each carrier, is consistent with the Board's desire to remove non-cost based subsidies first, without causing rate continuity issues with each carrier.

Therefore, the Board HEREBY ORDERS the following reductions in intrastate switched access rates:

Phase I. Effective 20 days from the date of this Order

(1) Verizon and Embarq shall eliminate the Carrier Common Line Charge.

(2) Verizon shall also reduce its Market share Line Charge (MSLC) by 25% from 98 cents to 73.5 cents per line.

(3) Warwick Valley Telephone Company shall reduce its CCLC by one-third.

(4) CLEC rates shall not exceed the composite, per minute intrastate rate charged by the ILEC in whose territory switched access calls are originated or terminated.

Phase II. Effective 12 months from the date of this Order

(1) Embarq shall reduce its intrastate switched access rates by one-third of the difference between its Intrastate Access Rates and its Interstate Access Rates.

(2) Verizon shall further reduce its MSLC rate (of 73.5 cents) by an amount equivalent to one-third of the then existing remaining difference between total intrastate switched access revenues and the amount that would be generated if Verizon's intrastate switched access rates were set at its interstate rates.

(3) Warwick Valley Telephone shall reduce its CCLC by an additional one-half.

(4) CLEC rates shall not exceed the composite, per minute intrastate rate charged by the ILEC in whose territory switched access calls are originated or terminated.

Phase III. Effective 24 months from the date of this Order

(1) Embarq shall reduce its intrastate switched access rates by one-half of the difference between its intrastate rates and its interstate rates.

(2) Verizon shall eliminate the remaining MSLC rate. In addition, Verizon shall reduce other access rate elements that, when combined with the elimination of the MSLC, are equivalent to one-half of the then existing difference between total intrastate switched access revenues and the amount that would be generated if Verizon's intrastate switched access rates were set at its interstate rates.

(3) Warwick Valley Telephone shall eliminate the remainder of its CCLC.

(4) CLEC rates shall not exceed the composite, per minute intrastate rate charged by the ILEC in whose territory switched access calls are originated or terminated.

Phase IV. Effective 36 months from the date of this Order

(1) Embarq, Verizon and Warwick Valley Telephone shall reduce their intrastate switched access rates to be equal to their interstate rates and mirror their interstate access rate structure.

(2) CLEC rates shall not exceed the composite. per minute intrastate rate charged by the ILEC in whose territory switched access calls are originated or terminated.

The Board FURTHER ORDERS that, within 7 calendar days of the date of this Order, Embarq, Verizon and Warwick Valley Telephone shall provide to Board Staff their proposed composite per minute Intrastate Access Rates that are to become effective 20 days from the date of this Order as Phase 1. Board Staff shall electronically circulate to the CLECs, the per minute Intrastate Access Rates as proposed by the ILECs. In addition. Embarq, Verizon and Warwick Valley Telephone shall provide to Board Staff and all CLECs their proposed composite rates 45 days prior to each effective date for Phase II, Phase III and Phase IV.

Any disputes that arise regarding the Intrastate Access Rates charged or the implementation of this Order shall proceed in accordance with the Board's rules and regulations. However, in no event shall the filing of any billing dispute serve to stay the effective date of the implementation of the Intrastate Access Rates as discussed above. Moreover, rate and billing adjustments will be implemented in a true-up process, as appropriate.

The actions by the Board in this Order reflect a policy recognition that, in a mostly competitive field, legacy subsidies are no longer necessary or appropriate. As described above and as reflected in the record, the Board HEREBY FINDS that the ILEC interstate access rate that the Board is setting herein as the appropriate rate for Intrastate Access charges at the conclusion of the phase-in period, is in excess of cost for providing Intrastate Switched Access service. Therefore, the revenues from the reduced Intrastate Access Rates will continue to provide a contribution to LECs. While it is not within the Board's authority to order a reduction in toll rates in light of access reductions, the Board does fully expect carriers that benefit from these reductions to fulfill the commitments made in this proceeding and pass through the effects of these savings to New Jersey consumers. The Board looks forward to continuing the process of examination and review of telecommunication regulation and policy toward a fair and equitable environment for both customers and telecommunications providers.

All local exchange carriers (ILECs and CLECs) who provide intrastate switched access services in New Jersey are HEREBY ORDERED to file amended tariff pages to effectuate the determinations in this decision, not later than 15 days from the date of this Order, with an effective date of 20 days from the date of this Order. In addition, all local exchange carriers are FURTHER ORDERED to file updated tariff pages at least 10 days prior to the effective date of each subsequent phase as described above.

Finally, the Board HEREBY AFFIRMS all provisional determinations made by Commissioner Randall as presiding Commissioner. This affirmation includes the Motion in Limine filed by Monmouth on September 9, 2009 and subsequently denied by Commissioner Randall. Monmouth renewed its Motion by requesting in its Initial Brief that the full Board reverse the Presiding Commissioner's decision. Not only does this request contain no new arguments, facts, or evidence, Monmouth neglects to acknowledge that it was given an opportunity to provide surrebuttal testimony for the specific purpose to address the discovery response in dispute, i.e., Monmouth – AT&T 3-1(b). The Board HEREBY FINDS that Monmouth's request was without merit. Therefore, Monmouth's request is HEREBY DENIED.

DATED: 2/1/10

BOARD OF PUBLIC UTILITIES
BY:

ELIZABETH RANDALL
ACTING PRESIDENT

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FREDERICK F. BUTLER
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PROPRIETARY ATTACHMENT 3

NOT INCLUDED IN PUBLIC VERSION

AT&T Rebuttal Testimony

03-10-10

PROPRIETARY ATTACHMENT 4

NOT INCLUDED IN PUBLIC VERSION

AT&T Rebuttal Testimony

03-10-10

PROPRIETARY ATTACHMENT 5

NOT INCLUDED IN PUBLIC VERSION

AT&T Rebuttal Testimony

03-10-10

ATTACHMENT 6

AT&T Rebuttal Testimony

03-10-10

AT&T Communications of Pennsylvania, LLC et al, vs. Armstrong Telephone Company – Pennsylvania, et al.
Docket No. C-2009-2098380, et al.

CenturyLink Responses to
AT&T – Set III

Sponsors: Dave Bonsick

AT&T-CTL-3-2:

Referencing the testimony of Dr. Staihr, which purports to produce the results of a survey of CenturyLink customers regarding their reaction or possible reaction to an increase in the price of basic local service, has CenturyLink increased residential basic local service rates in Pennsylvania at any time from January 1, 2003 to the present,? If yes, please provide the following for each such increase:

(a) the date of each price increase;

(b) the monthly rate for basic local service before and after that increase;

(c) the number of CenturyLink customers buying basic local service before the increase as of the date closest to the increase for which data are available, split between customers buying basic local service on a stand-alone basis and customers buying basic local service as part of a bundle (*i.e.* along with any other telephone service pre-packaged at a combined, set price);

(d) the number of CenturyLink customers buying basic local service 6 months after the increase (or the closest date thereto for which data are available), split between customers buying service on a stand-alone basis and customers buying service as part of a bundle (*i.e.* along with any other telephone service pre- packaged at a combined, set price); and

(e) any survey or other analysis conducted or reviewed by or on behalf of CenturyLink or any affiliate to determine customers' anticipated or actual reaction to that price increase.

Objection:

As to subparts (c) through and including (e), CenturyLink objects on the ground that responding to the question would require the making of an unreasonable investigation and an onerous special study which cannot be reasonably conducted. The question is also vague and unclear. Thus, the question causes unreasonable investigation as well as annoyance, burden, and expense. 52 Pa. Code §§5.361(a) and (b). Moreover, subparts (c) and (d) are objected to on the basis that the question uses terms that are not defined or referenced and, therefore, is overbroad, vague and burdensome. As to subpart (e) and the request for information regarding "any affiliate," CenturyLink objects on the ground that that the information requested is not relevant and not reasonably calculated to lead to the discovery of admissible evidence. 52 Pa. Code §5.321. *See also*, General Objections. Finally, CenturyLink maintains that AT&T propounded discovery requiring such a detailed and special study so late in the procedural schedule so as to give itself an opportunity to "reserve" a claimed "right" to respond in surrebuttal and/or rejoinder testimony. The question requires unreasonable investigation and causes undue annoyance, burden, and expense. 52 Pa. Code §§5.361(a) and (b).

Response: (AT&T-CTL-3-2 continued)

Per a meet and confer call, AT&T modified the question to reflect the time period from January 1, 2005 to present. In addition, as discussed during the meet and confer, subparts (c) and (d) require a special study. CenturyLink is currently investigating if the requested special study can be reasonably conducted and the extent to which it can provide any responsive information. If possible, a response to the question will be provided on or before March 5, 2010.

AT&T Communications of Pennsylvania, LLC et al, vs. Armstrong Telephone Company – Pennsylvania, et al.
Docket No. C-2009-2098380, et al.

CenturyLink Responses to
AT&T – Set III

Sponsor: David Bonsick

AT&T-CTL-3-3:

Referencing the testimony of Dr. Staihr, which purports to produce the results of a survey of CenturyLink customers regarding their reaction or possible reaction to an increase in the price of basic local service, has CenturyLink or any affiliate of CenturyLink increased residential basic local service rates in New Jersey or Virginia at any time from January 1, 2003 to the present? If yes, please provide the following for each such increase:

(a) the date of each price increase;

(b) the monthly rate for basic local service before and after that increase;

(c) the number of CenturyLink customers, or customers of the applicable CenturyLink affiliate, buying basic local service before the increase, as of the date closest to the decrease for which data are available, split between customers buying basic local service on a stand-alone basis and customers buying basic local service as part of a bundle (*i.e.* along with any other telephone service pre- packaged at a combined, set price);

(d) the number of CenturyLink customers, or customers of the applicable CenturyLink affiliate, buying that service 6 months after the increase (or the closest date thereto for which data are available), split between customers buying service on a stand-alone basis and customers buying service as part of a bundle (*i.e.* along with any other telephone service pre-packaged at a combined, set price); and

(e) any survey or other analysis conducted or reviewed by or on behalf of CenturyLink or the applicable CenturyLink affiliate or any other CenturyLink affiliate to determine the anticipated or actual customer reaction to that price increase.

Objection:

First, as to the question and all subparts and the request for information regarding "any affiliate," CenturyLink objects on the ground that that the information requested is not relevant and not reasonably calculated to lead to the discovery of admissible evidence in this proceeding in Pennsylvania. 52 Pa. Code §5.321. *See also*, General Objections. The question seeks information well beyond the

Pennsylvania-specific study presented in this proceeding, beyond any Commission-identified issue slated for this proceeding, and beyond any fact or defense relevant to Pennsylvania or admissible in this proceeding. Unlike AT&T, CenturyLink has not injected into this proceeding rate or consumer-specific information from other states. Second, CenturyLink objects on the ground that responding to the question would require the making of an unreasonable investigation and an onerous special study which cannot be reasonably conducted. Third, even if it is found that information could be obtained via a reasonable special study, producing it would be voluminous and exceedingly burdensome. Fourth, the question is also vague and unclear. Finally, CenturyLink maintains that AT&T propounded discovery requiring such a detailed and special study so late in the procedural schedule so as to give itself an opportunity to "reserve" a claimed "right" to respond in surrebuttal and/or rejoinder testimony. The question requires unreasonable investigation and causes undue annoyance, burden, and expense. 52 Pa. Code §§5.361(a) and (b).

Response: (AT&T-CTL-3-3 continued)

Per a meet and confer call, AT&T modified the question to reflect the time period from January 1, 2005 to present. In addition, as discussed during the meet and confer, the question would require a burdensome special study only to seek information that is not relevant and not admissible. CenturyLink is currently investigating if any of the information requested in the subparts of this question can be reasonably conducted and the extent to which it can provide any responsive information. If possible, a response to the question will be provided on or before March 5, 2010.

AT&T Communications of Pennsylvania, LLC et al, vs. Armstrong Telephone Company – Pennsylvania, et al.
Docket No. C-2009-2098380, et al.

CenturyLink Responses to
AT&T – Set III

Sponsor: Dr. Brian Staihr

AT&T-CTL-3-4:

Referencing the testimony of Dr. Staihr, which purports to produce the results of a survey of CenturyLink customers regarding their reaction or possible reaction to an increase in the price of basic local service, please provide the following:

(a) Please state whether, prior to the survey described in Dr. Staihr's testimony, CenturyLink or any affiliate of CenturyLink has performed or reviewed a survey of consumers' anticipated or actual reaction in advance of any increase in the price of any service in Pennsylvania or any other state.

(b) please state whether the results of that survey had any effect on the price increase.

(c) please provide any and all analyses or data showing how the results of the survey compared to the actual customer reactions after the price increase

Objection:

First, as to the request for information regarding "any affiliate" and "or any other state," CenturyLink objects on the ground that that the information requested is not relevant and not reasonably calculated to lead to the discovery of admissible evidence in this proceeding in Pennsylvania. 52 Pa. Code §5.321. *See also*, General Objections. The question seeks information well beyond the Pennsylvania-specific study presented in this proceeding, beyond any Commission-identified issue slated for this proceeding, and beyond any fact or defense relevant to Pennsylvania or admissible in this proceeding. Unlike AT&T, CenturyLink has not injected into this proceeding rate or consumer-specific information from other states. Second, CenturyLink objects on the ground that responding to the question would require the making of an unreasonable investigation and an onerous special study which cannot be reasonably conducted. Third, even if it is found that information could be obtained via a reasonable special study, producing it would be voluminous and exceedingly burdensome. Fourth, the question is also vague and unclear. Finally, CenturyLink maintains that AT&T propounded discovery requiring such a detailed and special study so late in the procedural schedule so as to give itself an opportunity to "reserve" a claimed "right" to respond in surrebuttal and/or rejoinder testimony.

The question requires unreasonable investigation and causes undue annoyance, burden, and expense. 52 Pa. Code §§5.361(a) and (b).

Response: (AT&T-CTL-3-4 continued)

Without waiver of any objections, CenturyLink provides: To the best of CenturyLink's knowledge, CenturyLink has not performed or reviewed a survey of customer's anticipated or actual reactions in advance of any increase in the price of any service in Pennsylvania.

AT&T Communications of Pennsylvania, LLC et al, vs. Armstrong Telephone Company – Pennsylvania, et al.
Docket No. C-2009-2098380, et al.

CenturyLink Responses to
AT&T – Set III

Sponsor: Dave Bonsick

AT&T-CTL-3-5:

Referencing the testimony of Dr. Staihr, which purports to produce the results of a survey of CenturyLink customers regarding their reaction or possible reaction to an increase in the price of basic local service, please provide all consumer surveys and other analyses of customer reaction to possible price increases, including elasticity analyses, that were conducted or reviewed by or on behalf of CenturyLink or any affiliate of CenturyLink prior to CenturyLink's last three price increases for basic local service in Pennsylvania, or any price increase for basic local service by CenturyLink or an affiliate in states other than Pennsylvania for the last five years.

Objection:

First, as to the request for information regarding "any affiliate," " any other state," and "any price increase for basic local service by CenturyLink or an affiliate in states," CenturyLink objects on the ground that that the information requested is not relevant and not reasonably calculated to lead to the discovery of admissible evidence in this proceeding in Pennsylvania. 52 Pa. Code §5.321. *See also*, General Objections. The question seeks information well beyond the Pennsylvania-specific study presented in this proceeding, beyond any Commission-identified issue slated for this proceeding, and beyond any fact or defense relevant to Pennsylvania or admissible in this proceeding. Unlike AT&T, CenturyLink has not injected into this proceeding rate or consumer-specific information from other states. Second, CenturyLink objects on the ground that responding to the question would require the making of an unreasonable investigation and an onerous special study which cannot be reasonably conducted. Third, even if it is found that information could be obtained or existed, producing it would be voluminous and exceedingly burdensome. Fourth, the question is also overly broad, vague, and burdensome (e.g., "all consumer surveys and other analyses," "customer reaction," "possible price increases," and "elasticity studies" – all of which are not defined. Finally, CenturyLink maintains that AT&T propounded discovery requiring such a detailed and special study so late in the procedural schedule so as to give itself an opportunity to "reserve" a claimed "right" to respond in surrebuttal and/or rejoinder testimony. The question requires unreasonable investigation and causes undue annoyance, burden, and expense. 52 Pa. Code §§5.361(a) and (b).

Response: (AT&T-CTL-3-5 continued)

Per a meet and confer call, AT&T agreed to review the question to see if can be modified given the exceedingly broad and burdensome nature of the question and the lack of relevancy as claimed by CenturyLink.

Accordingly and without waiver of any objections, CenturyLink provides:
No customer surveys or elasticity studies were conducted in conjunction with the increases in the price of residential basic local service implemented in January and December of 2005.

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CenturyLink Responses to
AT&T -- Set III

Sponsor: Dr. Brian Staihr

AT&T-CTL-3-6:

Referencing the testimony of Dr. Staihr, which purports to produce the results of a survey of CenturyLink customers regarding their reaction or possible reaction to an increase in the price of basic local service, please provide all working papers showing or relating to the number of persons surveyed, the methodology for selecting the persons to be surveyed, the methodology for determining the questions to be asked, and the method by which sample sizes were determined and any reasons for choosing any particular sample size or method.

Objection:

See, General Objections.

Response:

Without waiver of any objections, CenturyLink provides: With the exception of the documents already provided to all parties in this proceeding (see, Sprint-EQ 1-17 and AT&T-CTL 1-26), there are no other "working papers" relating to the number of persons surveyed, the methodology for selecting persons to be surveyed, the methodology for determining the questions to be asked, the methodology for determining the sample size. The survey was addressed in verbal conversations held during the month of December 2009 between representatives of the Company's regulatory group and the Company's market research group.

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CenturyLink Responses to
AT&T -- Set III

Sponsor: Dr. Brian Staihr

AT&T-CTL-3-7:

Referencing the testimony of Dr. Staihr, which purports to produce the results of a survey of CenturyLink customers regarding their reaction or possible reaction to an increase in the price of basic local service, please provide the following:

(a) please state whether the customers surveyed were asked about or advised of the possibility that the hypothesized increases in local service rates might result in decreases in long distance rates;

(b) please provide any all consumer surveys and other analyses of consumer reaction to potential or actual increases in local service rates if coupled with decreases in long distance rates, conducted by or on behalf of CenturyLink or any affiliate, relating to Pennsylvania or any other state, for the last five years.

(c) please state whether the customers surveyed were asked whether they might obtain some service or bundle of services, other than stand-alone basic local service, from CenturyLink as a result of the price increase;

(d) please state whether the customers surveyed were asked about or advised of alternative services or bundles of services available from CenturyLink;

(e) please state whether the customers surveyed were asked if they would likely remove any optional services to reduce their monthly bill, before or in lieu of choosing to disconnect their service; and

(f) please state whether the customers surveyed that said they were likely to leave CenturyLink were asked what monthly price they expected to pay for local service after they left CenturyLink.

Objection:

First, CenturyLink objects on the ground that responding to the question and all subparts would require the making of an unreasonable investigation and an onerous special study which cannot be reasonably conducted. The requires unreasonable investigation and causes undue annoyance, burden, and expense. 52 Pa. Code §§5.361(a) and (b). Second, the request for information regarding "any affiliate" and "other analyses" are broad and burdensome. In addition, the request for information relative to other CenturyLink affiliates in other states is not relevant and not reasonably calculated to lead to the discovery of admissible evidence in this proceeding in Pennsylvania. 52 Pa. Code §5.321. *See also*, General Objections. Third, even if it is found that information could be reasonably obtained, producing it would be voluminous and exceedingly burdensome.

Response (ATT-CTL-3-7):

Without waiver of any objections, CenturyLink provides: Survey respondents were asked exactly the questions that were contained in Attachment BKS-1 as provided with Dr. Staihr's Direct Testimony. They were asked no other questions.

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CenturyLink Responses to
AT&T -- Set III

Sponsor: Dr. Brian Staihr

AT&T-CTL-3-8:

Referencing the testimony of Dr. Staihr, which purports to produce the results of a survey of CenturyLink customers regarding their reaction or possible reaction to an increase in the price of basic local service, please provide the following information:

(a) what number or percentage of customers surveyed buys local service as part of a bundle?

(b) what number of percentage of customers surveyed buys local service on a stand-alone basis?

(c) what is the average monthly bill that CenturyLink currently assesses on those customers identified in response to part (a)?

(d) what is the average monthly bill that CenturyLink currently assesses on those customers surveyed identified in response to part (b)?

Objection:

CenturyLink objects on the ground that responding to the question and all subparts would require the making of an unreasonable investigation and an onerous special study which cannot be reasonably conducted. Thus, the question requires unreasonable investigation and causes undue annoyance, burden, and expense. 52 Pa. Code §§5.361(a) and (b). Finally, CenturyLink maintains that AT&T propounded discovery requiring such a detailed and special study so late in the procedural schedule so as to give itself an opportunity to "reserve" a claimed "right" to respond in surrebuttal and/or rejoinder testimony.

Response:

Without waiver of any objections, CenturyLink provides: Providing this information would require conducting a new and extensive analysis/study on the customers that made up the group of survey respondents. CenturyLink does not have the information requested and cannot reasonably conduct a special study as requested in the subparts to this question.

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CenturyLink Responses to
AT&T -- Set III

Sponsor: David Bonsick

AT&T-CTL-3-10:

Referencing the testimony of Mr. Bonsick at pages 17-18 wherein Mr. Bonsick states that "building and maintaining the local network, especially in rural, high cost areas, is capital intensive;" please provide the following:

(a) the exact amount of capital spending budgeted by CenturyLink each year since 2004 to "build and maintain the local network" in Pennsylvania;

(b) CenturyLink's total revenues (before any separations, and separately stated, after separations) derived from Pennsylvania each year since 2004; and

(c) CenturyLink's capital budget as a percentage of revenues, before separations, and separately stated, as a percentage after separations, each year since 2004.

If less burdensome or more readily available, you may substitute actual capital expenditures for capital budget amounts in parts (a) and (c) above.

Objection:

As to the request for budgeted information and capital budget as a percentage of revenues, CenturyLink objects on the ground that that the information requested is not relevant and not reasonably calculated to lead to the discovery of admissible evidence in this proceeding in Pennsylvania. 52 Pa. Code §5.321.

Response:

Per a meet and confer call, AT&T agreed to provide a definition of its use of the term "separations." As of March 1, 2010, AT&T has not provided a definition. Moreover, AT&T modified the question to reflect the time period from January 1, 2005 to present. Accordingly, without waiver of any objections and based upon CenturyLink's understanding of separations, CenturyLink provides:

(a) Actual capital expenditures in Pennsylvania are identified below.

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CenturyLink Responses to
AT&T -- Set III

Response: AT&T-CTL-3-10 (continued)

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(b) Based on CenturyLink's interpretation and understanding of the question below are revenues for 2004 through September 2009. Final 2009 financial data is not available at this time.

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(c) The information is provided in (a) and (b) above for AT&T to perform the calculations requested.

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CenturyLink Responses to
AT&T – Set III

Sponsor: Jeffrey Lindsey

<u>AT&T-CTL-3-11:</u>

Referencing the statement in the testimony of Messrs. Lindsey and Harper at page 6, lines 13-14 that "Consumers, investment in Pennsylvania, jobs…are disadvantaged by the mirroring proposal," please provide:

(a) any studies, documents, or other information within CenturyLink's possession that show which jobs, how many jobs, or any other information about the jobs that will be disadvantaged by AT&T's proposal in this case.

(b) any studies, documents or other information within CenturyLink's possession that show which jobs, how many jobs, or any other information about any jobs that CenturyLink claims were disadvantaged by the implementation of switched access charge reductions for interstate traffic.

(c) is the converse of Messrs. Lindsey and Harpers claim also true? Specifically, are any Pennsylvania jobs *advantaged* by AT&T's mirroring proposal? Please explain why or why not.

<u>Objection:</u>

See, General Objections.

<u>Response:</u>

Without waiver of any objections, CenturyLink provides:

(a) No "studies, documents, or other information" exist, nor are any required for a point that supported by common sense.

(b) No "studies, documents, or other information" exist nor are any required for a point that supported by common sense.

(c) CenturyLink has not examined this question and takes no position as to whether Pennsylvania jobs (total throughout the State) would be advantaged by AT&T's incomplete mirroring proposal. However, it is

Response: AT&T-CTL-3-11 (continued)

possible to assume that jobs which are located in and depend only on economic activity in urban areas could be slightly advantaged, while, conversely, those jobs which are located in and depend on rural areas would be significantly disadvantaged. In other words, assuming that Pennsylvania job levels were advantaged by AT&T's incomplete mirroring proposal, the rural effect per job is highly likely to be much greater as there are far fewer rural jobs to absorb the negative effects of implementing AT&T's incomplete mirroring proposal without sufficient revenue recovery alternatives as AT&T has recommended in this proceeding.

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CenturyLink Responses to
AT&T -- Set III

Sponsor: Jeffrey Lindsey

AT&T-CTL-2-12 (sic):

Referencing the statement in the testimony of Messrs. Lindsey and Harper at page 6, lines 13-14 that "Consumers, investment in Pennsylvania, jobs…are disadvantaged by the mirroring proposal," please provide:

(a) any studies, documents, or other information within CenturyLink's possession that show which investment, the amount of investment, or any other information about the investment that will be disadvantaged by AT&T's proposal in this case.

(b) any studies, documents, or other information within CenturyLink's possession that show which investment, the amount of investment, or any other information about the investment that CenturyLink claims was disadvantaged by the implementation of switched access charge reductions for interstate traffic.

(c) is the converse of Messrs. Lindsey and Harpers claim also true? Specifically, isany Pennsylvania investment *advantaged* by AT&T's mirroring proposal? Please explain why or why not.

Objection:

See, General Objections.

Response:

Without waiver of any objections, CenturyLink provides:

(a) No "studies, documents, or other information" exist, nor are any required for a point that supported by common sense.

(b) No "studies, documents, or other information" exist, nor are any required for a point that supported by common sense.

(c) CenturyLink has not examined and takes no position as to whether Pennsylvania investment (total throughout the State) would be advantaged by AT&T's incomplete mirroring proposal. However, it is possible to assume that, similar to jobs (as addressed in response to AT&T-CTL 3-11), investment which is located in and which depends solely on economic

Response: AT&T-CTL-2-12 (sic) (continued)

activity in urban areas could be slightly advantaged, while, conversely, investment which is located in and depends on economic activity in rural areas would be significantly disadvantaged. The effect on rural areas is highly likely to be much greater per-capita, as the smaller rural population is less able to absorb the negative effects of implementing AT&T's incomplete mirroring proposal without sufficient revenue recovery alternatives as AT&T has recommended in this proceeding.

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CenturyLink Responses to
AT&T – Set III

Sponsor: Jeffrey Lindsey

AT&T-CTL-3-16:

Reference the testimony of Messrs. Lindsey and Harper at page 18, lines 9-10 and page 26, lines 18-19, please provide the following:

(a) identify the number and location of the "many" "vulnerable rural Pennsylvanians…without competitive options."

(b) define which services Messrs. Lindsey and Harper consider to be a "competitive option."

(c) identify the time period that Messrs. Lindsey and Harper considered in reaching their conclusion that such consumers would be "without competitive options."

(d) identify each CenturyLink exchange where all CenturyLink customers have no competitive options.

(e) state whether Messrs. Lindsey and Harper consider the threat or potential of competitive entry, whether by potential competitors such as electric utilities who might offer Broadband over Power Line (BPL) or cable providers who might upgrade to cable telephony, or by wireless (CMRS) or WiMax providers, to provide any competitive option at all to Pennsylvanians who might not have an immediately available competitor standing by?

(f) Please provide all documentation to support the responses to parts (a)-(e) above.

Objection:

See, General Objections. Finally, CenturyLink maintains that AT&T propounded discovery requiring such information so late in the procedural schedule so as to give itself an opportunity to "reserve" a claimed "right" to respond in surrebuttal and/or rejoinder testimony.

<u>Response</u>: (AT&T-CTL-3-16 continued)

Without waiver of any objections, CenturyLink provides:

(a) The locations are wherever competitive carriers cannot or will not meet the communications needs of consumers. The exact number of customers and locations has not been specifically determined by CenturyLink, or by any other party, to CenturyLink's knowledge. The number and location of consumers without competitive options could be determined by attempting to overlay the actual – not authorized, franchised, or otherwise permitted – areas where service is provided by all competitors. However, due to the proprietary nature of information relative to competitors facilities, marketing efforts, and options, such an analysis has not been undertaken and has not been compiled by any party to the best of CenturyLink's knowledge.

(b) Customers determine competitive alternatives. Accordingly, even if a carrier claims to provide competitive service to a given customer, it is the customer that ultimately determines if he/she/it has a competitive alternative and if that customer does not perceive the competitor's service to be a viable alternative for any number reasons, including quality, reliability, etc., then no viable competitive alternative will be perceived to be available. Furthermore, the testimony refers competitive alternatives for basic local voice services. The most significant of these are commonly understood to be fixed-voice services offered by cable companies or CLECs and mobile wireless voice services.

(c) Time periods considered were past, present, and near-term future periods.

(d) To the best of CenturyLink's knowledge, there are no CenturyLink exchanges where no customers have zero competitive options. Conversely, to the best of CenturyLink's knowledge, there are no CenturyLink exchanges where all customers have competitive options. The availability of competitive options can vary by customer type and by neighborhood to neighborhood, street to street and house to house. Competitive carriers have the luxury of cherry-picking based on cost to serve individual customers. Rural ILEC's such as CenturyLink have no such luxury and bear the cost of serving all.

<u>Response</u>: (AT&T-CTL-3-16 continued)

(e) Potential competitive entry was considered by Messrs. Lindsey and Harper. However, many 'potential' competitive services never materialize. For example, cable telephony services currently are available outside of incorporated city/town limits only on a limited basis - fourteen years post Telecom Act of 1996. Despite years of promotion of growing competition, actual cable telephony competition is not available – or is chosen by these entities to not make itself available – to many rural Pennsylvanians who live in rural and high-cost unincorporated areas. So, potential competition must be a secondary consideration to actual competition.

(f) No documentation was utilized.

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CenturyLink Responses to
AT&T -- Set III

Sponsors: Jeffrey Lindsey/Mark Harper

AT&T-CTL-3-17:

Reference the testimony of Messrs. Lindsey and Harper at page 18, lines 12-13, please provide the following:

(a) What are the exact "regulatory burdens associated with being an incumbent local exchange carrier?"

(b) Provide citations to the legal source for each such burden.

(c) Identify the capital and expense cost of each and every regulatory burden identified.

(d) Provide all documentation to support the responses to parts (a)-(c) above.

Objection:

To the extent the question seeks an interpretation of Commission orders, regulations, and statutes, CenturyLink objects on the grounds that the question is not within the scope of allowable discovery and/or that the information sought is protected by the attorney client privilege. Finally, CenturyLink maintains that AT&T propounded discovery requiring such information so late in the procedural schedule so as to give itself an opportunity to "reserve" a claimed "right" to respond in surrebuttal and/or rejoinder testimony.

Response:

Without waiver of any objections, CenturyLink provides:

(a) To CenturyLink's knowledge no "exact" listing of regulatory burdens exists. As the largest ILEC in the country, AT&T is well aware of the regulatory burdens of being an ILEC and has not produced such a list. Nonetheless, the major regulatory burdens include: the COLR obligation, lack of price flexibility, lack of ability to discontinue service, requirements to open network for wholesale purposes, service standards and reporting, financial reporting obligations, low-income/lifeline obligations, access to IXC network, interconnect wireless and wireline networks, etc.

<u>Response</u>: (AT&T-CTL-3-17 continued)

This is a far from complete list, but serves to provide a general understanding of unique obligations faced by rural ILECs.

(b) *See, e.g.*, 66 Pa.C.S. § 1501. *See also*, Chapters 63 and 64 of the Commission's Rules and Regulations.

(c) To CenturyLink's knowledge, no financial analysis of the cost of every regulatory burden has been performed by CenturyLink. The "quantification" via "capital and expense costs" of the myriad regulatory obligations associated with universal service/COLR and safe and reliable service is not subject exact science as this question incorrectly presumes. Indeed, industry consensus or Commission/legislative parameters would be necessary to gain an understanding of exactly how to calculate these costs and expenses. AT&T, as the largest ILEC in the country, with its vast resources, has not produced such a calculation for its ILECs, to CenturyLink's knowledge. The cost is obviously large and the expenses significant – particularly in rural, high-cost areas. Fewer competitive alternatives in many rural areas of low-population density, where only the ILEC provides service offers evidence as only the ILEC bears costs that others are unwilling to bear. Verizon's actions provide additional evidence. Verizon has divested, and continues to divest, its most rural and high-cost access lines, signaling its belief that the costs of serving these areas is high and the risks of not receiving sufficient funds to serve these areas is high enough for Verizon to exit these markets. Verizon's actions in this proceeding, if ordered by the PA PUC, will serve as a step in making this a self-fulfilling prophecy.

(d) No documentation was created or utilized to answer these questions.

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CenturyLink Responses to
AT&T -- Set III

Sponsors: Jeffrey Lindsey/Mark Harper

AT&T-CTL-3-18:

Reference the testimony of Messrs. Lindsey and Harper at page 18, lines 20-21, please provide the following:

(a) Define the term "COLR obligation" as used there, and provide reference to the specific order, rule, or statute which imposes this "obligation" uniquely on the incumbent carrier.

(b) Is CenturyLink's purported COLR obligation a uniquely intrastate obligation or is some portion the COLR obligation assignable to the interstate jurisdiction?

(c) Identify the exact "COLR obligations" of CenturyLink; the annual cost of each such obligation, the total cost of CenturyLink's COLR obligations in Pennsylvania; and the amount of funding that intrastate switched access revenues presently contribute to the "partial funding" of the COLR obligations.

(d) Provide all documentation to support the responses to parts (a)-(c) above.

Objection:

To the extent the question seeks an interpretation of Commission orders, regulations, and statutes, CenturyLink objects on the grounds that the question is not within the scope of allowable discovery and/or that the information sought is protected by the attorney client privilege. Finally, CenturyLink maintains that AT&T propounded discovery requiring such information so late in the procedural schedule so as to give itself an opportunity to "reserve" a claimed "right" to respond in surrebuttal and/or rejoinder testimony.

Response:

Without waiver of any objections, CenturyLink provides:

(a) The term "COLR obligation" is defined as the unique obligation of ILEC's to serve all requesting customers, irrespective of costs (except in rare, extreme circumstances), at rates, terms and conditions offered to

<u>Response</u>: (AT&T-CTL-3-18 continued)

similarly situated customers. This includes the obligation to serve rural and urban customers at similar rates, terms and conditions. Further, the COLR obligation includes the obligations addressed in CenturyLink's responses at AT&T-CTL-3-17, above.

(b) The COLR obligation is a combination of state and federal duties. Some obligations appear to be redundant, some overlap, and some are exclusive to one jurisdiction or the other. Again, as the largest ILEC in the country, AT&T through its ILEC affiliates are well aware of the various COLR obligations. *See also*, AT&T-CTL-3-17, as incorporated herein.

(c) *See also*, AT&T-CTL-3-17, as incorporated herein. Also, while CenturyLink does not support all aspects of a report from the National Regulatory Research Institute (NRRI), *see* NRRI Report, entitled "Carriers of Last Resort: Updating a Traditional Doctrine." A copy of that document is attached hereto.

The annual costs of each obligation have not been determined. Again, CenturyLink is unaware that any ILEC or regulator in the country has undertaken to quantify these obligations, including AT&T and Verizon. ILECs' accounting systems are simply not set up to categorize financial transactions in the manner requested. Similarly, the exact amount of partial funding of COLR obligations has not been established as accounting systems have not been set up in this manner. To CenturyLink's knowledge, no ILEC in the country, including the ILEC affiliates of AT&T or Verizon, has calculated the amount of partial COLR obligation funding present in intrastate switched access rates, if any. CenturyLink's universal service and/or COLR funding includes a component of switched access revenues, in addition to some level of revenues from retail business rates and retail urban residential rates. The latter two categories have been largely eroded by competition, increasing the dependence of the universal service system on intrastate switched access revenues and/or explicit universal service funding.

(d) No documentation was created or utilized to provide responses to the questions.

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CenturyLink Responses to
AT&T -- Set III

Sponsor: Mark Harper

AT&T-CTL-3-19:

Reference the testimony of Messrs. Lindsey and Harper at page 19, lines 6-13, please provide the following:

(a) During each month for each of the past three years, how many of CenturyLink's customers purchased CenturyLink's $18 per month service?

(b) During each month for each of the past three years, how many of CenturyLink's residential customers purchased local service on a bundled basis?

(c) What proportion of CenturyLink's residential local exchange access lines were purchased on a standalone basis (and thus subject to the $18 rate cap) during each month for each of the past three years?

(d) If the monthly number or proportion of residential customers buying the $18 price capped service is declining please explain why.

(e) Provide all documentation to support the responses to parts (a)-(d) above

Objection:

First, CenturyLink objects on the ground that responding to the question would require the making of an unreasonable investigation and an onerous special study which cannot be reasonably conducted. In particular, the request for monthly information over the "past three years" is burdensome and oppressive. The question requires unreasonable investigation and causes undue annoyance, burden, and expense. 52 Pa. Code §§5.361(a) and (b). Second, to the extent the question seeks detailed monthly information over the past three years, CenturyLink objects on the ground that that the information requested is not relevant and not reasonably calculated to lead to the discovery of admissible evidence. 52 Pa. Code §5.321. *See also*, General Objections. Finally, CenturyLink maintains that AT&T propounded discovery requiring such a detailed and special study so late in the procedural schedule so as to give itself an opportunity to "reserve" a claimed "right" to respond in surrebuttal and/or

Response: (AT&T-CTL-3-19 continued)

rejoinder testimony.

As discussed during the meet and confer, the question as posed requires an onerous special study. CenturyLink is currently investigating if the requested special study can be reasonably conducted and the extent to which it can provide any responsive information. If possible, a response to the question will be provided on or before March 5, 2010.

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CenturyLink Responses to
AT&T -- Set III

Sponsor: Jeffrey Lindsey

AT&T-CTL-3-22:

Reference the testimony of Messrs. Lindsey and Harper at page 21, line 15, please provide the following:

(a) Please provide any and all studies or other documentation to support the statement that reducing switched access rates will destroy universal service.

(b) Please provide all examples, with supporting evidence, of states that have reduced switched access rates and destroyed universal service as a result.

Objection:

See, General Objections. To extent requiring CenturyLink to do a study, CenturyLink also objects on the ground that responding to the question would require the making of an unreasonable investigation and an onerous special study which cannot be reasonably conducted. Finally, CenturyLink maintains that AT&T propounded discovery requiring such a detailed and special study so late in the procedural schedule so as to give itself an opportunity to "reserve" a claimed "right" to respond in surrebuttal and/or rejoinder testimony.

Response:

Without waiver of any objections, CenturyLink provides:

(a) No studies or other documentation exist. The statement reflects the obvious fact that a portion of switched access revenues support the COLR/universal service obligation. Given that traditional implicit universal service support from urban and business rates has been eviscerated by competition in those markets, the reliance on intrastate switched access and explicit funding is increased. If the PA PUC were to order switched access reductions without sufficient revenue recovery offset, CenturyLink's ability to meet universal service obligations could be impaired. An impaired ability to meet universal service obligations equates to being unable to fully fulfill the obligation.

Response: (AT&T-CTL-3-22 continued)

(b) This question is flawed, contorts CenturyLink's Panel Testimony, and contains overly-simplistic assumptions, including the presumption that universal service as preserved by this Commission and as mandated policy set forth by the Pennsylvania General Assembly can be reduced to a mathematical sum game. Adequately funding the universal service/COLR obligation is a function of retail rates, explicit universal service support, switched access rates, and costs that are unique to each state (and each carrier). For example, if switched access rates were reduced and displaced revenues were recovered through offsetting explicit universal service support, the ILECs ability to meet its universal service obligation would not be "destroyed" or impaired.

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CenturyLink Responses to
AT&T -- Set III

Sponsor: Jeffrey Lindsey

AT&T-CTL-3-23:

Reference the testimony of Messrs. Lindsey and Harper at page 21, lines 20-22, please provide the following:

(a) Please provide any and all studies or other analyses or evidence demonstrating that CenturyLink's commitment to broadband availability by 2013 "could be jeopardized" if access rates are reduced.

(b) Please summarize Messrs. Lindsey and Harper's understanding of CenturyLink's broadband build out commitments made to the FCC in its review of the recent merger with Embarq. Is it Messrs. Lindsey and Harper's position that intrastate access reform would relieve or lessen CenturyLink's broadband build out commitments?

(c) Is it Messrs. Lindsey and Harper's position that intrastate access reform would relieve or lessen CenturyLink's Pennsylvania broadband commitment under Chapter 30/Act 183 or CenturyLink's Network Modernization Plan?

(d) If the answer to (b) or (c) is anything other than an unequivocal "no," provide Messrs. Lindsey and Harper's understanding of how or why each of those commitments would be relieved or lessened, and provide citation to any supporting order, rule, or statute.

(e) For each year from 2003 to the present identify the dollar amount of intrastate access which was collected and then directed to finance CenturyLink's broadband buildout.

Objection:

First, as to subpart (b), CenturyLink objects on the ground that that the information requested is not relevant and not reasonably calculated to lead to the discovery of admissible evidence. 52 Pa. Code §5.321. *See also*, General Objections. Second, to the extent the question or any subpart seeks an interpretation of orders, regulations, and statutes, CenturyLink objects on the grounds that the question is not within the scope of allowable discovery and/or that the information sought is protected by the attorney client privilege. Finally, as to subpart (e), CenturyLink objects CenturyLink maintains that AT&T

propounded discovery requiring such information so late in the procedural schedule so as to give itself an opportunity to "reserve" a claimed "right" to respond in surrebuttal and/or rejoinder testimony.

Response: (AT&T-CTL-3-23 continued)

Without waiver of any objections, CenturyLink provides:

(a) No studies or analysis has been prepared. The testimony makes explicit an obvious point of fact and reality. To take funding away from the narrowband network means there will be less of it. The broadband network leverages the narrowband network. If the narrowband network did not exist, the broadband network would not be deployed nearly as extensively as it has been to-date. For example, think of the narrowband network like the foundation of a house. Then, think of the broadband network like the frame of the house. The frame will only be built on the foundation. If there is no foundation, there will be no frame. This does not mean that the foundation subsidizes the frame. It simply means that the foundation is a condition precedent to build the frame. <u>To be clear, the narrowband network does not in any way subsidize the broadband network.</u>

(b) No. This instant proceeding is independent of CenturyLink's broadband build out commitments ordered by the FCC as part of its approval of the transfer of control of Embarq to CenturyLink. Accordingly, this proceeding has no effect on the FCC-ordered commitments.

(c) No. This instant PA proceeding is independent of CenturyLink's broadband commitments under Chapter 30/Act 183. Accordingly, this proceeding has no effect on the commitments.

(d) N/A

(e) The dollar amount is zero for each year: 2003, 2004, 2005, 2006, 2007, 2008, and 2009.

AT&T Communications of Pennsylvania, LLC et al, vs. Armstrong Telephone Company – Pennsylvania, et al.
Docket No. C-2009-2098380, et al.

CenturyLink Responses to
AT&T -- Set III

Sponsor: Jeffrey Lindsey

AT&T-CTL-3-24

Reference the testimony of Messrs. Lindsey and Harper at page 28, line 18. What is the amount that is needed to "sufficiently fund the ILEC's unique universal service and COLR obligations" for CenturyLink in Pennsylvania? Provide any and all studies, analyses, or other evidence to support this response.

Objection:

See also, General Objections.

Response:

Without waiver of any objections, CenturyLink provides:

Quantifying universal service/COLR obligations is highly analogous to quantifying the "exact cost" of every regulatory burden. *See*, CenturyLink's responses to AT&T-CTL-3-17 and 3-18, incorporated herein. No studies or analyses were prepared or utilized.

AT&T Communications of Pennsylvania, LLC et al, vs. Armstrong Telephone Company – Pennsylvania, et al.
Docket No. C-2009-2098380, et al.

CenturyLink Responses to
AT&T – Set III

Sponsor: Jeffrey Lindsey/Mark Harper

AT&T-CTL-3-25:

Reference the testimony of Messrs. Lindsey and Harper at page 32, lines 3-6, please provide the following:

(a) Identify the exact "rural outlying areas" where cable telephony, wireless services and/or VoIP services are not readily available.

(b) Quantify the number of residential households which are located in these "rural outlying areas" where cable telephony, wireless services and/or VoIP services are not readily available. Please break down this number for CenturyLink's territory (separately by CenturyLink exchanges), and for any other area or ILEC in Pennsylvania for which CenturyLink has information.

Objection:

CenturyLink objects on the ground that responding to the question as posed (e.g., by exchange) would require the making of an unreasonable investigation and an onerous special study which cannot be reasonably conducted. The question in this regard would cause unreasonable investigation as well as annoyance, burden, and expense. 52 Pa. Code §§5.361(a) and (b). *See*, General Objections. Finally, as to subpart (e), CenturyLink objects CenturyLink maintains that AT&T propounded discovery requiring such information so late in the procedural schedule so as to give itself an opportunity to "reserve" a claimed "right" to respond in surrebuttal and/or rejoinder testimony.

Response:

Without waiver of any objections, CenturyLink provides:

(a) The only way to answer this question is for providers of each of these services to provide precise maps of the areas and customers where they offer basic voice communications services. CenturyLink does not possess this information. Moreover, as a general matter, cost correlates highly with population density for the provisioning of basic voice communication services. Exchanges with higher population density tend to suffer greater

Response: (AT&T-CTL-3-25 continued)

line loss, indicating a greater presence of competition in these areas as competitors avoid high-cost areas and choose to focus their services in lower cost areas. However, although exchange level analysis is far superior to a company (study area) level of analysis, more granular analysis below the exchange level is necessary to truly isolate "rural outlying areas" as exchanges nearly always include town centers and rural unincorporated areas. To CenturyLink's knowledge, no ILEC and no regulatory agency has precisely answered this question, including America's two largest ILEC and Wireless carriers, AT&T and Verizon.

(b) Because CenturyLink is unable to answer (a), it is unable to answer (b) as it is dependent on the answer to (a).

ATTACHMENT 7

AT&T Rebuttal Testimony

03-10-10

Person Answering: Gary Zingaretti

AT&T-PTA-5-3: Referencing page 18, lines 3-4 of Mr. Zingaretti's testimony, for each of the past three years, how much has each PTA company spent to "maintain and improve their networks?" Please separate out amounts spent for the legacy local network versus amounts spent on any broadband deployment.

Response: Please see the responses to Sprint-PTA-2-8 and AT&T-PTA-5-9. The PTA Companies record network investment by traditional plant accounts. Investment is not recorded separately for "legacy local network versus amounts spent on any broadband deployment" as requested.

Person Answering: Gary Zingaretti

AT&T-PTA-5-7: Referencing page 20, lines 7-9 of PTA's January 20, 2010 testimony, which asserts that rate increases above current rates will accelerate customer migration and lines losses and result in less revenue, not more:

(a) Please identify each PTA company to which this statement applies.

(b) Please provide any evidence that demonstrates that the reason for any PTA member's customer migration or line losses is due to price increases.

(c) Please provide any studies or analyses performed or reviewed by any PTA companies within the last five years regarding the impact of rate increases, including elasticity studies and customer surveys.

Response: This statement represents the collective experience of the Pennsylvania RLECs represented by the Pennsylvania Telephone Association in this proceeding. It is a general statement reflective of the RLECs' observation of customer behavior that as rates increase, customer migration and line losses accelerate, resulting in lost revenues. Please also see the responses to AT&T-PTA-1-3 and 1-4 in the proceeding before ALJ Colwell.

Person Answering: Gary Zingaretti

AT&T-PTA-5-9: Referencing page 26, lines 1-15 of PTA's January 20, 2010 testimony, please provide

(a) the level of dollars each PTA company invested in its wireline network to provide regulated voice service for each year from 2005-2009.

(b) the level of total network investments in dollars, made by each PTA company for all services for each year from 2005-2009.

Response:

(a) The PTA Companies do not record network investment separately for the provision of "regulated voice service".

(b) See attached.

Person Answering: Gary Zingaretti

AT&T-PTA-5-10: Referencing page 29, lines 3-4 of PTA's January 20, 2010 testimony, please provide the following information:

(a) Define the term "carrier of last resort obligations" as used there, and provide reference to the specific order, rule, or statute which imposes each such "obligation" uniquely on the incumbent carrier.

(b) Are the purported carrier of last resort obligations uniquely intrastate obligations or is some portion of these obligations assignable to the interstate jurisdiction?

(c) Identify the exact "carrier of last resort obligations" of each PTA member, the annual cost of each such obligation, the total cost of such obligations in Pennsylvania; and the amount of funding that intrastate switched access revenues presently contribute to those obligations.

(d) Provide all documentation to support the responses to parts (a)-(c) above.

Response: I am not a lawyer. Consequently in my answer I provide my lay understanding of carrier of last resort (COLR) obligations as it has evolved on both the state and federal side, which may or may not include all possible statutory or regulatory citations to support the imposition of the COLR obligation on incumbents as distinguished from other carriers.

In my lay understanding, carrier of last resort obligations refers to the incumbents' obligation to serve any customer within their certificated service territories upon request. Prior to the introduction of competition, telecommunications services were provided by incumbents only subject to monopoly regulation. This included the PA PUC's grant of exclusive service franchises in exchange for the incumbent's obligation to provide service ubiquitously throughout that franchised service territory. Because of this history of exclusive franchising, an express statutory obligation to provide COLR voice service was unnecessary. The original Chapter 30 COLR broadband obligations are imposed by the Commission solely on the incumbents. Act 183, through the definition of "local exchange telecommunications company," referred only to incumbents. In the Telecommunications Act of 1996 (TCA-96), ETC status was applied to all existing incumbent rural carriers as the providers of last resort in their study areas, while newly certificated competitive carriers were subject to ETC status only if they sought universal service support and the state commission found that designation of an additional ETC for an area served by a rural telephone company was in the public interest.

Also, see PTA Exhibit JJL-6 in the proceeding before ALJ Colwell. With respect to the cost of the COLR obligation, please see my testimony beginning at page 29, line 16, and the responses to AT&T-PTA-1-8, 9, and 10 in the proceeding before ALJ Colwell.

Person Answering: Gary Zingaretti

AT&T-PTA-5-11: Referencing page 29, line 5 of PTA's January 20, 2010 testimony, please provide the following:

(a) identify each and every "regulatory burden" associated with each PTA company's role as providers of last resort.

(b) provide references to the specific order, rule, or statute which imposes each such "burden" uniquely on the incumbent carrier.

(c) Identify the cost associated with each such regulatory burden.

(d) Provide all documentation to support the responses to parts (a)-(c) above.

Response: The regulatory burden is that burden associated with having to provide service ubiquitously, including ubiquitous broadband deployment, rather than rendering service availability and pricing decisions based upon a cost/benefit analysis that includes the ability to seek to serve only low cost, high volume, or profitable customers, or require a minimum return before making investment, while avoiding ubiquitous service and investment obligations. See also my response to AT&T-PTA-5-10.

Person Answering: Gary Zingaretti

AT&T-PTA-5-12: Referencing page 44 lines 14-19 and page 45 lines 1-2 of PTA's January 20, 2010 testimony, which claims that it is in AT&T's, Sprint's, Verizon's and Comcast's interest to gain more customers were RLEC rates to be priced above the market price, please provide the following information:

(a) What does PTA consider to be the "market price" for each PTA company's basic local service rates?

(b) Please identify any competitive basic local service alternatives provided by competitors, and identify each competitor, the service(s), their service price points, and dates for which those service price points were effective.

(c) Please provide any available examples where any PTA company has reduced prices for basic local service in response to competitive offers during the past 3 years, and provide the name of the PTA company, the date of the reduction, a description of the specific service or services for which prices were reduced, an explanation of the reasons why such prices were reduced, and the price(s) for each such service before and after that reduction.

Response:

(a) The PTA Companies use of the term "market price" is intended to be indicative of the general market for substitutable telephone service in the areas in which they serve. The fact that many of the PTA companies have not used banked revenues resulting from the operation of alternative regulation would strongly indicate that they feel they are currently at the market price. See (b) below for additional data on market rates.

(b) Wireless companies, competitive LECs, and VoIP providers are the primary competitors serving RLEC markets. Wireless rates and services are available on their websites. Competitive LEC rates are available in their tariffs on file with the PA PUC.

Attached are several web site price and service descriptions for companies serving the RLEC markets. The PTA companies do not know when these rates were effective.

(c) No PTA Company has reduced prices for basic local service in response to competitive offers in the last three (3) years.

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[illegible]

Nationwide Single-Line Plans

Anytime Minutes	Talk & Text* monthly access	Talk monthly access	Friends & Family†	Per-Minute Rate After Allowance†
450	$59.99	$39.99	—	45¢
900	$79.99	$59.99	Pick 5 Friends	40¢
Unlimited**	$89.99	$69.99	—	—

Data Packages

Device Type	Monthly Access Per Line	Data Allowance	Per-MB Rate
Simple Feature Phones	—	Pay per use	$1.99
Simple Feature or 3G Multimedia Phones	$9.99	25 MB	20¢ after allowance
Simple Feature, 3G Multimedia or 3G Smartphones	$29.99	Unlimited	—

Data package of $9.99 or higher required for 3G Multimedia Phones. All 3G Smartphones require a data feature of $29.99 or higher, or a data plan.

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On the road again? Check out our national coverage in areas you plan to visit

Nation Plans

Minutes	Monthly Cost	Rollover®	Unlimited Nights/Weekends*	Unlimited Mobile to Mobile	Additional Details
450	$39.99	✓	includes 5000		View Details
900	$59.99	✓		✓	View Details
Unlimited	$69.99		✓	✓	View Details

Nation with Canada Plans

No long distance or roaming charges for voice calls between the US and Canada and a data pay-per-use rate of $2/MB in Canada

Minutes (U.S. + Canada)	Monthly Cost	Rollover®	Included Nights/Weekends (U.S. + Canada)	Unlimited Mobile to Mobile in the U.S.**	Additional Details
450	$[illegible]		includes 1000	✓	View Details
900	$79.99		includes 1000	✓	View Details
1350	$[illegible]		includes 1000	✓	View Details
2000	$[illegible]	✓	includes 1000	✓	View Details
4000	$169.99		includes 1000		View Details
6000	$[illegible]		includes 1000		View Details

** Mobile to Mobile only applies to calls made and received while in the U.S., Puerto Rico, and U.S.V.I.

Senior Plan - Available to customers 65 and older

Minutes	Monthly Cost	Rollover®	Unlimited Nights/Weekends*	Unlimited Mobile to Mobile	Additional Details
200	$[illegible]		includes 500		View Details

Must be 65 or older. Verified at checkout.

*Night and Weekend minutes will be used before Mobile to Mobile minutes. Unlimited weekday minutes from 9pm to 6am and unlimited minutes on weekends.

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The list of plans has been filtered based on the criteria below. To see a full list of plans, click **Reset** below.

Narrow My List › Direct Connect · Individual · Share Mobile Broadband Any Mobile, Anytime℠

Everything Data with Any Mobile, Anytime℠

$69.99

You do the math ›

Simply Everything℠

Everything your phone, PDA or smartphone can do nationwide - unlimited text, surf, email, listen, watch, find and of course, talk - on one simple plan.

This plan includes

- Unlimited data: Web surfing, email, BlackBerry Internet Services (BIS), GPS Navigation, Music Premier, TV Premier, NFL Mobile Live, NASCAR Sprint Cup Mobile℠
- Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)
- Unlimited messaging: Text, pictures and video
- Unlimited talk: Unlimited anytime minutes, nationwide long distance and no roaming charges

	Anytime Minutes	Monthly Price	Additional Anytime Minutes	
Best Value	Unlimited	$99.99	Unlimited	Select

Everything Data - with Any Mobile, Anytime℠

Introducing Any Mobile, Anytime, forget about restrictive calling circles. Our Everything Data plans give you unlimited data, messages and calls to any mobile, anytime while on the Sprint Network. That's access to over 250 million U.S. mobile phones nationwide. Take advantage of unlimited Nationwide messaging, Web surfing, and nights and weekends with nights starting at 7 p.m.

This plan includes

- Any Mobile, Anytime: Unlimited domestic calls from the Sprint network to and from ANY U.S. mobile phone regardless of carrier. Any network, any time.
- Unlimited data: Web surfing, email, BlackBerry Internet Services (BIS), GPS Navigation, Music Premier, TV Premier, NFL Mobile Live, NASCAR Sprint Cup Mobile℠
- Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)
- Unlimited messaging: Text, pictures and video
- Talk: Night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
450	$69.99	45¢/min	Select
900	$89.99	40¢/min	Select

Everything Messaging

Communicate without saying a word; with this plan, you can text, share and send your heart out.

This plan includes

Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)

Unlimited messaging: Text, pictures and video

Talk: Unlimited Sprint mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

[illegible]

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
450	$49.99	45¢/min	Select
900	$69.99	40¢/min	Select

Talk

Let your voice be heard with these voice only plans

This plan includes

Talk: Unlimited mobile to mobile, night calling and weekends starting at 7 p.m., nationwide long distance and no roaming charges

Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)

[illegible]

Additional plan options:

Unlimited Nights & Weekends

- [illegible] - $0.00
- [illegible] $5.00

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
450	$39.99	45¢/min	Select
900	$59.99	40¢/min	Select

Basic

Get back to the basics with this plan ideal for the occasional caller

This plan includes

Talk: Night calling and weekends starting at 9 p.m., nationwide long distance and no roaming charges

Unlimited Direct Connect: Direct Connect and Group Connect (for capable phones)

[illegible]

Additional plan options:

Unlimited Nights & Weekends

- [illegible] - $0.00
- [illegible] - $5.00
- [illegible] - $10.00

Anytime Minutes	Monthly Price	Additional Anytime Minutes	
200	$29.99	45¢/min	Select

[illegible]

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Comcast Unlimited® - Special Offer

Get unlimited local and long-distance calling for one low rate for only $19.99 a month for 6 months!

- Easy to switch–keep your home phone number
- Unlimited local and long-distance nationwide calling to the US, Canada and Puerto Rico
- Rated #1 in call clarity thanks to our enhanced fiber-optic network.*
- Visual voice mail that lets you see who called so you can listen to the most important messages first
- 12 popular calling features including Caller ID, Call Waiting, and more
- Low international calling rates

*Incorporates fiber and coax.

Offer limited to residential customers satisfying applicable eligibility criteria.

Post-promotional price starts at $39.95 and varies depending on the Comcast services you subscribe to.

$19.99

for the first 6 months
$39.95 per month thereafter

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Comcast Unlimited® - Special Offer

Get unlimited local and long-distance calling for one low rate for only $29.99 a month for 12 months!

- Easy to switch–keep your home phone number
- Unlimited local and long-distance nationwide calling to the US, Canada and Puerto Rico
- Rated #1 in call clarity thanks to our enhanced fiber-optic network.*
- Visual voice mail that lets you see who called so you can listen to the most important messages first
- 12 popular calling features including Caller ID, Call Waiting, and more
- Low international calling rates

*Incorporates fiber and coax.

Offer limited to residential customers satisfying applicable eligibility criteria.

Post-promotional price starts at $39.95 and varies depending on the Comcast services you subscribe to.

$29.99

for the first 12 months
$39.95 per month thereafter

ADD TO MY CART

Local with More®

In-state and out-of-state nationwide long-distance for just 5 cents a minute.

- Easy to switch–keep your home phone number
- Unlimited local calling
- Rated #1 in call clarity* thanks to our enhanced fiber-optic network.*
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*Based upon an independent study performed by Keynote dated November 2008. Wave 6 Study

*Incorporates fiber and coax

This starting price is for customers that currently subscribe to Comcast Cable and/or Comcast High Speed Internet.

$24.95 per month

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Comcast Unlimited®

Unlimited local and Nationwide long-distance calling for one low rate

- Easy to switch–keep your home phone number
- Unlimited local and long-distance calling to the US, Canada and Puerto

Rico
Rated #1 in call clarity* thanks to our enhanced fiber-optic network *
Visual voice mail that lets you see who called so you can listen to the most important messages first
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High-speed Internet required. †Limited time offer, valid for new lines only. Rates exclude Internet service, fees and taxes. Device may be refurbished. A disconnection fee of $39.99 will apply for cancellation after the 30-day Money Back Guarantee period and before 1 year. See details. Your money back guarantee period and billing start on the date of your order. If you cancel within your money back guarantee period, you must return the device. If you cancel after the money back guarantee period and within 1 year of your order date, you will be charged a rebate recovery fee equal to the amount of the rebate initially given to you for the equipment. Unlimited calling subject to normal residential use. Vonage 911 operates differently than traditional 911. E911 not available everywhere. For details click here. Alarms, TTY and other systems may not be compatible. ^Supports English Only. *Where available. Transfer may take up to 10 days. ‡ The Referrer will not be charged for the monthly service fee of their plan but other charges will apply. See plan for details. If either Referrer or Referee cancels before 90 days from the date the Referee subscribes to Vonage service, this will result in the loss of and/or chargeback of associated credits to the payment method on file.

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- Switch to Vonage and keep your existing phone numbers

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- 24/7 access to your billing information using your online account
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- Telecommute? Travel a lot? The Vonage phone adapter is small and totally portable — you can use it anywhere there's a high-speed Internet connection

Requirements

- You must have a high-speed Internet connection (cable or DSL)
- You need a U.S. or Puerto Rico shipping address (sorry, no P.O. boxes)
- Once you sign up, we will ship your startup package within five business days

***Money Back Guarantee**
Vonage is so convinced that you will love all the features and savings, that we offer you a 30-Day Money-Back Guarantee.

Vonage World Rate Finder

Enter the international number you would like to check.

(country code + area/city code + number)

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Most phone numbers can be transferred to Vonage. Can yours?

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Calculate Savings

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- FREE unlimited calling to landlines in Italy, France, Spain, UK, and Ireland*
- 25+ amazing calling features included like Call Waiting, Voicemail, and Caller ID.
- Includes Vonage Companion, which allows you to make and receive calls from any computer with a high-speed Internet connection
- 25 Visual Voicemails included each month. Your voicemail is transcribed to text and sent to up to 5 five phone numbers and/or email addresses of your choosing§
- 25 free Enhanced 411 Directory Assistance calls per month included.
- Includes International Rates as low as 1 cent per minute

With no set-up fees or equipment costs here's just how much you can save:

Activation Fee	$0.00	A $29.99 Value
Priority Shipping and Handling	$0.00	A $14.99 Value
Vonage Phone Adapter	$0.00	$79.99 Original Price

Sign up today and pay only $34.99/Mo*

with one-year agreement* adapter may be refurbished

Added benefits

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- Choose any area code from across the US
- 24/7 access to your billing information using your online account
- Quick access to local emergency services with Vonage's 911 Dialing feature

Requirements

- You must have a high-speed Internet connection (cable or DSL)
- You need a U.S. or Puerto Rico shipping address (sorry, no P.O. boxes)
- Once you sign up, we will ship your startup package within five business days
  To start, simply connect your telephone, using the Vonage phone adapter, to your high-speed Internet connection.

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Pick the one that's right for you

Residential Calling Plans

Reliable home phone service. Great value. Start saving today!

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Vonage World
Unlimited minutes to 60+ countries

Vonage Pro
Classic Plan
Includes PC calling

Basic 500
500 Minutes

$17.99 /month†

Order Now

with one year agreement

Residential Basic 500:

- 500 minutes of outbound local and long distance calling to anywhere in the U.S., Canada, and Puerto Rico
- Only 3.9¢ for each additional minute
- Unlimited incoming minutes
- Unlimited Vonage-to-Vonage calls
- 25+ amazing calling features included like Call Waiting, Voicemail, and Caller ID.
- Switch to Vonage and keep your existing phone number*
- Includes International Rates as low as 1 cent per minute

Added benefits

- Switch to Vonage and keep your existing phone number
- Choose any area code from across the US
- 24/7 access to your billing information using your online account
- Quick access to local emergency services with Vonage's 911 Dialing feature
- Telecommute? Travel a lot? The Vonage phone adapter is small and totally portable — you can use it anywhere there's a high-speed Internet connection

Requirements

- You must have a high-speed Internet connection (cable or DSL)
- You need a U.S. or Puerto Rico shipping address (sorry, no P.O. boxes)
- Once you sign up, we will ship your startup package within five business days
To start, simply connect your telephone, using the Vonage phone adapter, to your high-speed Internet connection.

Money Back Guarantee
Vonage is so convinced that you will love all the features and savings, that we offer you a 30-day Money Back Guarantee.

Keep Your Existing Number

Most phone number can be transferred to Vonage. Can yours?

Available Area Codes

Calculate Start Up Costs

Calculate Savings

Compare Residential Calling Plans

A side-by-side look at everything included in each plan

C. **LOCAL EXCHANGE SERVICE OFFERINGS AND RATES** (cont'd)

2. **Residence Rates** - Monthly Recurring

Local Service with Optional Calling Services Package	$18.00
Local Service with Unlimited LATA Calling Package	$22.00
Local Service with Unlimited LATA and Optional Calling Services Package	$25.00
Local Service	$15.00

3. **Business Service Offerings**

Local Service - Provides the Customer with unlimited calling to those exchanges identified in the Local Exchange Service portion of this tariff.

4. **Business Rates** - Monthly Recurring

Less than 20 lines	$18.00
20 lines or over	
- 1 year service agreement	$16.20
- 3 year service agreement	$14.50
- 5 year service agreement	$13.00

BLUE RIDGE
COMMUNICATIONS
CABLE | INTERNET | PHONE

You Are Here: Home · Digital Phone Pricing

Digital Phone Pricing

Includes unlimited local and long distance calls within the continental United States, Alaska, Hawaii, Puerto Rico, Guam & US Virgin Islands

If You Have:	Add Digital Phone For:
Basic+ Cable AND High Speed Internet	$34.95/month
Basic+ Cable OR High Speed Internet	$39.95/month
Digital Phone Only	$49.95/month

Calling Features:	
Voice Mail	Included
Call Waiting	Included
Enhanced Caller ID	Included
Caller ID Blocking	Included
Call Return	Included
Call Forwarding	Included
Three Way Calling	Included
Speed Dialing	Included
E911	Included

International Calling (Click here for rates)
An additional per minute surcharge applies when calling an international mobile or cell phone

International Calling Codes (Click here for codes)

Per-Call Charges	
Directory Assistance per call(local)	$1.23+tax

Money Back Guarantee

We are so confident about the quality of Blue Ridge Digital Phone that we're offering a 30-day, money-back, satisfaction guarantee. If you are dissatisfied with your Blue Ridge Digital Phone Service for any reason, you will receive a refund if you cancel the Service within 30 days of installation.*

* Only fees paid for standard installation, equipment (if returned) and 30 days of service will be refunded.

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Cable TV Vs. Dish
Payment Centers
Local Programming
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Refer a Friend
Check your e-mail
BRC Newsletter
A.S.K. - Have a question?
On Demand Digest
MYBRCTV.com

PHONE IN LEHIGH VALLEY

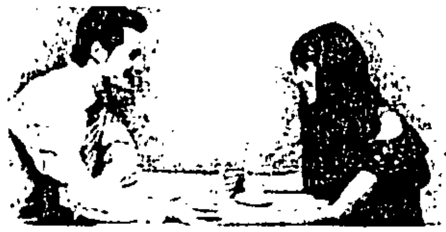
Plans & Pricing

Can I get service at my home?

Plans & Pricing

Calling Features

International Calling



When there's a connection, you can talk for hours and hours. (or until you run out of things to say)

Now it costs even less to stay connected. With our unlimited phone plans, you can make as many local or long distance calls as you want. Call anytime and talk for as long as you like, for a flat monthly rate.

Unlimited Nationwide Calling

- Clear calls on our reliable digital network
- Unlimited phone calls nationwide
- Includes five free calling features
- No per-minute long distance rates
- Call anywhere in the United States (including Alaska, Hawaii, Puerto Rico, U.S. Virgin Islands and Canada)
- Low international calling rates

$29.99/mo

as low as $89.99/mo.

Great Add-Ons | Included Features

Person Answering: Gary Zingaretti

AT&T-PTA-5-13: Referencing page 44 lines 14-19 and page 45 lines 1-2 of PTA's January 20, 2010 testimony, please provide the following for each PTA member:

(a) please state the total number of PTA customers that left its network for a competitor, and of those that left, the number of those customers that left due to a lower price offered by a competitor;

(b) please provide the number of basic local service line losses from 2005-2009, each reason for the line losses and the number of losses to which that reason applies, and the type of competitor to whom the customer was lost and the number of losses to which that competitor type applies.

Response:

(a) This information is not available. The PTA companies do not track the reason for a customer disconnecting service.

(b) This information is not available. See (a) above.

Person Answering: Gary Zingaretti

AT&T-PTA-5-14: Referencing page 45, line 2 of PTA's January 20, 2010 testimony wherein Mr. Zingaretti states that "not all customers have options." For each PTA member, identify how many customers in the PTA territory that PTA contends do not have options and identify where such customers are located (such as by exchange or rate center, county, or other geographic designation). Please provide all documents, calculations and analyses supporting your response.

Response: The requested information is not available. The best information available to PTA was summarized by the PTA in the proceeding in testimony before ALJ Colwell. See PTA Statement No. 1R at pages 23, line 10 et seq. in that proceeding. Also see the response to ATT-PTA-1-11.

Person Answering: Gary Zingaretti

AT&T-PTA-5-15: Referencing page 49, lines 6-7 of PTA's January 20, 2010 testimony, provide any and all supporting documents for the statement that "it is unlikely that the Commission's actions will be acknowledged by the FCC in its intercarrier compensation plans." Identify any conversations, correspondence or other communications any PTA member has had with any FCC staff member or other representative or official, or any other information PTA has in its possession regarding its knowledge of the FCC's likely future plans. Please provide copies of all documents referenced in this response.

Response: There are no such documents. This testimony is my opinion and is not based upon any specific conversation by me or any PTA Company. Prior FCC proposals did not credit state access reform efforts. Specific PTA Company discussions with the FCC about intercarrier compensation plans, if any, are disclosed in ex parte filings before the FCC, notices of which are publicly available on the FCC's website.

PROPRIETARY ATTACHMENT 8

NOT INCLUDED IN PUBLIC VERSION

AT&T Rebuttal Testimony

03-10-10

ATTACHMENT 9

AT&T Rebuttal Testimony

03-10-10

at&t

Tim O'Hara
Manager
External Affairs

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1120 20th St., NW
Suite 1000
Washington, D.C. 20036

T: 202.457-2267
F: 832 213 0218
tohara@att.com

February 18, 2010

VIA OVERNIGHT DELIVERY

Ms. Kristi Izzo
Secretary
State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Dear Secretary Izzo:

Enclosed for filing are an original and three copies of a tariff page that revises AT&T Communications of NJ, L.P. ("AT&T") Tariff B.R.C.-N.J.-No. 1.

The following page is included in this filing:

Tariff B.R.C. N.J. – No.1
Section 6 – Page 15G

This filing reduces the Instate Connection Fee for consumers.

The enclosed tariff page has an effective date of February 21, 2010, three days from the date of this filing.

Acknowledgement and date of receipt of this filing are requested. A postage-paid, pre-addressed envelope is enclosed for this purpose.

Sincerely,

Tim O'Hara

Enclosures

cc: Stefanie Brand, Esq., Division of the Ratepayer Advocate

SWITCHED SERVICES

MESSAGE TELECOMMUNICATIONS SERVICE (MTS)

6.4. PRICE DETERMINATION (Cont'd)

6.4.10. State Cost Recovery Charge (In-State Connection Fee)

A monthly service charge will be applied to each AT&T long distance residential customer's account. This monthly charge is applied if a customer has AT&T billable charges and credits on their bill, including, but not limited, to, monthly recurring charges or minimum usage charges. This charge does not contribute towards any applicable minimum monthly charge.

Customers who have AT&T Local Phone Service are also excluded from this charge.

Monthly Charge: $1.20 (R)
(D)

at&t

Tim O'Hara
Manager
External Affairs

AT&T Services, Inc.
1120 20th St., NW
Suite 1000
Washington, D.C. 20036

T: 202.457-2267
F: 832.213 0218
tohara@att.com

February 18, 2010

VIA OVERNIGHT DELIVERY
Ms. Kristi Izzo
Secretary
State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Dear Secretary Izzo:

Enclosed for filing are an original and three copies of a tariff page that revises AT&T Communications of NJ, L.P. ("AT&T") Tariff B.R.C.-N.J.-No. 1.

The following page is included in this filing:

Tariff B.R.C. N.J. – No.1
Section 2 – Page 7

This filing reduces the Instate Connection Fee for business customers.

The enclosed tariff page has an effective date of February 21, 2010, three days from the date of this filing.

Acknowledgement and date of receipt of this filing are requested. A postage-paid, pre-addressed envelope is enclosed for this purpose.

Sincerely,

Tim O'Hara

Enclosures

cc: Stefanie Brand, Esq., Division of the Ratepayer Advocate

2. GENERAL REGULATIONS

2.5. PAYMENTS AND CHARGES (Cont'd)

2.5.6. INSTATE CONNECTION FEE

An Instate Connection Fee of $2.09 will be assessed to customers who subscribe to the following services: AT&T Commercial Long Distance, AT&T All In One, AT&T CustomNet, AT&T Small Business Option, Distributed Network; AT&T PRO WATS/Plan Q and AT&T Clear Advantage. This fee will be charged to all customers who incur at least $0.01 of long distance usage or long distance charges on their monthly bill. Billed charges can be in the form of billed usage or a billed monthly fee. This fee does not apply to customers that subscribe to only AT&T Local Services. (R)

2.6. USE OF ANOTHER MEANS OF COMMUNICATIONS

2.6.1. General

If the customer elects to use another means of communication during a period of interruption, the customer must pay the charges for the alternative service used.

ATTACHMENT 10

AT&T Rebuttal Testimony

03-10-10

EXAMPLES OF D&E, CONESTOGA, AND NORTH PITTSBURGH NUMBERS USED FOR TRAFFIC PUMPING

Chat Line Number	Advertised Descriptions, Comments	AT&T Terminating MOUs From Jun 2009 To Jan 2010
Windstream D&E (OCN 0165) 717-625 Lititz, PA		
717-625-6971	"Jokers Play House," previously promoted at http://www.UncensoredPartyLines.com. Callers were laterdirected to dial 218-862-3200, a Minnesota number which is currently promoted on the website, http://www.uncensoredpartylines.com/freepartylines.html.	1,951,359
717-625-6974	"Mundo Criolo," promoted at http://www.UncensoredPartyLines.com, with comment "You may encounter some phone sex … Whatever your desires are, you could possibly find them on Mundo Criolo." Subsequently, the title was modified to "Club Criolo," and the service was moved to a Minnesota number, 218-862-3222, see, http://www.uncensoredpartylines.com/freepartylines.html.	1,523,009
717-625-6999	"Gay Sex Line," promoted at http://www.UncensoredPartyLines.com, with comment: "Gay Sex Line – 717-625-6999 It is just that. … Absolutely no one under the age of 18 is allowed on this system. If you are not into adult content do not call this line. You are not forced to be there, and if you are [there] it is of your own free will."	349,164
717-625-6998	"Rebel Chat" Myspace posting at http://groups.myspace.com/Rebelchatworld7176256998, displaying a photograph of a young male and a cartoon image of a marijuana leaf.	69,040
Other D&E	Other identified D&E Traffic Pumping Numbers	633,771
Windstream D&E Subtotals		**4,526,343**
Windstream Conestoga (OCN 6024) 610-404 Birdsboro, PA		
610-404-3169	"Sex Line," promoted at http://www.UncensoredPartyLines.com, with comment: "Sex Line - 610-404-3169 It is just that. Check it out for yourself. Absolutely no one under the age of 18 is allowed on this system. If you are not into adult content do not call this line. You are not forced to be there, and if you are [there] it is of your own free will."	2,492,476
610-404-5999	"Puppy Love Paradise," is promoted at http://www.UncensoredPartyLines.com as "a highly sexually explicit party line where you are sure to fulfill all of your sexual desires. … So get out those special toys, and come play with us 24 hrs a day."	681,479

610-404-3219		679,695
610-404-5997	"**The Back Yard Dogg - 610-404-5997** Come take a walk on the wild side with the Amazing Sexy Aimee. The chat is light, and mostly sexy. Expect the unexpected from these wild and crazy people. They love to laugh, and they especially love to play hard. You are sure to feel at home with the down home atmosphere coming from your gracious hostess with the mostess. Aimee is wild and crazy, and filled with fun and games. She keeps the party line alive, and you will not be bored for a minute."	487,798
610-404-5962	"**The Friendship Place - 610-404-5962** If you are looking for a totally free party line that is family oriented where you can relax, be yourself, and have a good time, a place where you can make friends, and feel at home, then please call the Friendship Place owned by Keith and Michelle. They have 100 rooms to choose from. If you wish to moderate a room please see Keith or Michelle in room 1#. The Friendship Place is open 24 hours a day 7 days a week. You will always find a party line owner in room 1#, or you can call 773-572-7862 and leave a message for them there."	473,117
610-404-3160	Upon information and belief, this number was assigned to "Fantasy World," which then moved to 717-625-6981 and then to 218-862-6981.	404,702
610-404-3151	http://www.blogtalkradio.com/940 "THE HOT TUB @ 940*Degrees Welcome to the HOT TUB where the temperature is always 940 degrees Hosted by DJ Mega the infamous King of Orchard Beach Mike the Maleta Man along with the chicks at midnight and Mr Wepa Man aka (Freddy Bagadonutz) where we discuss hot topics as well as mature conversations and hottest tracks. This is a station that allows its callers to express themselves in a free manner. Please understand that all callers must be at least 18 yrs of age and understands that this show is for entertainment purposes only. And for your safety No one is to give out there Phone numbers on the air. … The number to call is 610-404-3151 and follow the prompt for instructions... ENJOY!!! "	342,892
610-404-5969	"The G Spot," promoted at http://www.UncensoredPartyLines.com, with comment: "The G-Spot – 610-404-5969 The G-Spot is a show for the grown, and sexy. We have some intimate conversations. We laugh and talk about sex, drama, and all types of relationships. You must be 18 yrs or older to join. …"	341,450
610-404-5993	Upon information and belief, this line was formerly promoted as "Playhouse Chatline 610-404-5993 Peppermint Goodies."	281,611
610-404-3141	Former number for the "Hypnotic" chat line.	259,823
610-404-5995	http://www.myspace.com/wildsideline	172,705
610-404-3201	"Status & Mood."	84,230
610-404-5990	"The Obedience School," promoted at http://www.UncensoredPartyLines.com, with comment: "This party line is used as a training facility for our new up and coming party line owners."	35,679
Other Conestoga	Other Identified Conestoga Traffic Pumping Numbers	5,198,739
	Windstream Conestoga Subtotals	**12,278,288**

North Pittsburgh/ Consolidated Communications (OCN 0193) 724-444 Gibsonia, PA		
72 Numbers in the 724-444- 35XX Block	"Party Line Adventures," promoted at http://partyline.nng.com , provides a list of 72 chat line numbers with themes such as "FCK 'The only thing missing is U'," "Golden Tongue & Sexy Bitch's Play Palace," "Hookah Lounge," and "Hootersville."	12,181,449
724-444-7444	"Talkshoe," is promoted at http://www.talkshoe.com, which provides to the public the PIN codes needed to enter each service. The banner over the website pages for individual services reads, "Join this call to talk, chat and listen. … You don't even have to be a member." Although Talkshoe features a wide variety of chat line themes, some are clearly sexual in nature, such as "Mantalk Episode 2 Sex in the office," "mmmm phone sex baby," "THE HUDDLE = TEEN SEX CRIMINALS," and "Porn Chat." A related web page advertises unique telephone numbers that Talkshoe will make available to chat line operators for $24 per month, http://www.talkshoe.com/blog/index.php/attention-hosts-beta-program-for-direct-dial-numbers-eliminates-need-to-enter-call-id-pin.html.	6,243,327
724-444-3535	"The Chatterbox," is promoted at http://www.chatterboxpartyline.com . The number is an entrance point for various chat rooms, including 20 "uncensored" chat rooms. An introductory recording greeting promotes "The Chatterbox" as "the best place to meet singles" and assures callers that the service is "safe, confidential, and always free."	741,231
Other N. Pitt.	Other Identified North Pittsburgh Traffic Pumping Numbers	207,370
North Pittsburgh Subtotals		**19,373,377**
Total Traffic Pumping Access MOUs Billed to AT&T **By D&E, Conestoga, and North Pittsburgh, June 2009 Through January 2010**		**36,178,008**

EXAMPLES OF WEB-BASED ADVERTISEMENTS PROMOTING

CALLING TO D&E, CONESTOGA, AND NORTH PITTSBURGH NUMBERS

USED FOR TRAFFIC PUMPING

This is a screen shot of http://www.uncensoredpartylines.com/freepartylines.html as it appeared on Feb. 14, 2010.

Partylines UNCENSORED

UncensoredPartyLines.Com

Main	610 Party Line Features	610 Web Control	Free 610 Party Lines	610 System Information	Contact Info

All our 610 Party Lines are 100% free to call, so what are you waiting for?

Normal telephone toll charges do apply

If the party line you are interested in has its own website you will be able to view it. Just put your mouse over the name and if it turns red that means you can click on it to visit their site. Be sure to visit any website available. They could be more up to date, and list other important information that you might want to know before joining their system. Die hard party liners have to check out **The Uncensored Partyline**. It is the party line that started it all. It is the biggest, craziest party line we have, and everyone is welcome to join in on all the action by calling 218-936-1414. It is the reason why we now do what we do, so be sure to check it out. We have hundreds of party lines available. If you would like to run your own party line, contact us and let us know how we can help you get started.

Jokers Play House - 218-862-3200
This chat line is a laid back, drama free party line, and the party is always happening with lots of males and females. There are 4 simple rules: Rule #1. You have to be 18 or older to join. Rule #2. No putting people down, or being racist. Rule #3. No loud TV's, or music. Rule #4. No advertising of other party lines. If you get caught breaking any of the rules, you will be blocked. There's always someone on this party line around the clock. Please respect all room owners, and new callers. The party line owner is Joker, and there are 10 exciting rooms from 0 through 9. If you want to become a part of Jokers Play House, come join us. If you have any questions or complaints, just find Joker. All callers are welcome, but please, no haters!

Hypnotic Chat - 218-862-3235

This party line is for callers who are looking for a relaxed place to chat with very little drama, that is well monitored. So have fun, and if you have any questions, concerns, or would like to obtain a room ask for Rob or Pennsylvania.

Chocolate City - 610-404-3150

Welcome to the Chocolate City. This is an erotic party line for people who love chocolate, who like to taste chocolate, and for people who would like to climb the chocolate mountain. It's where the grown and sexy can play. We do not tolerate any drama, and no one under the age of 18. Come join us, and tell us your fantasy. At the Chocolate City we do offer rooms. The party line owner is Puddin, and our two hosts are Matt, and Real.

Sex Line - 610-404-3169

It is just that. Check it out for yourself. Absolutely no one under the age of 18 is allowed on this system. If you are not into adult content do not call this line. You are not forced to be there, and if you are it is of your own free will.

The Rose Garden - 610-404-3209

If you are looking for a friendly fun chat line, visit the Rose Garden. It is the best place to be for friendly conversation. The party line owners are Sharon, and Brandon. They have rooms 0 through 9 followed by the pound key, and 10 through 99 without the pound key. Rooms 0 through 89 are the clean casual rooms, and 90 through 99 are the uncensored rooms, where you can pretty much do what you want. Come try it out. If you have any questions go to room 1 and talk to the owners.

Bigalow's Penthouse - 610-404-5961

This is a happening chat line, drama free, and the party is always happening with lots of exciting people to talk to. There are 4 simple rules: Rule #1: You have to be 18 or older to join. Rule #2. No putting people down, or being racist. Rule #3. No loud TV's, or music. Rule #4. No advertising of other party lines. If you get caught breaking any of the rules, you will be blocked. There's always someone on this party line around the clock. Please respect all room owners, and new callers. The party line owner is BIGALOW, and there are 10 kick ass rooms from 0 through 9. If you want to become a part of THE PENTHOUSE CREW come join us. If you have any questions or complaints, just call our customer service number 206-424-6833. All callers are welcome, but please, no haters!

The Friendship Place - 610-404-5962

If you are looking for a totally free party line that is family oriented where you can relax, be yourself, and have a good time, a place where you can make friends, and feel at home, then please call the Friendship Place owned by Keith and Michelle. They have 100 rooms to choose from. If you wish to moderate a room please see Keith or Michelle in room 1#. The Friendship Place is open 24 hours a day 7 days a week. You will always find a party line owner in room 1#, or you can call 773-572-7862 and leave a message for them there.

The Psychopathic Playground - 610-404-5968

The Psychopathic Playground is run by your line owner Dark Demon, and is one of the freshest Juggalo chat lines around. The Playground is up 24/7 for you to call in, and axe the time away with fam from all over. This party line is pretty laid back and the only big rules are you must be 18 or older to join, and NO DRAMA. You bring it your gone no exceptions.... But other than that we keep it chill. Of course there is also the rule of respect. You must show respect to all the fam on the party line from other callers to guests and of course your moderator Shroomy. Last but not least always respect your party line owner Dark Demon. I also have a fresh ass site up for all of you to check out where I've made it beyond easy to request your own room access, your web control, and also get a hold of me for almost anything. From letting me know about technical issues, to getting your own room, and to even be interviewed on the Psychopathic Playgrounds very own Radio show called Psychopathic Playground Radio. Of course I also made the site very easy for you to remember so here it is www.psychopathicplayground.com, and if you want your own room make sure you visit www.psychopathicplayground.com/roomrequests. MMFWCL TO ALL THE FAM FROM THE PSYCHOPATHIC PLAYGROUND.

The G-Spot - 610-404-5969

The G-Spot is a show for the grown, and sexy. We have some intimate conversations. We laugh and talk about sex, drama, and all types of relationships. You must be 18 yrs or older to join. We have all kinds of different rooms to choose from. Make sure you call and listen to our menu to hear all of the choices.

The Obedience School - 610-404-5990

Welcome to our Obedience School. This is a training system as well as a party line to chat on with friends from all across the nation. People from all over call this chat line just to meet new and fun-loving people. This party line is used as a training facility for our new up and coming party line owners, and we do open new systems daily. Maybe if you have what it takes you could run a party line of your own. Whether you come to chat or come to learn how to run a party line from the very best, you are sure to have a wild and wonderful time. Come by anytime. We are open 24hrs a day, 7 days a week. Meet a new friend by talking to other people that are just like you. We look forward to talking with you. If you need anything ask for Hell Raiser. She runs this system, and enjoys all people all the time. As always you have to be at least 18 years of age to join any of our party lines.

The Back Yard Dogg - 610-404-5997

Come take a walk on the wild side with the Amazing Sexy Aimee. The chat is light, and mostly sexy. Expect the unexpected from these wild and crazy people. They love to laugh, and they especially love to play hard. You are sure to feel at home with the down home atmosphere coming from your gracious hostess with the mostess. Aimee is wild and crazy, and filled with fun and games. She keeps the party line alive, and you will not be bored for a minute.

Puppy Love Paradise - 610-404-5999

Come say hi to all the hottest sexiest callers on the whole 610 chat system at the Puppy Love Paradise. This is more of an African American based line but all races, and genders are welcome. This is a highly sexually explicit party line where you are sure to fulfill all of your sexual desires. Just ask for the super sexy party line host, and hostess the incredibly sexy Shawty, and the super sexy Desire herself. They will start off your wonderful experience but be aware that birthday attire is required. You must be 18 or over to call, and the party line owners are Sierra, and I.T. So get out those special toys, and come play with us 24 hrs a day. Your special playmate is waiting to talk to you.

Mundo Criolo - 717-625-6974

Welcome to Mundo Criolo where all of the criol people have a special place to meet and talk. It is a place where the latin criol community can be heard as one voice. It is a party line where sex, race, religion, and people with disabilities, and other adversities can all co-exist together as one. Everyone is welcome whether you are just bored or perhaps you can even come and have a place to talk about your personal frustrations. You may encounter some phone sex or possibly even meet your significant other or just want to make new friends. Whatever your desires are, you could possibly find them on Mundo Criolo.

Mysterical - 717-625-6975

Mysterical, a place to escape reality and see worlds beyond your own, a chance to meet other life forms, a place to establish peace. All lifestyles are welcome coast to coast. Meet some new friends, chat with old friends, chat and chill. You have 10 worlds to choose from. Once you choose which world to enter press star star to learn how to conquer that world or any other world that you might encounter. So hurry and come have a Mysterical experience, and please do enjoy it.

Fantasy World - 717-625-6981

Welcome to Fantasy World, where your fantasy can come true. We have something for the men as well as the women. Monday through Saturday, we have game night. Some of our games are your fantasy as well as ours. Some are sexy, and all are just hours of fun, whether you participate or just listen in. We do chat line marriages regardless of what the sexes are. Each marriage comes with a marriage certificate that is sent to both loved ones' email. Our marriage packages come with bachelors, and bracelets parties, and a big reception. We also have chat line court. Bring your dispute to us, and let our court decide whose guilty or innocent, and if the sentence will be naughty or nice. Come play in our world where there are 0 through 99 rooms. Find out what we have in store for you. Tell us what your fantasy is and watch it unfold.

Gay Sex Line - 717-625-6999

It is just that. Check it out for yourself. Absolutely no one under the age of 18 is allowed on this system. If you are not into adult content do not call this line. You are not forced to be there, and if you are it is of your own free will.

Be sure to check out all of the different party line systems until you find the one that you like. They are each run differently and will appeal to different callers in different ways. We hope that you find what you are looking for, and remember to have a great time.

This is a screen shot of the home page of http://www.uncensoredpartylines.com as it appeared on Feb. 26, 2010.

Partylines UNCENSORED

UncensoredPartyLines.Com

Main | Web Control | Features | System Information | 24/7 Conferencing | Free Party Lines | Contact

Do you think you have what it takes to run your very own free Party Line?

Normal telephone toll charges do apply

If you already have your own party line, room on a party line, or conference room, and are trying to access your web control, click on the web control link above. Then type in your username, and password for the appropriate system, and click login.

These free party lines are located in Minnesota & Pennsylvania. Only your normal telephone toll charges do apply. We currently have some systems available, and one could be yours if you have what it takes. All of our party lines come with the most advanced phone, and web controls available. They also come with over 10,000 private rooms which can hold an unlimited amount of callers for people who like to get away, and chat privately with friends.

To get your own free party line you should have at least ten loyal callers to help support you, and get it going. You, or someone working with you should have a computer to control your party line, however due to advancements in our current technology a computer is no longer mandatory. You will need to have a lot of free time on your hands to monitor your party line. If you think you can handle all this, contact us to get set up. You will first receive your own room on our 24/7 conferencing center which comes with all the same great features available to everyone. Once you earn 10,000 minutes we will move you onto your own drop in conference which will give you your own dial in number, system greeting, full admin web control, and access to over 10,000 private rooms. Once you earn 25,000 minutes we will transform your system from a drop in to a 0-9 party line. We do this so you will have a chance to learn all the web controls, and features available. This way you should not come across any major problems when running your system, and if you do you will know how to fix them. This will also allow us to see how well you can do, and prove to us that you truly do have what it takes to run your own party line.

The next available upgrades are at 50,000, and 100,000 minutes. 50,000 will earn you a 21 room system, and 100,000 will earn you a 100 room system. A lot of people actually prefer to keep the 10 room systems because they work great, and are super fast, but the choice is yours. Bigger party lines will probably want to take advantage of these upgrade options.

You can name your party line anything you want, and record your own greeting. You can have individual room owners like most of our party lines do, or have 1 person run the entire system, that part is totally up to you to decide. Once you earn 100,000 minutes in a 30 day time period we will add you to this website on the free party lines page to help promote, and give your system some free advertising. We will then provide you with a professionally recorded greeting so that your party line sounds as great as it truly is, or if you prefer you can keep your own greeting.

With the web control you will be able to view all rooms in use on your party line at the same time. You can mute, kick, or block callers from a room or from your entire system. You will be able to add or remove features, change room size, add callers to web control, and so much more for all of your rooms. Each room can be set up differently, so if you do not want certain features to work in certain areas you can do that. Unlike some systems where if you want to add a feature to one room, it is then added to every single room.

One of our main goals is to offer a system that can be run completely over the telephone, and we are almost there. We realize that there are a lot of people who do not have computer access 24/7, or are visually impaired, and feel that every person deserves a chance to be able to run a party line if that is what they want to do. Plus, why sit in front of your computer if you do not need to. One thing we can guarantee and you can check this out for yourself. Compared to all the competition out there, you can do more on the phone with us, than you can do on the web anywhere else.

Some of our most popular features include the ability to check minute reports, add or remove features from a room, the new block and allow feature, which will not only allow you to block people from your room, but you can unblock people as well, and all this can be done right from your room over the telephone without the need for a computer. Now if you like using a computer, these features can also be found on the web control plus many more. Other popular features include; the private feature, where callers can talk privately with other callers, skip through rooms, roll call, advanced phone control, which allows you to mute, kick, or block individual callers from a room. You can even pull a caller private to give them a warning, or to simply say hello and introduce yourself as the room moderator. All this is just a taste of what you can do with your own party line on one of our systems. There are so many features available. For a complete list of all features, as well as instructions on how to use them, visit the features page.

If there is anything you would like to have that we may have missed, just let us know. The possibilities are endless with these systems, and we have some of the greatest technicians I have ever seen to help plan, and build stuff that I never dreamed possible. Just wait and see what we have to offer 6 months to a year from now. It will blow your mind.

If you think running a party line is hard, which it can be; and you just want to run a room on one of our existing party lines, or our 24/7 conferencing center you can do so. You still get all the same features without all the pressure, and can just sit in your room, and talk to your friends whenever you like. If you ever decide that you want to try and run a party line in the future just let us know. It is that simple.

If you do decide to become a party line owner. You will need to enforce the system rules, and maintain a certain amount of usage each month to keep it going. To view the system rules, and read the different descriptions of each type of party line we offer, visit the system information page. Also be sure to check out the free party lines page as we do have many different systems available to call, and remember they all started out just like you; and now have their own party lines for all to enjoy. So if you like everything we have to offer, what are you waiting for? You can contact us at anytime, and we will be more than happy to assist you in any way possible. All of our links are located at the top of this page.

My Space Ad for "Rebel Chat"Line 717-925-6998

http://groups.myspace.com/index.cfm?fuseaction=groups.groupProfile&groupID=108019897&Mytoken=0DD6447F-E12C-4225-AAE63EB0F82BB5AC5242222316

Groups Home » Rebel chat 717-625-6998

Group URL: **http://groups.myspace.com/Rebelchatworld7176256998**

View Group Photos

Category : Other

Type: Public Membership
[**help**] [**Report Abuse**]
Founded: Dec 24, 2009 1:09 AM
Location: Lititz
Pennsylvania-US
Member(s): 1

Join Group

Post Topic

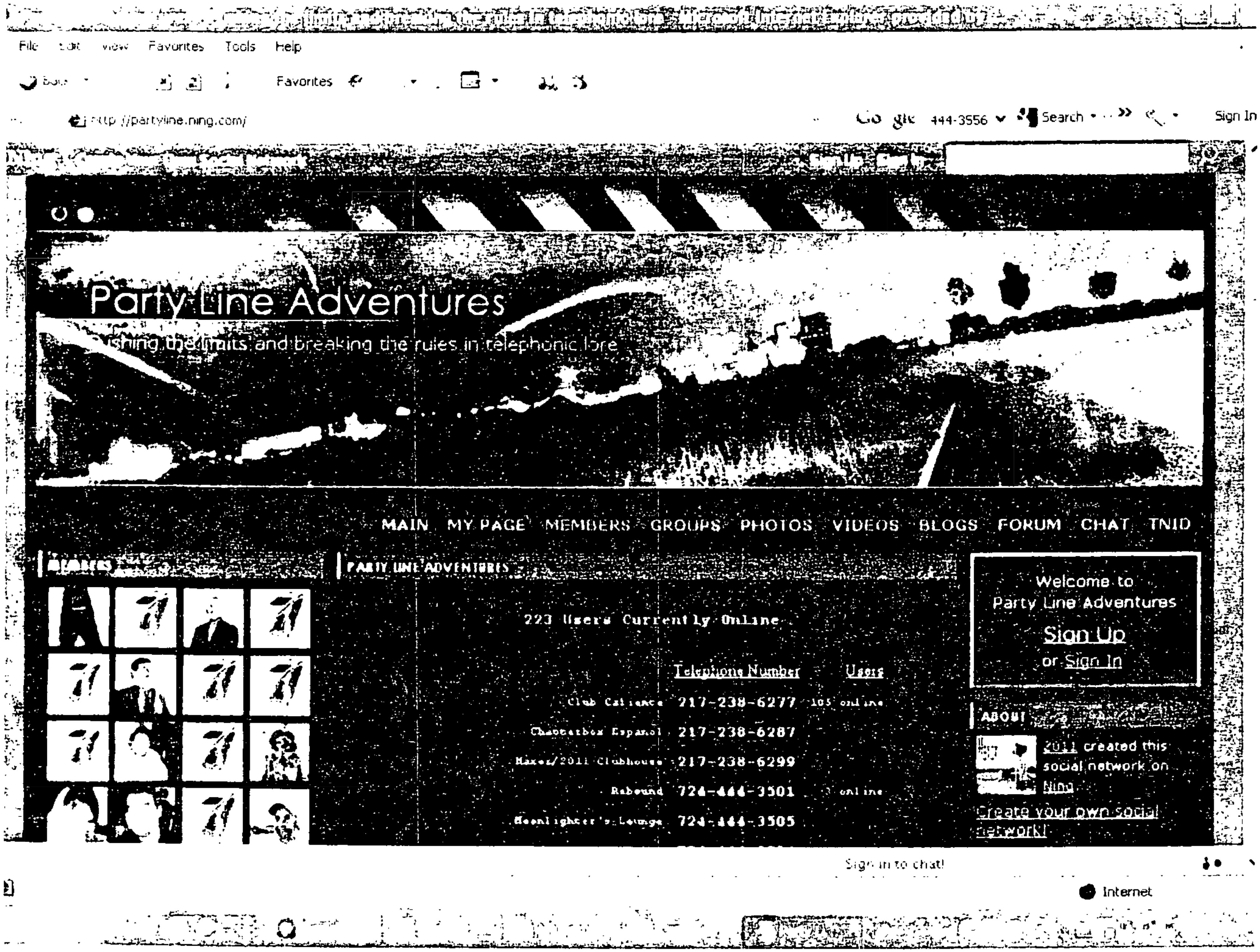
Group Leader:

6 STAR HIGH P...

6 STAR HIGH

...

View All Members »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PARTY LINE ADVENTURES
223 Users Currently Online
Telephone Number Users
Club Caliance 217-238-6277 105 online
Chatterbox Espanol 217-238-6287
Maxer/2011 Clubhouse 217-238-6299
Rebound 724-444-3501 3 online
Moonlighter's Lounge 724-444-3505
Welcome to
Party Line Adventures
Sign Up
or Sign In
ABOUT
2011 created this social network on Ning
Create your own social network!
Sign in to chat!
Internet

Party Line Adventures'
Chat Line Numbers (In Numeric Order) and Topics[1]
(as of Feb. 14, 2010)

	Telephone Number
Haxor/2011 Clubhouse	217-238-6299
The Gays of Our Lives	724-444-3500
Rebound	724-444-3501
Golden Tongue & Sexy Bitch's Play Palace	724-444-3502
Blast ya self	724-444-3504
Moonlighter's Lounge	724-444-3505
Hookah Lounge	724-444-3508
Hatchet Island	724-444-3509
Juggalo Empire	724-444-3520
Club 21	724-444-3521
Uncensored Embassy	724-444-3522
Hangout	724-444-3523
Gio's Place	724-444-3524
Friends 'R us	724-444-3527
Rainbow Pham	724-444-3528
Knight Castle	724-444-3530
Fun Factory	724-444-3531
Pianofingers	724-444-3532
Vampire Shangrila	724-444-3533
Bam Bam's Place	724-444-3534
The Chatterbox	724-444-3535
Club Midnight en Espanol	724-444-3536
Club Latino International	724-444-3537
Jeffrey Bodean's Line	724-444-3538
Hootersville	724-444-3539
The Wolfs Den	724-444-3540
The Meeting Connection	724-444-3541
B & B Pitstop	724-444-3542
Shock Zone	724-444-3544

[1] Source: http://partyline.ning.com/

Purgatory	724-444-3548
Club Platinum Train	724-444-3549
Platinum Players Club	724-444-3550
Tombstone's Graveyard	724-444-3551
Club Chat	724-444-3552
Radical Chat	724-444-3553
Luxuria	724-444-3554
Studio Underground	724-444-3555
The Dark Carnival	724-444-3556
Friends & Family	724-444-3557
The Barrons	724-444-3558
Friendship Retreat	724-444-3561
Wicked Empire	724-444-3562
The Reactor	724-444-3563
16 Bars & Running	724-444-3564
Divine Chaos	724-444-3566
Absolute	724-444-3567
The Melting Pot	724-444-3568
Nightwalkers Lounge	724-444-3569
Greg's Place	724-444-3570
Rehab	724-444-3573
Club Fusion	724-444-3574
Paranormal Chat	724-444-3575
Day & Nite	724-444-3579
Wet 'N Wildside	724-444-3580
TWILIGHTZONECHAT	724-444-3581
Club Midnight	724-444-3582
Paradise Chat	724-444-3584
Sweetest Sin	724-444-3586
Passion Of Love	724-444-3589
The Original Underground	724-444-3590
Aztec Nation	724-444-3591
Talk Shop	724-444-3592
Friend's & Company	724-444-3594
Beyond Control	724-444-3596
FCK "The only thing missing is U"	724-444-3597

The Hangout	**724-444-3598**
The Hideout	**936-630-9300**
Texas Chatterbox	**936-630-9301**
Chatterbox Espanol	**936-630-9302**
Texas Tornado	**936-630-9311**
Texas Roadhouse	**936-630-9330**
Club Kaliente	**936-630-9369**

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Mantalk Episode 2 Sex in the office

Link: http://www.talkshoe.com/tc/14117

Category: People
Description: we talk about sex in the office.
Hosted by:
Phone Number: (724) 444 7444
Call ID 14117

NOTHING SCHEDULED
PAST EPISODES (1)

Time	Duration	Title	Recordings
01/23/2007 12:52 AM EST	00:00	EPISODE 1 Mantalk Episode 2 Sex in the office	

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mmmm phone sex baby

Link:

Category: Uncategorized
Description: n/a
Hosted by:
Phone Number: (724) 444-7444
Call ID: 64757

NOTHING SCHEDULED
PAST EPISODES (1)

Time	Duration	Title	Recordings
09/25/2009 04:35 AM EDT	1:17:36	EPISODE 1 mmmm phone sex baby	

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Link: http://www.talkshoe.com/tc/41205 Copy

Category: Uncategorized
Description: n/a
Hosted by:
Phone Number: (724) 444-7444
Call ID: 41205

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PAST EPISODES (1)

Time	Duration	Title	Recordings
02/26/2009 08:15 PM EST	00:00	EPISODE 1 - THE HUDDLE = TEEN SEX CRIMINALS	

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WE hate kids, sex talk 24/7 LIVE — Next Episode

The Daily Chat — Next Episode

NickBerget.com Chat — Next Episode — LISTEN

RCDrapp Laziness, Sports, and Garbage — Next Episode — LISTEN

[phr34k] Online Voice Chat — Next Episode

FFC Chat — Next Episode

mcfoyin's chat — Next Episode

[illegible] — Next Episode

Chat With Matt	Next Episode
sharks chat	Next Episode
Random Chat	Next Episode
*jenny*09's chat	Next Episode
PinkPrincess90 Chat	Next Episode
Chat with Eric! :)	Next Episode
Nintendo Chat	Next Episode
the chat of wierdnessity	Next Episode
Insomniac Chat	Next Episode
applenerd106's Chat	Next Episode

1 2 3 4 5 ► Last

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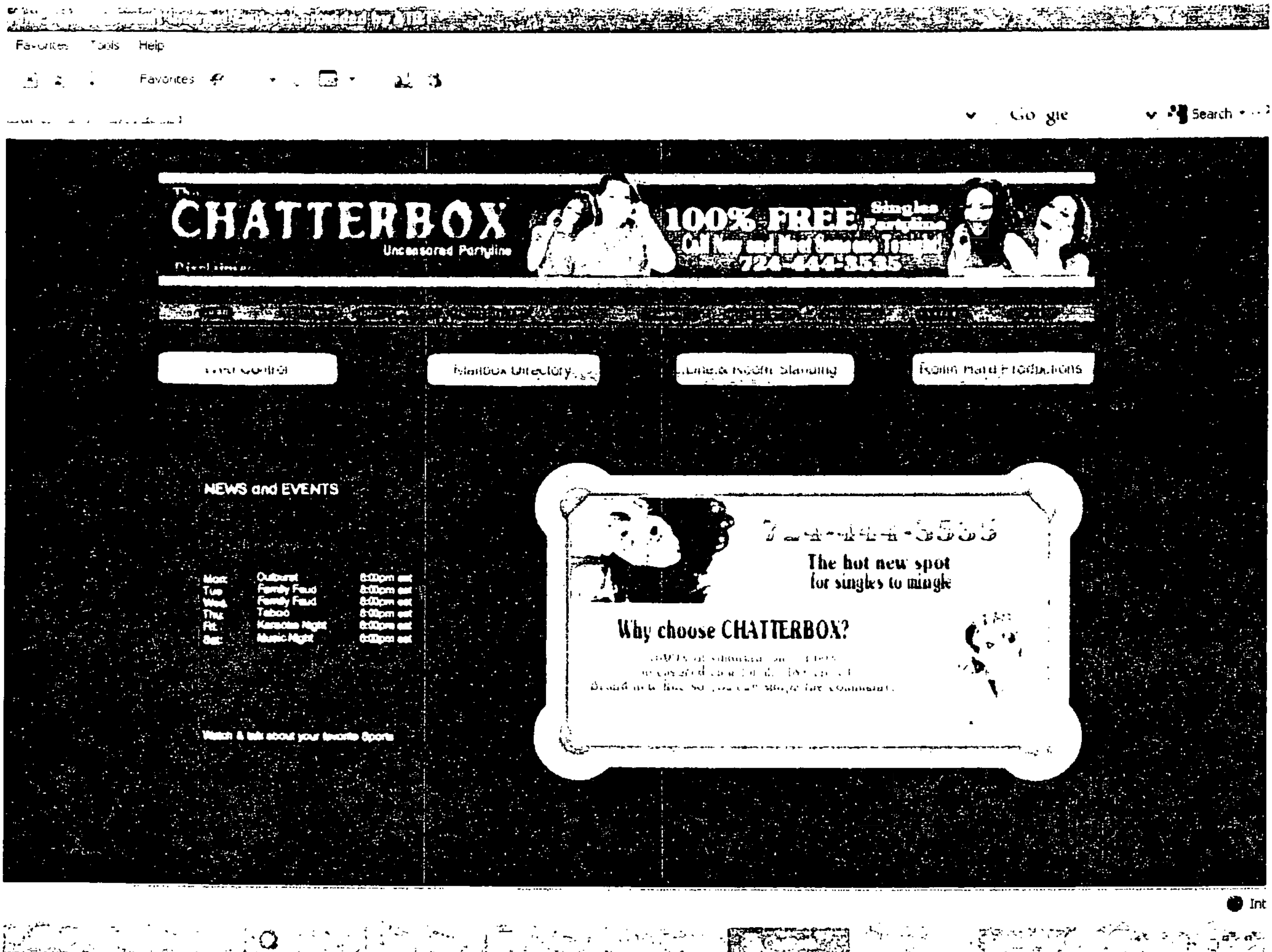
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status & mood Opal's Profile

Opal waiting for a reply from my sons dad
Posted at: 2:42 PM Nov 19
Mood: **depressed**
comment | message

Opal I am running a line with my friend its naught angels the number is**(610) 404-3201** press 1 without a# it savage garden
Mood: **loved**

Posted at 2:55 PM Sep 22

comment . message

Opal has joined MySpace!
Mood: **loved**

Posted at 12:41 AM Apr 11

comment message

Opal has joined MySpace!
Mood: **loved**

Posted at 4:44 PM Apr 7

comment , message

Opal has joined MySpace!
Mood: **loved**

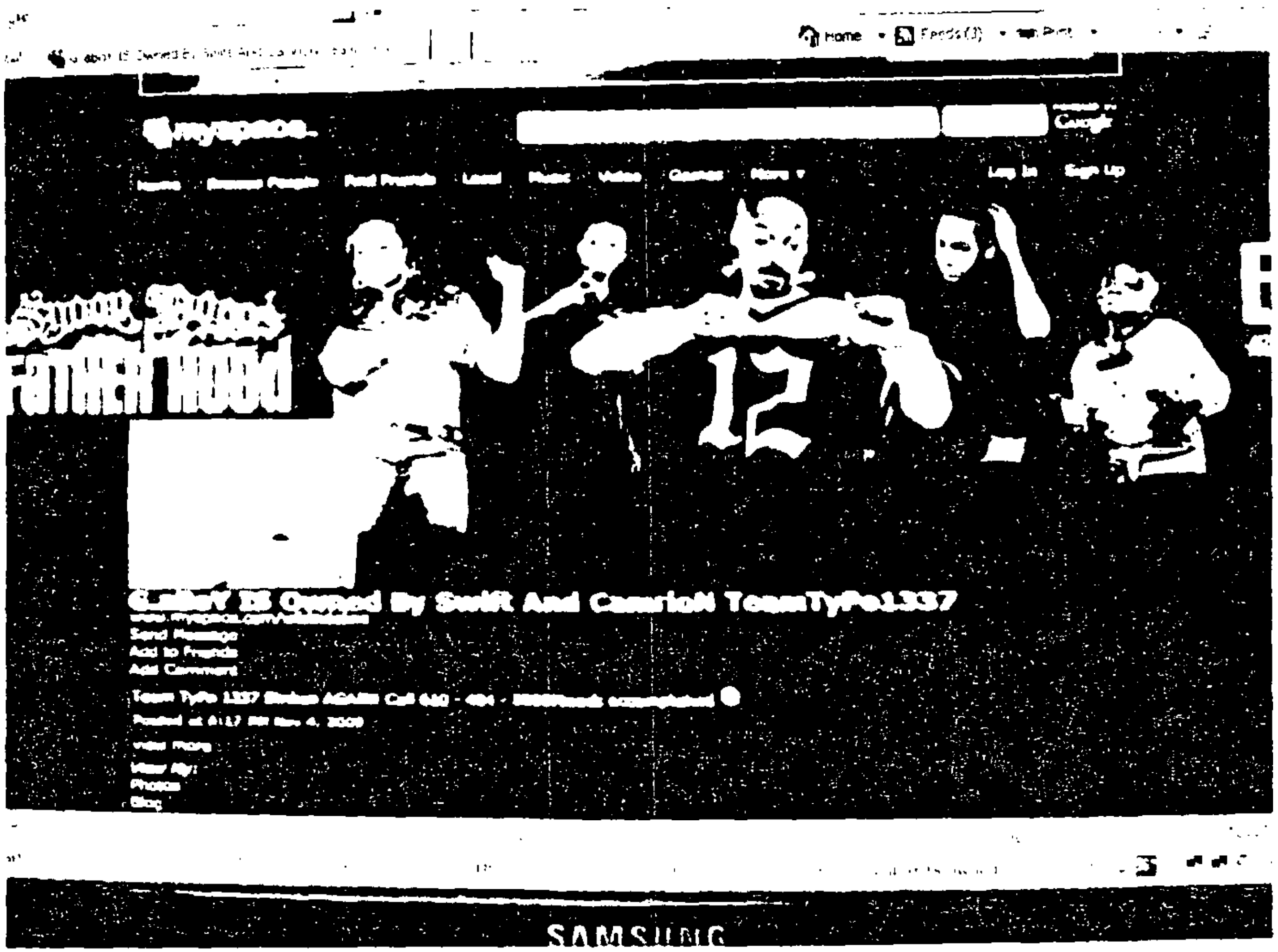
Posted at 3:47 PM Apr 7

comment ' message

Opal has joined MySpace!
Mood: **good**

Posted at 3:37 PM Apr 7

comment message



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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Investigation Regarding Intrastate Access Charges and IntraLATA Toll Rates of Rural Carriers and the Pennsylvania Universal Service Fund	:	Docket No. I-00040105
AT&T Communications of Pennsylvania, LLC, *et al.*, Complainant	:	
v.	:	Docket Nos. C-2009-2098380, *et al.*
Armstrong Telephone Company - Pennsylvania, *et al.*, Respondents	:	

PANEL SURREBUTTAL TESTIMONY OF

E. Christopher Nurse and

Dr. Ola A. Oyefusi

On Behalf of

AT&T COMMUNICATIONS OF PENNSYLVANIA, LLC,
TCG PITTSBURGH, AND TCG NEW JERSEY, INC.

AT&T Statement 1.3

April 1, 2010

AT&T Stmt. 1.3
I-00040105
C-2009-2098380
4-14-10
Harrisburg JS

I. INTRODUCTION AND SUMMARY

Q. DR. OYEFUSI AND MR. NURSE, ARE YOU THE SAME WITNESSES WHO PRESENTED DIRECT TESTIMONY ON JULY 2, 2009, SUPPLEMENTAL DIRECT TESTIMONY ON NOVEMBER 30, 2009, AND REBUTTAL TESTIMONY ON MARCH 10, 2010?

A. Yes we are.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. We are responding to the Rebuttal Testimony of the Office of Small Business Advocate ("OSBA"), as well as the testimony of Qwest Communications. We are also updating our Rebuttal Testimony to acknowledge that *(i)* Windstream's new D&E and Conestoga affiliates recently stopped their traffic pumping activities, *(ii)* traffic pumping nevertheless remains a serious concern for Pennsylvania consumers, and *(iii)* the Commission can reduce incentives for traffic pumping by reducing RLEC access charges.

Q. PLEASE SUMMARIZE THIS SURREBUTTAL TESTIMONY.

A. First, we respond to the testimony of the OSBA, which criticized the Office of Consumer Advocate's ("OCA") proposal to reduce each Rural Local Exchange Carriers' ("RLECs") intrastate switched access charges to mirror the RLECs' corresponding interstate rates. The OSBA appears to agree that there is no place for RLEC subsidies in today's competitive market, but nonetheless argues that the Commission should not reduce the RLECs' intrastate access rates. The OSBA's positions, however, are not supported by the Commission's orders or even by the RLECs themselves, and are contrary to prior history regarding access rates.

For one thing, the OSBA argues that long-distance providers should contribute to the cost of the local loop. As a practical matter, the market already has settled that issue. Today, long-distance providers are competing against e-mail, social networking websites, Internet services providers, text messaging and wireless carriers, all of which are largely immune from subsidy-laden access charges. Attempting to force long-distance providers to subsidize the loop when their competitors do not is wrong, and unsustainable. Attempting to perpetuate such an uneven playing field would distort consumer choices and deprive Pennsylvania consumers of the benefits of full, fair competition. Indeed, the OCA, which in the past has supported the OSBA's theory that loop costs should be allocated to IXCs, in this proceeding has expressly acknowledged that intrastate and interstate switched access rates must be aligned to eliminate this competitive disparity. As support, the OCA noted that with regard to interstate switched access rates, the FCC has largely removed subsidies from interstate access rates by eliminating the interstate Carrier Common Line Charge and replacing it primarily with the Subscriber Line Charge imposed directly on end users. Moreover, with regard to wireless call termination, the FCC established rules for carriers to terminate calls within Pennsylvania's very large Major Trading Areas at a rate less than 1/10th of a penny ($0.0007).[1] Likewise, CenturyLink's witnesses have testified numerous times that access rates should *not* contribute to the cost of the loop because the cost of the loop should be borne directly by the cost causers – end user local service customers.[2]

We agree with CenturyLink's witnesses that, as a matter of economic theory, loop cost allocation arguments like the one OSBA presents here are wrong: long-distance call volume has absolutely no impact on loop costs, so long-distance customers should not

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[1] http://wireless.fcc.gov/auctions/data/maps/mta.pdf.

[2] Of course, it is axiomatic that ***all*** production costs in the economy generally, and telecommunications specifically, are borne ***entirely*** by consumers. Arbitrary loop cost allocation does not mean that loop costs magically disappear, or that consumers are somehow relieved from paying them. Rather, attempting to allocate them merely obscures the mechanism through which that entire cost is recovered, and sends incorrect pricing signals to the market.

have to pay for the loop costs they did not cause. The cost of extending a loop does not vary in any material way whether the customer makes only local calls, only long distance calls, many calls or no calls at all, and it will not change if a call lasts for only one minute or if a caller stays on the phone for twenty four hours. Arguments that access should "contribute" to the cost of the loop are not based on a valid economic cost recovery theory, but are based on an obsolete construct that was necessary to promote the adoption of universal service goals in the monopoly era. Today, the national policy construct has shifted as competition intensifies and, as a result, the old allocation processes are no longer necessary to promote universal service. Indeed, to the extent the old policies hinder the development of competition and consumer choice, they actually *impede* universal service goals.

In any event, there is no cause for OSBA to fear that reducing intrastate switched access rates to interstate levels will deprive the RLECs of all contribution from access services. Neither AT&T nor OCA are proposing that the RLECs' intrastate access rates be reduced to incremental cost, the point where they do not include *any* contribution to joint and common costs, or that wireline IXCs should receive any kind of free ride like the OSBA suggests. Rather, AT&T and the OCA propose that intrastate switched access rates be reduced to mirror rates that the FCC has found reasonable for the identical access service on interstate traffic originating or terminating in Pennsylvania. Those interstate rates provide a contribution to the RLECs' joint and common costs.

Second, we respond to Qwest's argument that reducing intrastate switched access rates to parity with the corresponding interstate rates does not go far enough, because, according to Qwest, some carriers in other states have high interstate rates.[3] Qwest's proposal does not resolve the problems caused by the differential in intrastate and interstate access rates, including, for example, the problems of phantom traffic and jurisdictional misreporting. Moreover, Qwest's proposal would lead to higher intrastate access rates than the existing interstate rates for the largest RLECs while harming the smaller RLECs, an outcome that would not serve the best interests of Pennsylvania consumers.

Third, this Surrebuttal Testimony also updates the record with new information regarding call pumping that was disclosed by Windstream after we filed our Rebuttal Testimony. Specifically, Windstream has informed AT&T -- and AT&T has confirmed -- that Windstream's new affiliates have recently ceased call pumping in Pennsylvania. That is welcome news. However, the ultimate conclusion of our Rebuttal Testimony – that high access rates create incentives for carriers to engage in call pumping and other detrimental practices – remains valid. As of the date of this testimony, North Pittsburgh continues to engage in call pumping in Pennsylvania. The fact that North Pittsburgh's access rates are high enough to enable it to cover its costs and still share some portion of the revenues with its traffic pumping partners is strong evidence that the North Pittsburgh access rates are too high.

[3] Qwest cites an Iowa carrier with a 13-cent interstate access rate. Of course, that is more than 100% higher than the interstate rate of any carrier in Pennsylvania, making Qwest's rationale inapplicable in Pennsylvania.

II. THE OSBA IS WRONG THAT CURRENT ACCESS RATES DO NOT CONTAIN SUBSIDIES, AND OSBA PROVIDES NO EVIDENCE THAT HIGH ACCESS RATES MUST BE MAINTAINED IN ORDER TO CONTRIBUTE TO THE COST OF THE LOCAL LOOP.

Q. IS OSBA CORRECT THAT THERE ARE NO SUBSIDIES IN THE CURRENT ACCESS RATES?

A. No, of course not. OSBA's position is contrary to history, the Commission's own orders, and the RLECs' own admissions. Contrary to Dr. Wilson's testimony, the Commission itself has previously found that intrastate switched access rates are set above the associated access cost, that they provide a subsidy to local service rates, and that the Carrier Common Line ("CCL") charge has no cost basis.[4] When the Commission first initiated its generic investigation of the RLECs' intrastate access rates in December 2004, the Commission stated that "ILECs have priced access charges above cost as a means of generating additional revenues that can be used to subsidize local rates and, thus, keep basic local service affordable."[5] In 2007, the Commission held that "access charges have, over time, and under a prior monopoly telecommunications regime, included implicit as well as explicit subsidies. Such implicit subsidies contained in access charges were permitted under the regulatory policy of, *inter alia*, providing for basic universal service at affordable rates. This Commission, as well as the FCC, acknowledged that a policy of implicit subsidies must be changed in light of competition in the local exchange telecommunications industry."[6]

Indeed, the FCC recently delivered to Congress a Broadband Report authored by an FCC task force which recognized that (i) intrastate and interstate switched access rates

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[4] *Re Nextlink Pennsylvania, Inc.*, Docket No. P-00991648; P-00991649, 93 Pa PUC 172 (September 30, 1999)("*Global Order*"), at pp. 11-13; fns. 8, 18, and 55.

[5] Order, December 20, 2004, Docket No. I-00040105, p. 3.

[6] Opinion and Order, July 11, 2007, Docket Nos. I-00040105 and P-00981428F1000, *et al.*, p. 9.

"were set above cost" to "provide[] an implicit subsidy to keep residential rates low" and (ii) that intrastate and even *inter*state access rates – which are well below the RLECs' *intra*state rates in Pennsylvania – are *still* above cost. Moreover, the Broadband Report recognized that "[t]he current ICC [InterCarrier Compensation] system is not sustainable" and "creates opportunities for access stimulation," just as we have testified. The Broadband Report says as follows:

> Local companies incurred a traffic-sensitive cost to "switch" or connect a call from the long distance company to the carrier's customer. The per-minute rates charged to the long distance carrier were set above cost and provided an implicit subsidy for local carriers to keep residential rates low and promote universal telephone service. ICC has not been reformed to reflect fundamental, ongoing shifts in technology and consumer behavior, and ***it continues to include above-cost rates***. The current ICC ***system is not sustainable*** in an all-broadband Internet Protocol (IP) world where payments for the exchange of IP traffic are not based on per-minute charges, but instead are typically based on charges for the amount of bandwidth consumed per month. ***Most ICC rates are above incremental cost, which creates opportunities for access stimulation, in which carriers artificially inflate the amount of minutes subject to ICC payments.*** (Broadband Plan at p. 142).[7] [emphasis added].

Page 148 of the Broadband Report encourages states to engage in intercarrier compensation reform that is consistent with the recommendation of the OCA and AT&T in this case to reduce intrastate access rates and rebalance local rates:

> The FCC should also **encourage states to complete rebalancing of local rates to offset the impact of lost access revenues**. Even with SLC increases and rate rebalancing, some carriers may also need support from the reformed Universal Service Fund to ensure adequate cost recovery. When calculating support levels under the new CAF, the FCC could impute residential local rates that meet an established benchmark. ***Doing so would encourage carriers and states to "rebalance" rates to move away from artificially low \$8–\$12 residential rates that represent old implicit subsidies to levels that are more consistent with costs.*** (Emphasis added).

[7] The full text of the Broadband Report can be found at www.broadband.gov. Attached to this testimony as Attachment 1 is Section 8.3 entitled "Universal Service."

Q. THE OSBA ARGUES THAT INTRASTATE ACCESS RATES SHOULD, AS A THEORETICAL MATTER, CONTAIN A "CONTRIBUTION" TOWARDS THE COST OF THE LOCAL LOOP. IS THAT ARGUMENT RELEVANT?

A. No. There are two reasons why this theoretical argument has no relevance to the real-world proposals presented here. First, and most important, forcing traditional wireline long distance service to contribute to loop costs is discriminatory and anti-competitive, because IXCs competitors – *e.g.*, e-mail, text messaging, social networking websites, Internet services providers, wireless carriers – do not face the same requirements. The issue for the Commission is whether Pennsylvania will continue to saddle *one* group of competing providers (wireline IXCs) with a cost that other competing providers do not have to pay. We have shown in our prior testimony that such artificial cost disadvantages harm consumers, distort the market, and prevent wireline IXCs from competing freely and aggressively to maximize consumer benefit. Whether you call that cost a subsidy (as the FCC and many states have done) or a "contribution" (as the OSBA tries to do now) is beside the point.

The OCA certainly understands the concern. While in the past the OCA has generally agreed (and still agrees) with the OSBA that IXCs should contribute to the cost of the loop, it is *precisely* because of the serious concerns with discrimination among wireless and wireline carriers that the OCA agreed that intrastate rates must be brought to parity with interstate rates.

Second, the OCA and AT&T are *not* proposing that *all* of the "contribution" in switched access rates should be eliminated, or that wireline IXCs be allowed to" use" loops for "free" as the OSBA suggests. Rather, the OCA and AT&T simply propose that intrastate switched access rates be reduced to parity with the interstate rates for the same access services. As we noted above, the FCC itself has stated that interstate rates are still above cost and therefore include a contribution towards local service.

Q. THE OSBA SUGGESTS THAT THE OCA AND AT&T ADVOCATE A "COMPLETE ELIMINATION" OF THE CONTRIBUTION THAT ACCESS CHARGES MAKE TOWARDS LOCAL LOOPS. IS THAT RIGHT?

A. No. The OSBA's portrayal is misleading. Under the OCA/AT&T proposal, only one rate element (the Carrier Common Line charge, which is nothing but a subsidy for local loops) would be eliminated. The remaining rate elements would still generate a contribution towards joint and common costs. So the question before the Commission now is *not* whether the "contribution" of access charges will be *eliminated* (the false question that the OSBA argues about), but whether the *amount* of that contribution will be adjusted to a more rational level. We have shown that a straightforward, common-sense reduction of intrastate access rates to interstate levels will give consumers the benefit of lower long-distance prices and the full benefits of a more level competitive playing field, where wireline IXCs can compete more aggressively and effectively against alternative technologies. Meanwhile, local service rates would be allowed to increase to a more reasonable, up-to-date level from the nearly seven-year-old $18 cap so that rates are more closely aligned with cost causation.

Q. DOES THE OSBA SUPPORT A REASONABLE INCREASE IN LOCAL SERVICE RATES?

A. Yes. The OSBA agrees with us that the $18 cap, which was set several years ago, should be updated for inflation (or eliminated entirely). In fact, their proposed benchmark of $21 is not that far from the initial $22 benchmark we propose.[8] Plus, the OSBA agrees

[8] It appears that the difference in the rate between AT&T and OSBA is merely arithmetic since the OSBA agreed with AT&T that it should be based on raising the current rate cap by the level of inflation. AT&T's benchmark is based on inflation through 2010, which is when this case will be decided.

with us that universal service fund subsidies should not be large or permanent -- a problem we address by increasing the local rate benchmark by the modest amount of $1 per year for the next three years.

Q. IF THE COMMISSION CONSIDERS THE ABSTRACT THEORETICAL QUESTION OF WHETHER ACCESS RATES SHOULD INCLUDE A CONTRIBUTION TOWARDS LOOP COSTS, IS THE OSBA CORRECT?

A. No. As a theoretical matter, wireline IXCs should not have to make *any* contribution towards loop costs, because wireline IXCs do not cause local exchange carriers to incur any local loop costs. The local loop is the transmission link between the end user and the local switch. It is indisputable that the loop is a major part of local exchange service, and that loop costs are a major component of the costs of basic local service. Applying straightforward cost causation principles, one can conclude that loop costs are not "shared" switched access service costs. Rather, loop costs are fixed, non-traffic sensitive costs that are incurred when the customer first places an order for local service. Loop costs do not vary according to how the customer uses the loop, nor do they vary in any material way according to which services the customer elects to use. Rather, the costs are the same regardless of whether the customer makes only local calls, only long distance calls, or many calls, or even no calls at all. Thus, once a LEC incurs the loop cost to establish a service connection to the local customer, there is no further material loop-related cost to the customer's decision to use other services. The cost of a local loop cannot be avoided by not making toll calls, nor is it increased by making numerous toll calls; the cost of a loop can only be avoided by ***not*** ordering local service. Thus, based on elementary and economically well-accepted cost causation principles, the loop cost is attributable exclusively to the customer's decision to order local service. The New Jersey

Board of Public Utilities recently recognized this when it rejected several parties' access cost models (including that of CenturyLink) in part because those models included loop costs in the calculation of access rates:

> Many of the parties in this proceeding offered into evidence their cost studies to support their positions. The record shows that each and every cost model presented in this proceeding overstates, and in some cases, grossly overstates intrastate switched access costs. The record shows that flaws in the access cost models include, but are not limited to, cost of capital, common overheads and depreciation rates that were inappropriately inflated. *Furthermore, loop costs, which should not be included, are in some cases the largest cost elements in the cost model. These costs are inappropriate for inclusion in the access cost models in this proceeding.*[9]

Q. HAVE ANY RLEC WITNESSESES IN THIS CASE PREVIOUSLY ACKNOWLEDGED THAT LOOP COSTS SHOULD <u>NOT</u> BE INCLUDED IN ACCESS COSTS?

A. Yes, CenturyLink's witness Dr. Staihr, as well as other CenturyLink witnesses, have acknowledged this many times, including in the most recent rate cap/USF case before ALJ Colwell. In that rate cap/USF proceeding, CenturyLink presented testimony from Ms. Christy Londerholm stating that the "cost causer" for local loops is local service, not switched access:

> "When a customer contacts [CenturyLink] for service it is to establish basic local exchange service. [CenturyLink] builds loops to customers to provide basic local exchange service. Therefore the cost causation to [CenturyLink] for the loop is basic local exchange service. Dial tone requires a loop to a requesting customer. If a customer chooses to add other services, such as long distance or a custom calling feature, the dial tone must be there first. Loop investment is a direct cost of basic local exchange service."[10]

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[9] *In the Matter of the Board's Investigation and Review of Local Exchange Carrier Intrastate Exchange Access Rates*, Docket No. TX08090830, released February 1, 2010 ("NJ Access Order"), p. 27 (emphasis added).

[10] *Investigation regarding Intrastate Access Charges and IntraLATA Toll Rates of Rural Carriers and the Pennsylvania Universal Service Fund*, Pennsylvania Public Utility Commission, Docket No. I-00040105, Rebuttal Testimony of Christy V. Londerholm, submitted January 15, 2009, at p. 7.

In addition, Dr. Brian Staihr – who is currently a witness for CenturyLink – has testified frequently and consistently that the cost of switched access does not include any costs for the loop. He has vigorously argued in many proceedings across the country over many years that loop costs should *not* be included in any cost study related to switched access. For example,

(1) In a 1999 Kansas proceeding, Dr. Staihr argued that loop costs should not be allocated to access charges, stating, "Under the [then] current allocation method a customer pays for part of a loop every time he or she makes a toll call through access charges. It is *inefficient, uneconomical, and unfair* to recover loop costs this way."[11] He explained that ". . . in fact it makes **more** economic sense to recover the loop cost as a part of basic local service than through any other means currently available."[12]

(2) Two years later, in another Kansas proceeding, Dr. Staihr affirmed that it is "*detrimental* to perpetuate a system in which the cost of a non-traffic sensitive item, the local loop, is recovered through a traffic-sensitive mechanism, access charges," and that "[e]very time a customer makes a toll call he or she pays a part of a loop cost through access charges. It is simply *uneconomical and unfair to recover loop costs this way.*"[13]

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[11] Kansas Docket No. 99-GIMT-326-GIT, *In re Investigation into the Kansas Universal Service Fund (KUSF)) Mechanism for the Purpose of Modifying The KUSF and Establishing a Cost-based Fund,* Rebuttal Testimony of Brian K. Staihr on behalf of Sprint, May 24, 1999 at p. 6 (emphasis added).

[12] *Id.*

[13] *In re General Investigation into the Reformation of Intrastate Access Charges,* Kansas Docket No. 01-GIMT-082-GI, Rebuttal Testimony of Brian K. Staihr on behalf of Sprint, July 13, 2001, at pp. 7, 9 (emphasis added).

(3) In a 2002 testimony before the Missouri Public Service Commission, Dr. Staihr stated that "the issue at hand is to determine the actual cost of switched access, and the *actual cost of switched access does not include the cost of the loop, any more than it contains the cost of the telephone handset*."[14]

(4) In a 2003 Florida proceeding, Dr. Staihr cited Dr. Alfred Kahn's testimony from a Pennsylvania proceeding to support his argument that loop costs should not be allocated to access services: "The arguments proffered by these witnesses [that the loop is a shared cost among multiple services] are the most persistent weeds in the regulatory garden. Other mainstream economists and I have dealt with and debunked these claims for years – and I suppose this will remain our task for as long as parties to proceedings such as this insist on conflating the politics of setting prices with the economics of determining costs."[15] Dr. Staihr's direct testimony in that same Florida proceeding stated that his objective was to "convert … implicit subsidies generated on a per-minute-of-use basis to flat-rate charges directly recovered from the cost-causer (the end-user)."[16]

14 *In re Investigation of the Actual Costs Incurred in Providing Exchange Access Service and the Access Rates to be Charged by Competitive Local Telecommunications Companies in the State of Missouri*, Case No. TR-2001-65, Surrebuttal Testimony of Dr. Brian R. [sic] Staihr dated August 26, 2002, at pp. 5-6 (emphasis added).

15 *Sprint-Florida, Inc.'s Petition to Reduce Intrastate Switched Network Access Rates to Interstate Parity in a Revenue Neutral Manner Pursuant to Section 364.1 64(1), Florida Statutes*, Florida Docket No. 030868-TL, Rebuttal Testimony of Brian K. Staihr on behalf of Sprint, November 19, 2003, at pp. 6-7, quoting rebuttal testimony of Dr. Alfred Kahn before the Pennsylvania PUC in Docket No. I-940035, February 15, 1996.

16 *Id.*, Direct Testimony of Brian K. Staihr, August 27, 2003, at p. 5.

Q. THE OSBA ALSO ARGUES AGAINST THE INCREASE TO THE PA USF THAT WOULD RESULT FROM THE OCA'S PROPOSAL TO FUND ACCESS CHARGE REDUCTIONS THROUGH THE PA USF. PLEASE RESPOND.

A. We agree with OSBA on the need to adjust this particular piece of the OCA's proposal – under which carriers would recover access charge reductions almost entirely through the USF – because they would be forced to maintain an artificially low "benchmark" rate for local service. We also agree with the OSBA's point that the USF should not be used to create a huge, permanent subsidy for the RLECs. But in our Rebuttal Testimony, we have proposed a straightforward *transitional* adjustment that would greatly reduce (and then phase down) the burden on the USF and that resolves the OSBA's concerns. As noted in our Rebuttal Testimony, we propose allowing carriers to increase their local service rates up to a more reasonable, inflation-adjusted benchmark of $22 per month – which is very similar to Mr. Wilson's proposed benchmark of $21[17] – and then increasing the benchmark by $1 each year for the next three years to minimize the subsidy burdens of the USF.

The OSBA's position to maintain high implicit subsidies while arguing that explicit subsidies cannot be maintained in a competitive world makes no sense. AT&T certainly agrees that a huge expansion of the state USF is neither advisable nor necessary, and that all subsidies should eventually be eliminated, but our Rebuttal Testimony offers a simple adjustment that takes care of the OSBA's concern.

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[17] Dr. Wilson ended his inflation adjustment at the beginning of the case, while our inflation adjustment updates the benchmark up to the time the case is decided and new rates become effective.

Indeed, Dr. Wilson's testimony actually supports AT&T's proposal. As Dr. Wilson properly testified, "there should be clear cost of service evidence demonstrating that local exchange service rates and carrier access charges do not provide adequate compensation for local access costs of any local exchange service provider seeking a PAUSF subsidy."[18] This position directly supports AT&T's modified proposal in this case, which requires RLECs to recover their costs primarily from their own customers rather than other carriers/competitors. Additionally, Dr. Wilson correctly observes that "indiscriminate PAUSF funding could be having the unintended consequence of keeping lower cost competitors out of subsidized rural markets rather than promoting competition."[19] He further said that "there is little knowledge of which RLECs today need a subsidy."[20] These arguments apply equally to excessive intrastate access rates as they do to USF support. In other words, Dr. Wilson's arguments against the expansion of the state USF also support the immediate reduction of intrastate access rates, with modest and temporary support from the USF solely to make for a smoother transition.

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18 OSBA Statement No. 2 at pp. 16-17.

19 *Id.* at p. 17.

20 *Id.*

III. THERE IS NO MERIT TO QWEST'S PROPOSAL THAT SOME RLECS' ACCESS RATES BE REDUCED BELOW THE RLECS' INTERSTATE RATES, BUT OTHER RLECS SHOULD BE PERMITTED TO IMPLEMENT ACCESS RATES ABOVE THEIR INTERSTATE RATES.

Q. QWEST ADVOCATES REDUCTIONS IN INTRASTATE SWITCHED ACCESS RATES, BUT OPPOSES THE OCA/AT&T PROPOSAL TO REDUCE THOSE RATES TO "PARITY" WITH THE CORRESPONDING INTERSTATE RATES. HOW DO YOU RESPOND?

A. We are baffled by Qwest's new position. It appears that Qwest is saying that "parity" does not reduce rates far enough, at least for a few carriers, because those carriers have interstate access rates that Qwest apparently believes are too high. But instead of identifying and then proposing a fix for the few small rural carriers that Qwest thinks are a problem, Qwest proposes an entirely different approach for *all* carriers: that all RLECs' intrastate access rates be reduced to match Verizon's intrastate access rates.

Q. WHAT ARE THE PROBLEMS WITH QWEST'S PROPOSAL?

A. First, Qwest's proposal allows the disparity between intrastate and interstate rates to continue, which, as Qwest appears to acknowledge, will continue to create arbitrage opportunities, including incentives for carriers to disguise intrastate traffic as interstate (the "phantom traffic" problem) and engage in other schemes to artificially increase their intrastate access revenues.

Second, Qwest's proposal results in higher administrative costs and inefficiency. The OCA/AT&T proposal is simple: carriers will charge the same rates on intrastate traffic that they already charge on interstate traffic. The RLECs already have billing procedures in place to charge their interstate rates, so they will simply use those same procedures for intrastate traffic as well. Plus, the inefficiencies of the present system – where carriers maintain two sets of rates for the same access services – will not be eliminated under Qwest's proposal. To the contrary, Qwest's proposal would require carriers to implement new procedures so they can charge rate elements and rate levels that only Verizon charges today. That is, RLECs would have to introduce into their tariffs all the Verizon intrastate access rate elements that the RLEC does not have in place today, and adjust rate levels accordingly.

Third, the Qwest proposal produces an arbitrary and inconsistent outcome. Some RLECs, including many small ones, would be forced to charge intrastate access rates that are *below* the RLECs' existing interstate rates, while other RLECs, including some of the largest ones, would get to charge intrastate switched access rates substantially above their interstate rates. That would produce winners and losers among the RLECs, but for consumers it would be a uniformly bad deal.

Q. HOW WOULD QWEST'S PROPOSAL THAT ALL RLECS MATCH VERIZION'S AVERAGE INTRASTATE ACCESS RATE HURT SOME OF THE SMALLEST RLECS?

A. As shown on Attachment 2 to this Testimony, a number of the smaller Pennsylvania RLECs have average interstate switched access rates that are *higher* than Verizon's average intrastate rates. Qwest's proposal would hurt those RLECs (relative to AT&T's proposal that the RLECs mirror their own interstate rates).

For example, AT&T proposes that Pennsylvania Telephone mirror its 4.67 cent per minute average interstate switched access rate; Qwest would force Pennsylvania

Telephone to reduce its average rate down to 1.73 cents per minute, a rate some 63% *lower* than what AT&T proposes. Similarly, South Canaan has an average interstate rate of 3.79 cents, but Qwest would also force South Canaan down to 1.73 cents per minute, some 54% lower than what AT&T proposes. For these and other small RLECs, the Qwest proposal would reduce switched access rates far below interstate parity and far below what AT&T has proposed. The Qwest proposal would force these carriers either to raise their local exchange rates higher, and/or to take a bigger draw from the USF than would be necessary under AT&T's proposal. Of course, the Qwest proposal would also let some RLECs charge intrastate rates that are *higher* than their existing interstate rates, and that fact also underscores a fundamental flaw with the proposal. It is far more sensible to have each RLEC mirror its own interstate access rates – established based on uniform FCC rules and the RLECs' own data – than to create arbitrary winners and losers by pegging all of the RLECs to Verizon.

Q. IS THE AT&T PROPOSAL SUPERIOR TO QWEST'S POSITION?

A. Yes. AT&T's proposal that each RLEC mirror its own interstate switched access charges recognizes that, in addition to the other benefits of mirroring (*e.g.*, elimination of arbitrage and gaming opportunities, simplified access billing), the proposal will enable the RLECs with the higher interstate rates (and presumably the higher unit costs) to maintain that relationship in their intrastate access rates. The Qwest proposal, on the other hand, treats all RLECs the same, regardless of size and regardless of any cost differences reflected in their interstate rates.

Thus, while the Qwest position appears on the surface to be administratively simple, it is not, it would provide a hardship to some RLECs and a boon to other ones. It should not be adopted.

Q. QWEST CLAIMS THAT THE PARITY APPROACH PROPOSED BY THE OCA AND AT&T IS NOT "COMPETITIVELY NEUTRAL." IS THAT CORRECT?

A. Not at all. Qwest is ignoring the massive competitive disparity that exists today – the disparity between wireline IXCs (who have to pay exorbitant access rates on intrastate traffic) and competing technologies that do not bear the same access burden. In addition, Qwest is ignoring the fact that the subsidies in high intrastate access charges are also not "neutral" to local service, because they allow RLECs to charge artificially, unrealistically low rates for local service that stifle competitive entry. The OCA/AT&T proposal of intrastate/interstate parity goes much farther towards remedying these competitive gaps than Qwest's approach.

IV. WINDSTREAM HAS RECENTLY CEASED TRAFFIC PUMPING, BUT THAT DOES NOT NEGATE THE IMPORTANCE OF ELIMINATING THE INCENTIVE FOR SUCH TRAFFIC PUMPING IN PENNSYLVANIA.

Q. IN YOUR REBUTTAL TESTIMONY, AT PAGES 53 -58, YOU STATE THAT TWO WINDSTREAM SUBSIDIARIES HAVE BEEN ENGAGED IN TRAFFIC-PUMPING. HAS THERE BEEN A POSITIVE NEW DEVELOPMENT?

A. Yes. Shortly after AT&T filed its March 10, 2010, testimony, Windstream disclosed to AT&T that Windstream had notified its traffic pumping customers on November 11, 2009, (the day after Windstream closed its acquisition of D&E and Conestoga) that Windstream would be ending the traffic pumping relationship.[21] That was welcome

[21] Windstream filed a letter with the Commission late Friday, March 12, 2010, accusing AT&T of "several untruthful and defamatory assertions," but, as AT&T explained in its March 15, 2010, response (Attachment 3 hereto), there was no defamation. Had Windstream informed AT&T earlier that it was stopping the D&E and Conestoga traffic pumping, we certainly would have noted it in our March 10 testimony. But the core facts of our March 10 testimony were accurate then and now – D&E and Conestoga engaged in traffic pumping, the two companies continued to pump traffic for 3-1/2 months

news, and we are gratified that Windstream, like AT&T, believes that call pumping is an inappropriate business activity that must be stopped.

Q HAVE YOU CONFIRMED THAT THE D&E AND CONESTOGA TRAFFIC PUMPING HAS STOPPED?

A. Yes. Before filing our March 10 testimony we had placed test calls in late February confirming that the porn and chat lines being served by D&E and Conestoga were operational. Likewise, we had reviewed the web sites advertising the D&E and Conestoga porn and chat lines and confirmed that, indeed, those lines were still being promoted. After Windstream received our Rebuttal Testimony and notified AT&T that it had ended its call pumping relationship, we placed additional test calls, reviewed the advertising, and concluded that the D&E and Conestoga traffic pumping had ended sometime after we placed our late-February test calls.[22]

Q. HAS WINDSTREAM EXPLAINED WHY IT TOOK 3-1/2 MONTHS TO END THE D&E AND CONESTOGA TRAFFIC PUMPING?

A. No.

Q. PRIOR TO YOUR MARCH 10, 2010 TESTIMONY, HAD WINDSTREAM INFOMRED AT&T THAT IT HAD DISCOVERED D&E AND CONESTOGA'S CALL PUMPING AND THAT IT WOULD BE ENDING THE CALL PUMPING?

A. To the best of our knowledge, no. Windstream did not notify AT&T, nor did it send an industry notification letter informing carriers (and traffic pumpers) that it had discovered traffic pumping and instructed its new affiliates to end it.

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after Windstream acquired them, and they collected well in excess of $400,000 from AT&T that, to date, the two Windstream companies have not agreed to return.

[22] At this time, the numbers provided by D&E and Conestoga to traffic pumpers are still in service, but callers are now directed to Minnesota numbers offering the same porn and chat services previously provided on the D&E or Windstream numbers. The Minnesota telephone numbers are served by a carrier with no affiliation to Windstream.

Q. HAS WINDSTREAM OFFERED TO REFUND THE ACCESS CHARGES IT COLLECTED FROM TRAFFIC PUMPING?

A. Not yet. On March 30, 2010, AT&T requested a refund of $411,000, but, as of the date of this testimony, Windstream has not responded.

Q. HAS CALL PUMPING ENDED IN PENNSYLVANIA?

A. No. As of April 1, 2010, the date of this testimony, North Pittsburgh continues to serve porn and chat lines. The concerns outlined in our March 10, 2010, Rebuttal Testimony remain valid. So long as Pennsylvania LECs maintain high intrastate switched access charges, traffic pumping tempts them with easy money. The best way to ensure Pennsylvania does not become a haven for traffic pumping is to reduce intrastate access charges to their corresponding interstate levels.

Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

A. Yes it does.

ATTACHMENT 1

CONNECTING AMERICA: THE NATIONAL BROADBAND PLAN

8.3 UNIVERSAL SERVICE

Universal service has been a national objective since the Communications Act of 1934, in which Congress stated its intention to "make available, so far as possible, to all the people of the United States... a rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges."[22]

The current federal universal service programs were created in the aftermath of the Telecommunications Act of 1996 at a time when only 23% of Americans had dial-up Internet access at home, and virtually no one had broadband.[23] While the federal USF and earlier programs have played a critical role in the universalization of voice service in the last century, the current USF was not designed to support broadband directly, other than for schools, libraries and rural health care providers.[24]

In 2010, the federal USF is projected to make total outlays of $8.7 billion through four programs (see Exhibit 8-E).[25] The High-Cost program, which subsidizes telecommunications services in areas where costs would otherwise be prohibitively high, will spend $4.6 billion. E-rate, which supports voice and broadband connectivity for schools and libraries, will spend $2.7 billion.[26] The Low Income program, which subsidizes the cost of telephone service for low-income people, will spend $1.2 billion, and the Rural Health Care program, which supports connectivity for health care providers, will spend $214 million.

At least 21 states have high-cost funds that collectively distribute over $1.5 billion.[28] Thirty-three states have a state low-income program, nine states have a state subsidy program for schools and libraries, and at least 27 states support state telehealth networks.[29] A number of states have established specific programs to fund broadband deployment.[30] Some states provide tax credits for investment in broadband infrastructure.[31]

The remainder of this section will discuss how the current federal High-Cost program should be modernized to shift from supporting legacy telephone networks to directly supporting high-capacity broadband networks. The federal Low Income program provides critical support to low-income households and will be discussed in Chapter 9. The Rural Health Care and E-Rate programs provide important support for broadband to critical institutions like schools, libraries and health care facilities, and will be addressed in Chapters 10 and 11.

Accelerating the pace of investment in broadband networks in high-cost areas will also require consideration of related policy issues that affect the revenue streams of existing carriers. The ICC system provides a positive revenue stream for certain carriers, which in turn affects their ability to upgrade their networks during the transition from voice telephone service to broadband service. In rural America USF and ICC represent a significant portion of revenues for some of the smallest carriers—i.e., 60% or more of their regulated revenues.[32] The rules governing special access services also affect the economics of deployment and investment, as middle-mile transmission often represents a significant cost for carriers that need to transport their traffic a significant distance to the Internet backbone. For that reason, the FCC needs to consider the middle mile in any discussion of government support to high-cost areas.[33]

USF and ICC regulations were designed for a telecommunications industry that provided voice service over circuit-switched networks. State and federal ratemaking created implicit subsidies at both the state and federal levels and were designed to

Exhibit 8-E:
The Federal Universal Service Fund[27]

Program	**Description**	**FY 2010 disbursements (projected)**
High Cost	Ensures that consumers in all regions of the nation have access to and pay rates for telecommunications services that are reasonably comparable to those in urban areas.	$4.6 billion
Low Income (Lifeline and Link-Up)	Provides discounts that make basic, local telephone service affordable for low-income consumers.	$1.2 billion
Schools and Libraries (E-rate)	Subsidizes telecommunications services, Internet access and internal connections to enable schools and libraries to connect to the Internet.	$2.7 billion
Rural Health Care	Provides reduced rates to rural health care providers for telecommunications and Internet access services and, on a pilot basis, support for infrastructure.	$214 million
Total		**$8.7 billion**

shift costs from rural to urban areas, from residential to business customers, and from local to long distance service.

Unfortunately, the current regulatory framework will not close the broadband availability gap. A comprehensive reform program is required to shift from primarily supporting voice communications to supporting a broadband platform that enables many applications, including voice. This reform must be staged over time to realign these systems to support broadband and minimize regulatory uncertainty for investment.

The goal of reform is to provide everyone with affordable voice and broadband. The reforms must be achieved over time to manage the impact on consumers, who ultimately pay for universal service. The FCC should target areas that are currently unserved, while taking care to ensure that consumers continue to enjoy broadband and voice services that are available today. Given that USF is a finite resource, the FCC should work to maximize the number of households that can be served quickly, focusing first on those areas that require lower amounts of subsidy to achieve that goal, and over time addressing those areas that are the hardest to serve, recognizing that the subsidy required may decline in the future as technology advances and costs decline. Ongoing support should be provided where necessary.

Sudden changes in USF and ICC could have unintended consequences that slow progress. Success will come from a clear road map for reform, including guidance about the timing and pace of changes to existing regulations, so that the private sector can react and plan appropriately.

Stage One of this comprehensive reform program starts with building the institutional foundation for reform, identifying funding that can be shifted immediately to jumpstart broadband deployment in unserved areas, creating the framework for a new Connect America Fund and a Mobility Fund, establishing a long-term vision for ICC, and examining middle-mile costs and pricing (see Chapter 4). In Stage Two, the FCC will begin disbursements from the CAF and Mobility Fund, while implementing the first step in reducing intercarrier compensation rates and reforming USF contribution methodology. Stage Three completes the transformation of the legacy High-Cost program, ends support for voice-only networks and completes reforms on ICC.

Before going into the details of this plan, it is important to consider the unique characteristics of each system in more detail.

The High-Cost Program

The High-Cost program ensures that consumers in all parts of the country have access to voice service and pay rates for that service that are reasonably comparable to service in urban areas. The program currently provides funding to three groups of eligible telecommunications carriers (ETCs) (see Box 8-2). In 2009, approximately $2 billion went to 814 rate-of-return carriers, $1 billion to 17 price-cap carriers and $1.3 billion to 212 competitive eligible telecommunications carriers (competitive ETCs).[34]

The current High-Cost program is not designed to universalize broadband. While some companies receiving High-Cost support have deployed broadband-capable infrastructure to serve most of their customers,[35] others have not. Carriers receiving High-Cost support are not required to provide any households in their service area with some minimal level of broadband service, much less provide such service to *all* households in their service area.

In addition, the High-Cost program only supports certain components of a network, such as local loops and switching equipment, but not other components necessary for broadband, like middle-mile infrastructure that transports voice and data traffic to an Internet point of presence. As a result, the amount of support provided is not appropriately sized for the provision of broadband in high-cost areas.

Because broadband is not a supported service, today there is no mechanism to ensure that support is targeted toward extending broadband service to unserved homes. Today, roughly half of the unserved housing units are located in the territories of the largest price-cap carriers, which include AT&T, Verizon and Qwest, while about 15% are located in the territories of mid-sized price-cap companies such as CenturyLink, Windstream and Frontier.[36] While current funding supports phone service to lines served by price-cap carriers, the amounts do not provide an incentive for the costly upgrades that may be required to deliver broadband to these customers.[37]

In addition, current oversight of the specific uses of High-Cost support is limited. While some states require both incumbents

BOX 8-2:

High-Cost Program Recipients

Rate-of-Return Carriers—Incumbent telephone companies that are given the opportunity to earn an 11.25% rate of return on their interstate services.

Price-Cap Carriers—Incumbent telephone companies that may only raise interstate rates on the basis of a formula that considers expense growth and a productivity growth factor.

Competitive ETCs—Competitive wireline and wireless providers that are certified by a state utility regulator or the FCC to receive funds from the High-Cost program based on the level of support provided to the incumbent in a given area.

and competitive ETCs to report on their use of funding for network infrastructure projects,[38] many states do not.[39] There is no uniform framework at the federal level to track the progress of any infrastructure deployment, broadband-capable or not, that is subsidized through the use of federal funds.

While the High-Cost program has made a material difference in enabling households in many high-cost areas of America to have access to affordable voice service, it will not do the same for broadband without reform of the current system.

Intercarrier Compensation

ICC is a system of regulated payments in which carriers compensate each other for the origination, transport and termination of telecommunications traffic. For example, when a family in Philadelphia calls Grandma in Florida, the family's carrier usually pays Grandma's carrier a per-minute charge, which may be a few cents a minute, for terminating the call. Estimates indicate that this system results in up to $14 billion in transfers between carriers every year.[40]

The current per-minute ICC system was never designed to promote deployment of broadband networks. Rather, ICC was implemented before the advent of the Internet when there were separate local and long distance phone companies. Local companies incurred a traffic-sensitive cost to "switch" or connect a call from the long distance company to the carrier's customer. The per-minute rates charged to the long distance carrier were set above cost and provided an implicit subsidy for local carriers to keep residential rates low and promote universal telephone service.[41] ICC has not been reformed to reflect fundamental, ongoing shifts in technology and consumer behavior, and it continues to include above-cost rates. The current ICC system is not sustainable in an all-broadband Internet Protocol (IP) world where payments for the exchange of IP traffic are not based on per-minute charges, but instead are typically based on charges for the amount of bandwidth consumed per month.

The current ICC system also has fundamental problems that create inefficient incentives. First, terminating rates are not uniform despite the uniformity of the function of terminating a call, which leads to unproductive economic activity. Rates vary from zero to 35.9 cents per minute,[42] depending on the jurisdiction of the call, the type of traffic[43] and the regulatory status of the terminating carrier.[44] Rate differences lead to arbitrage opportunities such as phantom traffic, in which traffic is masked to avoid paying the terminating carrier intercarrier compensation entirely, and/or redirected to make it appear that the call should be subject to a lower rate.[45] Such behavior leads to disputes and underpayment to the terminating carrier.

Most ICC rates are above incremental cost, which creates opportunities for access stimulation, in which carriers artificially inflate the amount of minutes subject to ICC payments. For example, companies have established "free" conference calling services, which provide free services to consumers while the carrier and conference call company share the ICC revenues paid by interexchange carriers.[46] Because the arbitrage opportunity exists, investment is directed to free conference calling and similar schemes for adult entertainment that ultimately cost consumers money,[47] rather than to other, more productive endeavors.

Broadband providers have begun migrating to more efficient IP interconnection and compensation arrangements for the transport and termination of IP traffic. Because providers' rates are above cost, the current system creates disincentives to migrate to all IP-based networks. For example, to retain ICC revenues, carriers may require an interconnecting carrier to convert Voice over Internet Protocol (VoIP) calls to time-division multiplexing in order to collect intercarrier compensation revenue. While this may be in the short-term interest of a carrier seeking to retain ICC revenues, it actually hinders the transformation of America's networks to broadband.[48]

ICC may be stalling the development of the broadband ecosystem in other ways as well. For example, there are allegations that regulatory uncertainty about whether or what intercarrier compensation payments are required for VoIP traffic,[49] as well as a lack of uniform rates, may be hindering investment and the introduction of new IP-based services and products.[50]

Moreover, fewer terminating minutes ultimately mean a smaller revenue base for intercarrier compensation. According to FCC data, for example, total minutes of use of incumbent carriers decreased from 567 billion minutes in 2000 to 316 billion minutes in 2008, a drop of 56%.[51] Price-cap carriers have no means of increasing per-minute rates to offset these declines. Even rate-of-return carriers, who are permitted to increase per-minute rates so they have the opportunity to earn their authorized rate of return, acknowledge that the current system is "not sustainable" and could lead to a "death spiral" as higher rates to offset declining minutes exacerbate arbitrage and non-payment.[52] As the small carriers recognize, revenues are also decreasing due to arbitrage and disputes over payment for VoIP traffic.[53]

The continued decline in revenues and free cash flows at unpredictable levels could hamper carriers' ability to implement network upgrade investments or other capital improvements. Any consideration of how government should provide supplemental funding to companies to close the broadband availability gap should recognize that ICC revenue is an important part of the picture for some providers.

Special Access Policies

High-capacity dedicated circuits are critical inputs in the provision of fixed and mobile broadband services in rural America. Special access circuits connect wireless towers to the core network,[54] provide fiber optic connectivity to hospitals and health centers,[55] and are sometimes the critical broadband link that traverses up to 200 miles between a small town and the nearest Internet point of presence.[56] The law requires that the rates, terms and conditions for these circuits be just and reasonable.[57]

The rates that firms pay for these critical middle- and second-mile connections have an impact on the business case for the provision of broadband in high-cost areas. Small local exchange carriers, wireless firms and small cable companies typically purchase these connections from other providers. It may well be the case that the cost of providing these circuits is so high that there is no private sector business case to offer broadband in some areas, even if the rates, terms and conditions are just and reasonable.

High-Cost funds today are generally distributed on the basis of loop and switching costs and not the cost of middle-mile transport of voice traffic. Because data traffic is aggregated on backhaul facilities, per-customer middle-mile costs will increase significantly as consumers and businesses use their broadband connections more.[58]

It is not clear whether the high costs of middle-mile connectivity in rural areas are due solely to long distances and low population density,[59] or also reflect excessively high special access prices as some parties have alleged.[60] The FCC is currently examining its analytic framework for regulating special access services generally (see Chapter 4). Because of the link between middle- and second-mile costs and special access policies, the FCC's review of its special access policies should be completed in concert with other aspects of this reform plan.

Comprehensive Reform

As federal and state regulators have recognized, the federal USF must be modernized to support the advanced broadband networks and services of the future—and must be modernized quickly, in a way that will accelerate the availability of broadband to all Americans.[61] Closing the broadband availability gap requires comprehensive reform of the USF High-Cost program, as well as consideration of ICC and an examination of special access costs and pricing. These actions should be consistent with a set of guiding principles:

- *Support broadband deployment directly.* The federal government should, over time, end all financial support for networks that only provide "Plain Old Telephone Service" (POTS) and should provide financial support, where necessary and in an economically efficient manner, for broadband platforms that enable many applications, including voice.[62]
- *Maximize broadband availability.* USF resources are finite, and policymakers need to weigh tradeoffs in allocating those resources so that the nation "gets the most bang for its buck." The objective should be to maximize the number of households that are served by broadband meeting the National Broadband Availability Target.[63]
- *No flash cuts.* New rules should be phased in over a reasonable time period. Policymakers must give service providers and investors time to adjust to a new regulatory regime.[64]
- *Reform requires federal and state coordination.* The FCC should seek input from state commissions on how to harmonize federal and state efforts to promote broadband availability.[65]

These guiding principles will inform a long-term plan for reform that will unfold over a decade (see Exhibit 8-F). This plan balances the need to direct more capital to broadband networks, particularly in high-cost areas, while recognizing the significant role that the private sector plays in broadband deployment.

One variable that will impact the pace of broadband availability is the time it will take to implement various reforms. The proposed reforms on the timeline presented could enable the buildout of broadband infrastructure to more than 99% of American households by 2020. Any acceleration of this path would require more funding from Congress, deeper cuts in the existing USF program or higher USF assessments, which ultimately are borne by consumers. While this plan makes the best use of the assets the country currently has to advance the availability of broadband, a more aggressive path is available if Congress so chooses.

Before discussing the reforms in Stage One to advance broadband availability, we address administrative reforms to improve the management and oversight of USF.

RECOMMENDATION 8.1: The FCC should improve Universal Service Fund (USF) performance and accountability.

The Universal Service Administrative Company (USAC), a not-for-profit subsidiary of the National Exchange Carrier Association (NECA), serves as the day-to-day administrator of USF, working under FCC direction. As part of its overall effort to make the FCC more open and transparent, data-driven and a model of excellence in government, the FCC is reviewing its oversight of the funds it administers to determine whether changes are necessary to improve efficiency and effectiveness. USF is part of that review and includes oversight and management of USAC and all of the universal service programs. While there is no doubt that federal universal service programs have been successful in preserving and advancing universal service, it is vital to ensure that these public funds are administered appropriately.

To provide stronger management and oversight of the program, the FCC already has begun to implement a number of changes:

- The FCC has moved oversight of the audit program to the Office of Managing Director and has directed USAC to revise its audit approach.
- The FCC has implemented a new Improper Payments Information Act (IPIA) assessment program that is tailored to cover all four USF disbursement programs, measure the accuracy of payments, evaluate the eligibility of applicants, test information obtained by participants, and ensure a reasonable cost while meeting IPIA requirements.
- The FCC has implemented a new compliance audit program for all four USF disbursement mechanisms and contributors. This audit program takes into account such factors as program risk elements and size of disbursements. This audit program is also conducted at a reasonable cost in relation to program disbursements and reduces unnecessary burdens on beneficiaries.

These new assessment and audit programs will reduce the cost of USF-related audits going forward and will be more efficient. These changes will also help deter fraud, waste and abuse and identify levels of improper payments.

As the FCC reforms its USF support and disbursement mechanisms after the release of the National Broadband Plan, it should also ensure that any future enhancements to the USF program have accountability and oversight provisions built in from the outset. The FCC should also examine its Memorandum of Understanding with USAC to ensure that it reflects programmatic changes and evaluate whether any modifications to its existing relationship with USAC are necessary.

Across the four USF programs, there is a lack of adequate data to make critical policy decisions regarding how to better utilize funding to promote universal service objectives. For instance, recipients of USF funding currently are not required to report the extent to which they use the funding they receive to extend broadband-capable networks. As the FCC moves forward on the reforms in the plan, it should enhance its data collection and reporting to ensure that the nation's funds are being used effectively to advance defined programmatic goals.

Stage One: Laying the Foundation for Reform (2010–2011)

The FCC should create a Connect America Fund to address the broadband availability gap in unserved areas and provide any ongoing support necessary to sustain service in areas that already have broadband because of previous support from federal USF. The FCC should create a fast-track program in CAF for providers to receive targeted funding for new broadband construction in unserved areas. In addition, the FCC should create a Mobility Fund to provide one-time support for deployment of

Exhibit 8-E: Roadmap for USF/ICC Reform

Roadmap for USF/ICF Reform

	Stage One (2010-2011)	Stage Two (2012-2016)	Stage Three (2017-2020)
Universal service	Create Connect America Fund and Mobility Fund Adopt rules to eliminate Interstate Access Support and re-target funding levels to broadband Adopt rules to move rate-of-return carriers to incentive regulation Begin implementation of Sprint/Verizon Wireless merger commitments to reduce their competitive ETC funding to zero Adopt rules to phase out other competitive ETC support to zero over five years	Begin disbursements from new Connect America Fund and Mobility Fund Implement reformed contribution methodology Phase out all remaining competitive ETC support	Eliminate legacy High-Cost programs
Intercarrier compensation	Adopt framework for long-term intercarrier compensation [illegible]	Begin reductions in ICC rates	Phase out per-minute rates

3G networks (used for both voice and data) to bring all states to a minimum level of 3G availability which will improve the business case for investment in the rollout of 4G in harder to serve areas.

In Stage One, a series of actions will identify initial funds to be shifted from the current High-Cost program to the CAF and Mobility Funds. The FCC also should establish a glide path to long-term ICC reform, while taking interim steps to address phantom traffic and access stimulation to provide the industry a greater degree of revenue stability and predictability. Because middle- and second-mile connectivity is a key cost component for broadband service providers in high-cost areas, the FCC should also examine the rates for high-capacity circuits to ensure they are just and reasonable.

Throughout the USF reform process, the FCC should solicit input from Tribal governments on USF matters that impact Tribal lands.[67]

RECOMMENDATION 8.2: The FCC should create the Connect America Fund (CAF).

The FCC's long range goal should be to replace all of the legacy High-Cost programs with a new program that preserves the connectivity that Americans have today and advances universal broadband in the 21st century. CAF will enable all U.S. households to access a network that is capable of providing both high-quality voice-grade service and broadband that satisfies the National Broadband Availability Target. There are many issues that will need to be addressed in order to fully transition the legacy programs into the new fund. The FCC should create an expedited process[68], however, to fund broadband infrastructure buildout in unserved areas with the USF savings identified below.

As a general roadmap, CAF should adhere to the following principles:

- *CAF should only provide funding in geographic areas where there is no private sector business case to provide broadband and high-quality voice-grade service.*[69] CAF support levels should be based on what is necessary to induce a private firm to serve an area. Support should be based on the net gap (*i.e.*, forward looking costs less revenues).[70] Those costs would include both capital expenditures and any ongoing costs, including middle-mile costs, required to provide high-speed broadband service that meets the National Broadband Availability Target.[71] Revenues should include all revenues earned from broadband-capable network infrastructure, including voice, data and video revenues,[72] and take into account the impact of other regulatory reforms that may impact revenue flows, such as ICC, and funding from other sources, such as Recovery Act grants.[73] The FCC should evaluate eligibility and define support levels on the basis of neutral geographic units such as U.S. Census-based geographic areas, not the geographic units associated with any particular industry segment.[74]

In targeting funding to the areas where there is no private sector business case to offer broadband service, the FCC should consider the role of state high-cost funds in supporting universal service and other Tribal, state, regional and local initiatives to support broadband. A number of states have established state-level programs through their respective public utility commissions to subsidize broadband connections, while other states have implemented other forms of grants and loans to support broadband investment.[75] As the country shifts its efforts to universalize both broadband and voice, the FCC should encourage states to provide funding to support broadband and to modify any laws that might limit such support.[76]

- *There should be at most one subsidized provider of broadband per geographic area.*[77] Areas with extremely low population density are typically unprofitable for even a single operator to serve and often face a significant broadband availability gap. Subsidizing duplicate, competing networks in such areas where there is no sustainable business case would impose significant burdens on the USF and, ultimately, on the consumers who contribute to the USF.
- *The eligibility criteria for obtaining support from CAF should be company- and technology-agnostic so long as the service provided meets the specifications set by the FCC.* Support should be available to both incumbent and competitive telephone companies (whether classified today as "rural" or "non-rural"), fixed and mobile wireless providers, satellite providers and other broadband providers, consistent with statutory requirements.[78] Any broadband provider that can meet or exceed the specifications set by the FCC should be eligible to receive support.
- *The FCC should identify ways to drive funding to efficient levels, including market-based mechanisms where appropriate, to determine the firms that will receive CAF support and the amount of support they will receive.*[79] If enough carriers compete for support in a given area and the mechanism is properly designed, the market should help identify the provider that will serve the area at the lowest cost.
- *Recipients of CAF support must be accountable for its use and subject to enforceable timelines for achieving universal access.* USF requires ongoing adjustment and re-evaluation to focus on performance-based outcomes.The recipients of funding should be subject to a broadband provider-of-last-resort obligation.[80] The FCC should establish timelines for extending broadband to unserved areas. It should define operational requirements and make verification of broadband availability a condition for funding.[81] The subsidized providers, should be subject to specific service quality and

reporting requirements, including obligations to report on service availability and pricing. Recipients of funding should offer service at rates reasonably comparable to urban rates.[82] The FCC should exercise all its relevant enforcement powers if recipients of support fail to meet FCC specifications.

RECOMMENDATION 8.3: The FCC should create the Mobility Fund.

As discussed in Chapter 3, both broadband and access to mobility are now essential needs, and America should have healthy fixed and mobile broadband ecosystems. Based on past experience with mobile wireless, it is not clear that government intervention will be necessary to enable a robust mobile broadband ecosystem in most parts of the country. According to American Roamer, 3G wireless networks, used for both voice and data, cover 98% of the population in the United States—more people than are passed by terrestrial broadband.[83]

However, some states have materially lower 3G deployment than the national average. For example, 77% of Alaska's population is covered by 3G networks, and a mere 71% of West Virginia's population is covered by 3G networks.[84]

This lack of coverage is even more significant if one considers that 3G infrastructure will be used in many cases to enable the rollout of 4G networks. U.S. companies will soon embark on 4G buildouts, expecting to reach at least 94% of the U.S. population by 2013.[85] The 4G footprint is likely to mirror closely the 3G footprint, because providers will use their existing infrastructure as much as possible. But how much this build will ultimately cost, and exactly which parts of the country it will cover, or not cover, remains unclear.

Timely, limited government intervention to expand the availability of 3G networks would help states with 3G buildout below the national standard to catch up with the rest of the nation and improve the business case for 4G rollout in harder-to-serve areas. In addition, expanding 3G coverage would benefit public safety users to the extent that public safety agencies use commercial services. It would benefit public safety by establishing more cell sites that could be used for a 4G public-private broadband network, serving commercial as well as public safety users.

The FCC should create a Mobility Fund to provide one-time support for deployment of 3G networks, to bring all states to a minimum level of 3G (or better) mobile service availability.[86] The FCC should select an efficient method, such as a market-based mechanism, for supporting mobility in targeted areas.

RECOMMENDATION 8.4: The FCC should design new USF funds in a tax-efficient manner to minimize the size of the gap.[87]

In certain circumstances, the Department of Treasury's Internal Revenue Service treats governmental payments to private parties for the purpose of making capital investments to advance public purposes as contributions to capital under section 118 of the U.S. Internal Revenue Code. Such treatment allows recipients to exclude the payments from income, but reduces depreciation deductions in future years. The Department of Treasury recently issued a ruling that BTOP grants to corporations that are restricted solely to the acquisition of capital assets to be used to expand the business and that meet a five-part test would be excluded from income as a nonshareholder contribution to capital under section 118(a).[88] Ultimately, the impact of taxes incurred may depend on the specific details of how the support is distributed, as well as the profitability of the service providers that receive support.

RECOMMENDATION 8.5: Throughout the USF reform process, the FCC should solicit input from Tribal governments on USF matters that impact Tribal lands.

In recognition of Tribal sovereignty, the FCC should solicit input from Tribal governments on any proposed changes to USF that would impact Tribal lands. Tribal governments should play an integral role in the process for designating carriers who may receive support to serve Tribal lands.[91] The ETC designation process should require consultation with the relevant Tribal government after a carrier files an ETC application to serve a Tribal land. It should also require that an ETC file a plan with both the FCC (or state, in those cases where a carrier is seeking ETC designation from a state) and the Tribe on proposed plans to serve the area.

BOX 8-3:

Tribal Input

The United States currently recognizes 564 American Indian Tribes and Alaska Native Villages (Tribes).[89] Tribes are inherently sovereign governments that enjoy a special relationship with the U.S. predicated on the principle of government-to-government interaction. This government-to-government relationship warrants a tailored approach that takes into consideration the unique characteristics of Tribal lands in extending the benefits of broadband to everyone.

Any approach to increasing broadband availability and adoption should recognize Tribal sovereignty, autonomy and independence, the importance of consultation with Tribal leaders, the critical role of Tribal anchor institutions, and the community-oriented nature of demand aggregation on Tribal lands.[90]

RECOMMENDATION 8.6: The FCC should take action to shift up to $15.5 billion over the next decade from the current High-Cost program to broadband through common sense reforms.[72]

In Stage One, the FCC should identify near-term opportunities to shift funding from existing programs to advance the universalization of broadband. These targeted changes are designed to create a pathway to a more efficient and targeted funding mechanism for government support for broadband investment, while creating greater certainty and stability for private sector investment.

While these shifts could move as much as $15.5 billion (present value in 2010 dollars) into new broadband programs, they are not risk-free. Shifting identified funds to support broadband could have transitional impacts that will need to be carefully considered. To the extent the FCC does not realize the full amount of savings described below, it will need to identify additional opportunities for savings in Stage Two in order to achieve the National Broadband Availability Target, unless Congress chooses to provide additional public funding for broadband to mitigate some of hese risks.

First, the FCC should issue an order to implement the voluntary commitments of Sprint and Verizon Wireless to reduce the High-Cost funding they receive as competitive ETCs to zero over a five-year period as a condition of earlier merger decisions.[73] Sprint and Verizon Wireless received roughly $530 million in annual competitive ETC funding at the time of their respective transactions with Clearwire and Alltel in 2008. Their recaptured competitive ETC funding should be used to implement the recommendations set forth in this plan. This represents up to $3.9 billion (present value in 2010 dollars) over a decade.

Second, the FCC should require rate-of-return carriers to move to incentive regulation. As USF migrates from supporting voice telephone service to supporting broadband platforms that can support voice as well as other applications, and as recipients of support increasingly face competition in some portion of their service areas,[74] how USF compensates carriers needs to change as well.

Rate-of-return regulation was implemented in the 1960s, when there was a single provider of voice services in a given geographic area that had a legal obligation to serve all customers in the area and when the network only provided voice service. Rate-of-return regulation was not designed to promote efficiency or innovation; indeed, when the FCC adopted price-cap regulation in 1990, it recognized that "rate of return does not provide sufficient incentives for broad innovations in the way firms do business."[75]. In an increasingly competitive marketplace with unsubsidized competitors operating in a portion of incumbents' territories, permitting carriers to be made whole through USF support lessens their incentives to become more efficient and offer innovative new services to retain and attract consumers.

Conversion to price-cap regulation would be revenue neutral in the initial year of implementation, assuming that amounts per line for access replacement funding known as Interstate Common Line Support (ICLS) would be frozen (consistent with existing FCC precedent).[76] Over time, however, freezing ICLS would limit growth in the legacy High-Cost program on an interim basis, while the FCC develops a new methodology for providing appropriate levels of CAF support to sustain service in areas that already have broadband.[77] This step could yield up to $1.8 billion (present value in 2010 dollars) in savings over a decade.

The amount of interim savings achieved by freezing ICLS support during the CAF transition is dependent on the timing of the conversion to price caps and carrier behavior before the conversion. There is some chance that rate-of-return carriers could accelerate their investment before conversion to price caps to lock in higher support per line. Depending on the details of implementation, such a spike in investment activity could result in further broadband deployment that would narrow the broadband availability gap, but could increase the overall size of the fund.

Third, the FCC should redirect access replacement funding known as Interstate Access Support (IAS) toward broadband deployment.[78] Incumbent carriers received roughly $457 million in IAS in 2009.[79] When the FCC created IAS in 2000, it said it would revisit this funding mechanism in five years "to ensure that such funding is sufficient, yet not excessive."[80] That re-examination never occurred. Now, in order to advance the deployment of broadband platforms that can deliver high-quality voice service as well as other applications and services, the FCC should take immediate steps to eliminate this legacy program and re-target its dollars toward broadband. This could yield up to $4 billion (present value in 2010 dollars) in savings over a decade.

Freezing ICLS and refocusing IAS could have distributional consequences for existing recipients; individual companies would not necessarily receive the same amount of funding from the CAF as they might otherwise receive under the legacy programs. As the FCC considers this policy shift, it should take into account the impact of potential changes in free cash flows on providers' ability to continue to provide voice service and on future broadband network deployment strategies.

Fourth, the FCC should phase out the remaining legacy High-Cost support for competitive ETCs.[81] In 2008, the FCC adopted on an interim basis an overall competitive ETC cap of approximately $1.4 billion, pending comprehensive USF reform.[102] As the FCC reforms USF to support broadband, it is time to eliminate ongoing competitive ETC support for voice service in the legacy High-Cost program.

In some areas today, the USF supports more than a dozen competitive ETCs that provide voice service,[103] and in many instances, companies receive support for multiple handsets on a single family plan. Given the national imperative to advance broadband, subsidizing this many competitive ETCs for voice service is clearly inefficient.[104] The FCC should establish a schedule to reduce competitive ETC support to zero over five years, which will be completed in Stage Two. In order to accelerate the phase-down of legacy support, the FCC could immediately adopt a rule that any wireless family plan should be treated as a single line for purposes of universal service funding.[105] As competitive ETC support levels are reduced, this funding should be redirected toward broadband. This could yield up to $5.8 billion (present value in 2010 dollars) in savings over a decade.

Depending on the details and timing of implementation, these actions collectively will free up to $15.5 billion (present value in 2010 dollars) in funding from the legacy High-Cost program between now and 2020. In addition to funding the CAF, the savings identified should be used to implement a number of USF and ICC recommendations in this plan. Approximately $4 billion (present value in 2010 dollars) will go to a combination of activities including the new Mobility Fund, potential revenue replacement resulting from intercarrier compensation reform, expanding USF support for health care institutions up to the existing cap, enabling E-rate funding to maintain its purchasing power over time, and conducting pilots for a broadband Lifeline program. The remaining amount, up to $11.5 billion (present value in 2010 dollars), can be expressly targeted to supporting broadband through the CAF so that no one is left behind.

RECOMMENDATION 8.7: The FCC should adopt a framework for long-term intercarrier compensation (ICC) reform that creates a glide path to eliminate per-minute charges while providing carriers an opportunity for adequate cost recovery, and establish interim solutions to address arbitrage.

During Stage One, the FCC should establish a framework for phased reform of ICC to eliminate current distortions that are created by recovering fixed network costs through per-minute rates for the origination and termination of traffic. The FCC also should provide carriers the opportunity for adequate cost recovery.

The first step of the staged reform should move carriers' intrastate terminating switched access rates to interstate terminating switched access rate levels in equal increments over a period of two to four years.[106] The FCC has authority to establish a new methodology for ICC, but Congress could make explicit the FCC's authority to reform intrastate intercarrier rates by amending the Communications Act in order to reduce litigation and expedite reform. Following the intrastate rate reductions, the framework should set forth a glide path to phase out per-minute charges by 2020.

To offset the impact of decreasing ICC revenues, the FCC should permit gradual increases in the subscriber line charges (SLC) and consider deregulating the SLC in areas where states have deregulated local rates.[107]

The FCC should also encourage states to complete rebalancing of local rates to offset the impact of lost access revenues. Even with SLC increases and rate rebalancing, some carriers may also need support from the reformed Universal Service Fund to ensure adequate cost recovery. When calculating support levels under the new CAF, the FCC could impute residential local rates that meet an established benchmark.[108] Doing so would encourage carriers and states to "rebalance" rates to move away from artificially low $8–$12 residential rates that represent old implicit subsidies to levels that are more consistent with costs.[109]

As part of comprehensive ICC reform, the FCC should adopt interim rules to reduce ICC arbitrage. The FCC should, for example, prohibit carriers from eliminating information necessary for a terminating carrier to bill an originating carrier for a call. Similarly, the FCC should adopt rules to reduce access stimulation and to curtail business models that make a profit by artificially inflating the number of terminating minutes. The FCC also should address the treatment of VoIP traffic for purposes of ICC.

RECOMMENDATION 8.8: The FCC should examine middle-mile costs and pricing.

As discussed above, the cost of second- and middle-mile connectivity has a direct impact on the cost of providing broadband service in unserved areas of the country. As a result, there is a direct link between whether the FCC's policies regarding the rates, terms and conditions of special access services are effective and the funding demands that will be placed on the new CAF. It may be the case that the cost of providing these circuits in areas supported by CAF is so high that there is no private sector business case to offer broadband services, even if the rates, terms and conditions are just and reasonable. An examination of middle-mile costs and pricing should occur in concert with the comprehensive USF/ICC reform program.

Stage Two: Accelerating Reform (2012–2016)

In Stage Two, the FCC will need to take further steps and answer a number of questions in order to accelerate reform of the High-Cost program and ICC. Some have proposed other ways that current High-Cost funding could be shifted towards broadband without having a deleterious effect on existing network deployment or operations.[110] The FCC should examine the potential costs and benefits of additional ways to shift funding from the legacy High-Cost program to the CAF.

Implementation decisions in Stage Two will impact the speed with which broadband service is available throughout the United States and the overall cost of filling the broadband availability gap. Two critical issues will be to determine what ongoing support is necessary to sustain areas that already meet the National Broadband Availability Target due to current USF subsidies, and how rights and responsibilities should be modified when the incumbent is not the broadband provider-of-last-resort for a particular geographic area.[111]

During this phase, the FCC will begin distributing support from CAF, with an initial focus on extending broadband to unserved areas. Intrastate rates for ICC will be lowered over several years to interstate levels, and competitive ETC support will be phased out. The FCC should also stabilize USF for the future by expanding the USF contribution base.

RECOMMENDATION 8.9: The FCC should begin making disbursements from the CAF.

Once the FCC completes rulemakings to establish the parameters of the new CAF, it should begin to distribute CAF funding to discrete geographic areas that contain unserved households. The FCC potentially could focus first on those states that have a higher absolute number or percentage of unserved housing units per capita, or those states that provide matching funds for broadband construction.

RECOMMENDATION 8.10: The FCC should broaden the universal service contribution base.

Today, federal universal service funding comes from assessments on interstate and international end-user revenues from telecommunications services and interconnected VoIP services. Service providers typically pass the cost of these assessments on to their customers.

The revenue base for universal service contributions—telecommunications services—has remained flat over the last decade, even though total revenues reported to the FCC by communications firms grew from $335 billion in 2000 to more than $430 billion in 2008.[112] Broadband-related revenues are projected to grow steadily over time.[113]

Service providers are increasingly offering packages that "bundle" voice and broadband and deliver them over the same infrastructure. Assessing only telecommunications services revenues provides incentives for companies to characterize their offerings as "information services" to reduce contributions to the fund.

There is an emerging consensus that the current contribution base should be broadened, though with differing views on how to proceed. Some parties urge the FCC to expand the contribution base to include broadband revenues,[114] while others urge the FCC to assess broadband connections through a hybrid numbers- and connections-based approach.[115] Some parties suggest that the FCC should explore some method of assessing entities that use large amounts of bandwidth.[116] Some suggest that broadband should not be assessed because that would lessen broadband adoption, or that residential broadband should be exempted.[117]

As the FCC establishes the CAF, it also should adopt revised contribution methodology rules to ensure that USF remains sustainable over time. Whichever path the FCC ultimately takes, it should take steps to minimize opportunities for arbitrage as new products and services are developed and remove the need to continuously update regulation to catch up with technology and the market.

RECOMMENDATION 8.11: The FCC should begin a staged transition of reducing per-minute rates for intercarrier compensation.

The comprehensive ICC reforms adopted in Stage One should be implemented in Stage Two. The FCC should begin by reducing intrastate rates to interstate rate levels in equal increments over a period of time. The FCC should also implement interim solutions to address arbitrage, which will help offset revenue losses from the reduction in intrastate rates.

The FCC should continue the staged reduction of per-minute rates adopted as part of the comprehensive ICC reform. After reducing intrastate rates, the FCC could, for example, reduce interstate rates to reciprocal compensation rate levels for those carriers whose interstate rates exceed their reciprocal compensation rates, and reduce originating access rates in equal increments. Doing so would transition all ICC terminating rates to a uniform rate per carrier, which is an important step to eliminate inefficient economic behavior. The rate reduction in a staged approach will give carriers adequate time to prepare and make adjustments to offset the lost revenues.

Stage Three: Completing the Transition (2017–2020)

In Stage Three, the FCC should complete the transition with an emphasis on measurement and adjustment. To the extent there remain a small number of households that still do not have service meeting the National Broadband Availability Target, the FCC should consider alternative approaches to extend service to those areas.

RECOMMENDATION 8.12: The FCC should manage the total size of the USF to remain close to its current size (in 2010 dollars) in order to minimize the burden of increasing universal service contributions on consumers.

Unrestrained growth of the USF, regardless of reason, could jeopardize public support for the goals of universal service.[118]

The USF has grown from approximately $4.5 billion in 2000 to a projected $8.7 billion in 2010.[120] Portions of the USF are already capped, and with the implementation of the interim competitive ETC cap for the High-Cost program in 2008, the only significant parts of the fund that remains uncapped are the Low Income program and a part of the High-Cost program that provides access replacement funding (ICLS) to small, rate-of-return carriers.

The FCC's Low Income program has grown significantly in the last year,[120] in large part due to the efforts of companies to create targeted offerings for Lifeline recipients. Since Low Income support comes from an uncapped fund for which eligibility is determined by need, future demand for Low Income support will likely depend on many factors, including the state of the economy, the efficacy of outreach efforts, the level of subsidy provided, the price elasticity of demand among low-income households, the number and type of eligible service offerings and the evolution of consumer demand.

The FCC needs to proceed with measured steps to assure that as it advances the nation's broadband goals, it does not increase the USF contribution factor, which is already at a public historic high. Unless Congress chooses to provide additional public funding to accelerate broadband deployment, the FCC should aim to keep the overall size of the fund close to its current size (in 2010 dollars), while recognizing that the uncapped parts of USF may continue to grow due to factors outside the scope of this plan.[121] As the FCC implements the recommendations of the plan, it should evaluate innovative strategies to leverage the reach of existing governmental support programs and evaluate whether to adjust the relative proportion of supply-side versus demand-side subsidies over time.

RECOMMENDATION 8.13: The FCC should eliminate the legacy High-Cost program, with all federal government funding to support broadband availability provided through the CAF.

By 2020, the "old" High-Cost program will cease operations, and service providers will only receive support for deployment and provision of supported services (i.e., broadband that offers high-quality voice) through the CAF.

The FCC should set a deadline for recipients of USF to offer supported services. As noted above, based on current terrestrial technology, providing broadband to the 250,000 housing units with the highest gaps accounts for approximately $14 billion of the total investment gap, which represents an average cost of $56,000 per housing unit to serve the last two-tenths of 1% of all housing units.

The FCC should consider alternative approaches, such as satellite broadband, for addressing the most costly areas of the country to minimize the contribution burden on consumers across America. The FCC could consider means-tested consumer subsidies for satellite service. Another approach would be to provide a limited waiver of the requirement to offer broadband to providers that demonstrate that it is economically or technically infeasible to upgrade a line to offer broadband service,[122] while ensuring that consumers are able to continue to receive the high-quality voice service that they enjoy today.

RECOMMENDATION 8.14: The FCC should continue reducing ICC rates by phasing out per-minute rates for the origination and termination of telecommunications traffic.

The elimination of per-minute above-cost charges should encourage carriers to negotiate alternative compensation arrangements for the transport and termination of voice and data traffic. Given that there may be market power for terminating traffic, the FCC should carefully monitor compensation arrangements for IP traffic as the industry transitions away from per-minute rates, particularly in areas where there is little or no competition, to ensure that such arrangements do not harm the public interest.[123]

In summary, this roadmap for comprehensive universal service and ICC reform over the next decade represents a critical first step to ensure that all people in the United States have access to affordable broadband. To begin turning this roadmap into reality, the FCC will embark on a series of rulemakings to seek public comment and adopt rules to implement this reform. Although these proceedings will need to make specific decisions on implementation details, this plan sets forth a clear vision for the end state we seek to achieve as a nation – preserving the connectivity that Americans have today and advancing universal broadband in the 21st century.

Achieving this vision will not happen automatically. Indeed, significant changes to the existing regulatory structure will need to be made, including adjustments to existing USF support mechanisms to redirect funding away from supporting single-purpose voice telephone networks and toward supporting integrated, multifunctional broadband platforms in a more efficient manner. Additional capital must be directed toward broadband infrastructure. The plan sets forth a pathway to shift up to $15.5 billion (present value in 2010 dollars) over the next decade from the existing USF High-Cost program to broadband, with up to $11.5 billion specifically focused on broadband deployment in unserved areas. By implementing this plan as written, broadband will be available to more than 99% of the people in the United States by 2020.

This plan is not without risk. The baseline estimates that form the foundation for this plan are subject to a number of assumptions, most notably relating to the timing and outcome of regulatory proceedings.[124] The timing of some shifts such as implementation of the voluntary commitments from Sprint and Verizon Wireless to give up their competitive ETC funding is known, while the timing of other changes that could yield savings is not.

The FCC's ability to shift funds from existing programs to broadband assumes that shifting the identified money from voice service to broadband will not negatively impact company operations or future deployment strategies.

The gap estimates assume that the FCC implements an effective market-based mechanism to determine who should receive support and the level of that support, and that the market-based mechanism is designed in a way to target support first to those areas that require only support for new construction. The estimates also assume that the market mechanism will fund the areas requiring the least amount of support first, thus connecting the most housing units as quickly as possible. In some areas of the country, however, the number of interested parties may be insufficient to implement a market-based mechanism, and the FCC therefore may need to use an alternative approach to drive subsidies to efficient levels.

The plan does not estimate the amount of support that may be necessary to sustain broadband service in those areas where it already is available. The estimates focus on the investment gap to make broadband capable of delivering high-quality voice universally available in unserved areas. While the FCC will initially target CAF funding toward unserved areas, the objective over time is to develop a mechanism that supports the provision of affordable broadband and voice in all areas, both served and unserved, where governmental funding is necessary. The amount of support ultimately required for those areas that currently are served through the receipt of universal service subsidies will depend on many factors, including the evolution of market demand, the precise distribution mechanism selected, and the achievement of efficiencies in an IP-based network. To the extent an incumbent rate-of-return company is not the designated broadband provider-of-last-resort for its entire territory, for instance, the FCC would need to determine how changing support levels would impact service to consumers and how to address the costs of past network investments.

The fact that many questions remain to be answered should not stop the nation from starting down the road to universal broadband. There will be ample opportunity to adjust in the years ahead.

Accelerating Broadband Deployment

Active management of the entire USF program by the FCC as described in this plan is the best way to mitigate these risks going forward. To speed deployment, provide the FCC greater flexibility, and ensure significant capital available for broadband, Congress should act.

RECOMMENDATION 8.15: To accelerate broadband deployment, Congress should consider providing optional public funding to the Connect America Fund, such as a few billion dollars per year over a two to three year period.

If Congress were to provide such funding in a timely manner, it would enable the FCC to achieve more quickly the objectives set forth in the plan for universal broadband, without having to obtain such funding through the current USF contribution mechanism. Since consumers and businesses bear both the USF contribution burden and the general tax burden, additional public funding would draw money for deployment from the same parties that contribute today, but potentially with less relative impact on vulnerable populations that may have lower broadband adoption rates than the general population.[125] Additional funding would allow the country to achieve the National Broadband Availability Target faster and ease the glide path for implementing other reforms in this plan by removing regulatory uncertainty over USF and ICC revenue streams potentially available for further broadband deployment. In addition, in the event additional funding becomes available, whether through new government funding or careful management of existing funds, that funding could be used to build upon lessons learned from successful Lifeline broadband pilots and expand innovations in the E-rate and other programs to support community institutions (see Chapters 9 and 11).

Although the plan sets forth a vision to achieve universal broadband, no one can accurately foresee every potential market dynamic between now and 2020, nor would it be possible for the plan to accurately predict how private sector investment may occur in the future. The precise timing to achieve universal availability will depend on multiple variables, many of which are beyond the control of regulators. Technology, markets and the industry can and will change. One thing that we can reliably predict is that the world in 2020 will be different than what we envision today. But the fact that the FCC may need to make mid-course corrections along the way does not change the overarching national policy imperative—the need for a connected, high-performance America. For the nation to achieve this goal, the steps outlined in this plan must be taken promptly.

ATTACHMENT 2

ADOPTING VERIZON'S INTRASTATE RATES AS THE TARGET FOR PENNSYLVANIA ACCESS REFORM WILL NOT ELIMINATE RATE DISPARITIES

	Current Pricing Structure			Qwest's Proposed Pricing Structure				
	Current Composite Intrastate Access Rate	Proposed LEC Rates at Interstate Target	Current Disparities (Percent Intra higher than Inter)	Proposed LEC Rates at Verizon Target	Is Verizon Target Higher or Lower than LEC Interstate?	If Lower, Percent Less Than Interstate	If Higher, Percent More Than Interstate	Has Less Than 10K Lines? (Y/N)
PA RLECs								
Pennsylvania	$.0806	$.0467	72%	$.0173	Lower	-63%	na	Yes
South Canaan	$.0775	$.0379	105%	$.0173	Lower	-54%	na	Yes
Venus	$.0417	$.0356	17%	$.0173	Lower	-51%	na	Yes
Yukon Waltz	$.0641	$.0348	84%	$.0173	Lower	-50%	na	Yes
Armstrong North	$.0173	$.0347	-50%	$.0173	Lower	-50%	na	Yes
Armstrong Pennsylvania	$.0519	$.0346	50%	$.0173	Lower	-50%	na	Yes
Hickory	$.0588	$.0340	73%	$.0173	Lower	-49%	na	Yes
Ironton	$.1141	$.0307	271%	$.0173	Lower	-44%	na	Yes
Pymatuning	$.0928	$.0279	233%	$.0173	Lower	-38%	na	Yes
Frontier Commonwealth	$.0809	$.0271	199%	$.0173	Lower	-36%	na	No
Bentleyville	$.0381	$.0251	52%	$.0173	Lower	-31%	na	Yes
NEPA	$.0425	$.0238	79%	$.0173	Lower	-28%	na	No
North Penn	$.0369	$.0213	73%	$.0173	Lower	-19%	na	Yes
Conestoga	$.0488	$.0213	129%	$.0173	Lower	-19%	na	No
Consolidated Comm of PA	$.0462	$.0211	119%	$.0173	Lower	-18%	na	No
Denver & Ephrata	$.0542	$.0202	168%	$.0173	Lower	-15%	na	No
Palmerton	$.0426	$.0173	147%	$.0173	Lower	0%	na	Yes
Buffalo Valley	$.0400	$.0160	150%	$.0173	Higher	na	8%	No
Laurel Highland	$.0649	$.0156	316%	$.0173	Higher	na	11%	Yes
Citizens of Kecksburg	$.1100	$.0143	668%	$.0173	Higher	na	21%	Yes
Marianna & Scenery Hill	$.0593	$.0134	342%	$.0173	Higher	na	28%	Yes
TDS - Sugar Valley	$.0496	$.0128	287%	$.0173	Higher	na	35%	Yes
TDS - M&M	$.0449	$.0120	274%	$.0173	Higher	na	44%	Yes
Lackawaxen	$.0536	$.0118	352%	$.0173	Higher	na	46%	Yes
Frontier Oswayo River	$.0249	$.0074	238%	$.0173	Higher	na	134%	Yes
CenturyLink	$.0479	$.0073	560%	$.0173	Higher	na	138%	No
Frontier Breezewood	$.0087	$.0070	24%	$.0173	Higher	na	146%	Yes
Frontier Pennsylvania	$.0181	$.0069	162%	$.0173	Higher	na	149%	No
Windstream	$.0354	$.0059	499%	$.0173	Higher	na	193%	No
Frontier Canton	$.0121	$.0058	110%	$.0173	Higher	na	199%	Yes
Frontier Lakewood	$.0141	$.0052	171%	$.0173	Higher	na	232%	Yes

Source/Notes:

Verizon PA rate per Don Price Direct Testimony (7-2-09, page 19)

ATTACHMENT 3

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March 15, 2010

VIA ELECTRONIC FILING

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

Re: Investigation Regarding Intrastate Access Charges and IntraLATA Toll Rates of Rural Carriers and the Pennsylvania Universal Service Fund, Docket No. I-00040105

AT&T Communications of Pennsylvania, LLC, TCG New Jersey, Inc. and TCG Pittsburgh, Inc. v. Armstrong Telephone Company-Pennsylvania, *et.al.*, Docket Nos. C-2009-2098380, C-2009-2099805, C-2009-2098735

Dear Mr. McNulty:

I am writing on behalf of AT&T Communications of Pennsylvania, LLC, TCG Pittsburgh, and TCG New Jersey, Inc. (collectively, "AT&T"), to respond to Windstream's March 12, 2010, letter filing regarding portions of the Panel Rebuttal Testimony of E. Christopher Nurse and Dr. Ola A. Oyefusi filed in the above-referenced proceedings on March 10, 2010.

Shortly after AT&T's panel testimony was submitted, counsel for Windstream Communications, Inc. advised AT&T's counsel that Windstream had ceased the "traffic pumping" activities described at pages 53-58 of AT&T's Panel Rebuttal Testimony. From AT&T's perspective, this is a very positive new development. AT&T greatly appreciates Windstream's action, and is pleased that Windstream shares AT&T's opinion that such activities are improper. AT&T will submit additional testimony and evidence reflecting this new development in accordance with the procedural schedule in this case.

While Windstream's action is welcome news, AT&T wishes to make clear that the underlying, serious issues described in its Panel Rebuttal Testimony have not gone away. For example, North Pittsburgh, now owned by Consolidated Communications, continues to engage in traffic pumping. As of the date of this letter, calls to porn and chat lines served by North Pittsburgh continue to complete, and AT&T and other IXCs are continuing to be billed access charges for that traffic. This only serves to prove that high intrastate switched access rates continue to create incentives for Pennsylvania carriers to participate in traffic pumping activities. Reducing Pennsylvania's intrastate access charges will help eliminate the problem.

Indeed, Windstream's experience demonstrates the insidiousness of traffic pumping, and the problems it can create for Pennsylvania. According to Windstream, it was not even aware that the two Pennsylvania companies it was acquiring were engaged in traffic pumping until after its acquisition of

D&E and Conestoga closed on November 10, 2009. Windstream asserts that the very next day, November 11, 2009, it notified the traffic-pumpers their business was no longer welcome in the D&E and Conestoga service territories. Windstream reports that all D&E and Conestoga traffic pumping ended as of March 1, 2010.

At this point, it is unclear why it took Windstream 3-1/2 months to bring traffic pumping to an end, and it is equally unclear why Windstream took no action in mid-November, 2009 to inform AT&T and other IXCs that it had discovered traffic pumping and was putting an end to it. Likewise, it is unclear whether Windstream intends to return the $411,000 which AT&T has paid D&E and Conestoga for completing calls to traffic-pumped Pennsylvania numbers since June, 2009.

But those are matters for another day and another venue. What is important here is that Windstream, like AT&T, agrees that traffic pumping activities are scams against consumers that must be stopped. We look forward to seeing Windstream's proposals for ensuring that Pennsylvania does not become a haven for traffic pumping, and we stand ready to work cooperatively with Windstream to craft a solution. To that end, AT&T expressly invites Windstream (and all other Pennsylvania RLECs, for that matter) to sign on to the access reform proposal set forth in AT&T's March 10, 2010, Panel Rebuttal Testimony. Among its many other attributes, AT&T's proposal will curb the traffic pumping that continues to plague Pennsylvania.

Finally, Windstream's March 12 letters to AT&T and to the PUC allege "defamation." Clearly those assertions constitute nothing more than legal posturing, attempted intimidation and puffery. There has been no defamation, nor was any intended. Truth is an absolute defense to defamation, and truth is established if the alleged defamation was substantially true. 42 Pa.C.S. §8343(b)(1). *Schnabel v. Meredith*, 378 Pa. 609, 612, 107 A.2d 860, 862 (1954); *Chicarella v. Passant*, 343 Pa. Super. 330, 341, 49 A.2d 1109, 1115 (1985). AT&T's evidence proves beyond question—and Windstream itself does not dispute -- that D&E and Conestoga have been engaged in traffic pumping, and that pumping continued for 3-1/2 months after the Windstream merger, while Windstream states that it acted to end the practice once it acquired the companies. Had AT&T know at the time it filed its March 10 rebuttal testimony that Windstream had taken action to cease traffic pumping activities, AT&T would have said so in its testimony; however, Windstream did not inform AT&T of its internal efforts until after AT&T filed its Rebuttal Testimony. Likewise, had AT&T known at the time it filed its March 10 testimony that the D&E and Conestoga traffic pumping had stopped a few days before, AT&T would have said so in its Testimony and, as we acknowledge in this letter, we will be submitting testimony to reflect that new development. But it cannot be defamation for AT&T to state that the two Windstream companies were engaged in traffic pumping because, as AT&T's evidence proves, that is an indisputable fact.

Please contact me if you have any questions or concerns with this matter.

Very truly yours,

Michelle Painter

Michelle Painter

cc: Hon. Kandace F. Melillo
Norman J. Kennard, Esq.
Kimberly K. Bennett, Esq.
Demetrios G. Metropoulos, Esq.
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of AT&T's Letter to Secretary McNulty upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (related to service by a participant) and 1.55 (related to service upon attorneys).

Dated at Fairfax, VA this 15th day of March 2010.

VIA E-MAIL AND FIRST CLASS MAIL

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Michelle Painter
Michelle Painter

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Investigation Regarding Intrastate Access Charges and IntraLATA Toll Rates of Rural Carriers and the Pennsylvania Universal Service Fund	:	Docket No. I-00040105
AT&T Communications of Pennsylvania, LLC, *et al.*, Complainant	:	
v.	:	Docket Nos. C-2009-2098380, *et al.*
Armstrong Telephone Company - Pennsylvania, *et al.*, Respondents	:	

RECEIVED
APR 20 2010
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PANEL REJOINDER TESTIMONY OF

E. Christopher Nurse and

Dr. Ola A. Oyefusi

On Behalf of

AT&T COMMUNICATIONS OF PENNSYLVANIA, LLC, TCG PITTSBURGH, AND TCG NEW JERSEY, INC.

AT&T Statement 1.4

PUBLIC VERSION

April 8, 2010

AT&T Stmt. 1.4
I-00040105
C-2009-2098380
4-14-10
Harrisburg JS

I. INTRODUCTION AND SUMMARY

Q. DR. OYEFUSI AND MR. NURSE, ARE YOU THE SAME WITNESSES WHO PRESENTED DIRECT TESTIMONY ON JULY 2, 2009, SUPPLEMENTAL DIRECT TESTIMONY ON NOVEMBER 30, 2009, REBUTTAL TESTIMONY ON MARCH 10, 2010 AND SURREBUTTAL TESTIMONY ON APRIL 1, 2010?

A. Yes we are.

Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?

A. We are responding to the Surrebuttal Testimony filed by several parties, including the Pennsylvania Telephone Association ("PTA"), CenturyLink, the Office of Consumer Advocate ("OCA"), Office of Trial Staff ("OTS"), and Verizon.

Q. PLEASE SUMMARIZE YOUR REJOINDER TESTIMONY.

A. This case should be about finding a solution to a problem the Commission first pledged to fix over a decade ago. The landmark 1999 *Global Order* promised access reform in 2001. That did not happen. The Commission said in 2003 it would move forward on access reform. That did not happen. The Commission first opened this investigation in 2004, but then delayed even taking up the matter for five years. To claim that AT&T's proposal to complete access reform by 2014 is "rushed" reform is completely at odds with reality.

AT&T's proposal will reduce access subsidies by bringing intrastate rates to parity with interstate rates,[1] but not until *fifteen years* after the Commission's landmark *Global Order*. It will reduce access charge subsidies in a manner fully consistent with

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[1] AT&T's proposal to reduce intrastate access rates to interstate levels, while substantially reducing implicit subsidies, still contains a generous contribution above incremental cost. There absolutely is nothing "free" in the billions paid at interstate rate levels.

the Commission's goals of promoting competition while preserving universal service.[2] It will achieve the Commission's goal of completing access reform in a measured and responsible manner.

The parties opposing intrastate access reform continue to make the same arguments they've been making for years as to why access reform should not occur in Pennsylvania. Specifically, the RLECs argue if access reform as advocated by AT&T is adopted, the world as we know it will crumble, universal service will be destroyed, and customers will see no benefits. The facts demonstrate otherwise.

The RLECs continue to argue for monopoly era policies that may have been appropriate a decade or two ago, but are no longer sustainable today. Universal service is about protecting customers, not companies. AT&T agrees that it is important for all customers to have the ability to obtain telephone service at affordable rates – no party disputes that. But the best way to keep rates affordable is not to tax one set of carriers to subsidize others. For the past 25 years, and certainly since the passage of the federal Telecommunications Act of 1996, telecommunications policy in this country has been squarely focused on making the market more competitive, founded on well-established economic principles that competition will force all firms in the market to become more efficient, to innovate, and to deliver to consumers the services they want at prices they are willing to pay. Maintaining exorbitant intrastate access rates or adopting a nearly $100 million state Universal Service Fund ("USF") are not the answers to maintaining

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[2] Advocates for delay seek to misrepresent the legal requirements and policy recommendations as if the promotion of competition and the attainment of universal service were somehow at odds with each other, as if the Commission had to choose one at the loss of the other. That is simply not the case – both goals can be realized at the same time, a point already astutely recognized by ALJ Colwell in her July 22, 2009 Recommended Decision at Docket No. I-00040105. In fact, promoting competition is indeed one way to ensure universal service goals are more readily attained.

universal service. All that would accomplish is to force the vast majority of consumers across Pennsylvania to subsidize the RLECs, just so the RLECs could be insulated from having to compete based on their own innovation and efficiencies.[3] It is easy to understand why the RLECs think that is a good idea, but it should be equally easy for the Commission to understand that such a result does not serve the best interests of Pennsylvania as a whole.

The burden some parties would place on the majority of Pennsylvania consumers cannot be understated. The OCA's proposal to *triple* the size of the PA USF to nearly $100 million, for example, would amount to a $90/line annual subsidy even for those customers that have competitive options, and for those customers who are voluntarily purchasing bundles at prices much higher than AT&T's proposed benchmark of $22/month. ALJ Colwell has already found that perpetuating the existing $34 million USF would be bad policy, finding that "Institutionalizing the PA USF in its present form to provide subsidies to companies who do not have to prove need will not assist the market in reaching its goals and will, instead, provide barriers to entry for new carriers."[4] To state the obvious, tripling the current USF would be three times as bad.

Likewise keeping intrastate access rates at their current levels thereby saddling consumers across Pennsylvania with a $100 million subsidy burden -- but continuing to hide that burden in high intrastate access rates -- just so RLECs can charge local service prices well below market rates would be anti-competitive and anti-consumer.[5]

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[3] Meanwhile, the over a million rural customers served by Verizon receive no explicit universal service subsidy.

[4] ALJ Colwell Recommended Decision, Docket No. I-00040105, July 22, 2009, pp. 87-88.

[5] ALJ Schnierle recognized this point nearly twelve years ago when he said, "By providing ILECs with a stream of subsidized revenues from certain customers, the system has allowed regulators to demand below-cost rates for other customers, such as basic telephone service for those customers in high-

Consumers across Pennsylvania would be asked to pay too much just so RLECs could continue to use their access subsidies as a shield against competition. It is hard to imagine an outcome more detrimental to the long term interests of Pennsylvania consumers.

The RLECs accuse AT&T of failing to prove that access reductions will benefit Pennsylvania consumers. This repeated claim is a blatant attempt to mislead the Commission – ***AT&T has provided concrete proof that its toll rates have come down faster than its access expenses.***[6] In 19 states where access rates have been reduced, AT&T's average toll rates have come down by more than its access reductions. That is hardly surprising, given the intense competition that has occurred in the long distance business since 1984, and given the universally accepted economic principle that *any* business – even an unregulated monopolist with zero competition – will reduce its retail price if costs go down, all else equal. What is surprising, however, is that, even with this long-term, broadly based evidence in hand, the RLECs are still arguing that access reform does not benefit consumers.

Some parties also claim that access reductions should not occur because AT&T did not present a cost study showing that the current access rates contain a subsidy. But there is no reason for AT&T (or any other party) to present a cost study. The Commission did not rely on cost studies the last two times it reduced the RLECs' intrastate access rates. Even the PTA agrees that no cost studies are necessary to

---

cost areas. For all intents and purposes, the system serves as a hidden tax collected by the telephone companies. Low cost telephone customers are required to pay more than they would have to pay in a competitive market, to allow the telephone companies to charge less to customers whose cost of service would otherwise be higher." *In Re: Intrastate Access Charge Reform*, Docket No. I-00960066, Recommended Decision, June 30, 1998 at p. 6.

[6] See Attachment H to our Direct Testimony and Attachment 8 to our Rebuttal Testimony, comparing AT&T's toll rates and access expenses in Pennsylvania and in 19 other states.

implement access reform. Every party agrees there are no material cost differences in terminating a local call versus terminating an in-state long distance call versus terminating an interstate long distance call. RLEC intrastate access rates (and even their lower, interstate access rates) are comfortably above the RLECs' reciprocal compensation rates, and in turn those reciprocal compensation rates have never been challenged as being below-cost. Thus, there is no need to have a cost study to prove the very clear fact that existing RLEC intrastate access rates (and interstate access rates) are above cost. Further, AT&T's proposal is that the RLECs reduce intrastate access rates to match interstate rates – and no RLEC has ever asserted to the FCC that its interstate rates are below cost. If the RLECs believe that AT&T's proposal would result in below cost rates, they could have presented a cost study to the Commission – but they did not. More to the point, there is no need for cost studies under AT&T's proposal because, under AT&T's approach, whatever access revenues the RLECs lose they have the opportunity to recover through higher retail rates and, for the next few years, through transitional USF contributions.

Finally, both the PTA and CenturyLink argue yet again for the Commission to delay access reform for several more years to wait on FCC action, this time citing the recently released *National Broadband Report*. But that Broadband Report specifically encourages states to move forward with access reform consistent with AT&T's proposal in this case – by reducing intrastate access rates and rebalancing retail local rates. Indeed, the Broadband Report cites the Pennsylvania Commission's recommendation that the FCC account for state access reform efforts as part of any federal intercarrier compensation reform the FCC may adopt over the next several years.[7] Far from providing a reason for more delay, the Broadband Report supports this Commission moving forward with much-needed and long-overdue reform that will balance the interests of competition and universal service. AT&T's proposal does just that, and it should be adopted.

II. THE RLECS CONTINUE TO PUSH FOR MONOPOLY ERA POLICIES THAT CANNOT BE SUSTAINED IN A COMPETITIVE WORLD.

A. UNIVERSAL SERVICE FUNDS MUST BE ABOUT PROTECTING CUSTOMERS, NOT COMPANIES.

Q. THE RLECS CLAIM THAT UNIVERSAL SERVICE WILL BE DESTROYED IN PENNSYLVANIA IF ACCESS RATES ARE REDUCED. PLEASE RESPOND.

A. There are several problems with this argument. First, universal service must be about ensuring customers have access to affordable telephone service, not about protecting individual companies. Second, there is absolutely no credible evidence to support the RLECs' claims that universal service will be destroyed in Pennsylvania if access reform is implemented. Third, universal service cannot and should not be about insulating RLECs from competition, which is what the RLECs' positions are advocating.

Q. WHAT DO YOU MEAN WHEN YOU SAY THAT UNIVERSAL SERVICE SHOULD BE ABOUT PROTECTING CUSTOMERS, NOT COMPANIES?

A. Universal service is about ensuring that every customer in Pennsylvania has the ability to obtain telephone service at affordable rates. AT&T agrees that is a mandatory and critical goal in Pennsylvania. However, the RLECs' proposal to maintain access rates at the current, unsustainably high levels, and the OCA's

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[7] See http://www.broadband.gov/plan/8-availability/; page 143; fn. 65.

proposal to triple the size of the USF, do not accomplish the goal of achieving universal service. Rather, the RLEC and OCA positions simply pick the pockets of all Pennsylvania consumers and give the money to the RLECs without any actual analysis into whether the money is needed to ensure that rural customers have affordable telephone service. Given the "hyper-competitive" nature of the telephone market in rural service territories – as the RLECs themselves claim -- this seems unlikely.

CenturyLink itself testified that the primary purpose of universal service is to ensure service to "rural, high-cost consumers who generally do not have viable competitive alternatives available and who would otherwise not have any communications services available without implicit and/or explicit universal service support to provide communications services at affordable prices that are comparable to the rates of other consumers."[8] We agree.

However, the facts and the math unequivocally prove that CenturyLink's real reason for maintaining its current subsidies is not about protecting customers who do not have competitive alternatives, but about protecting CenturyLink's revenue streams. First and foremost, CenturyLink itself has testified that its territory is "hyper-competitive," and that virtually all of its customers have competitive alternatives. Therefore, one must question whether there are *any* customers in CenturyLink's territory that do not have competitive alternatives, and therefore need universal service protections. The same is true for PTA, which

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[8] Panel Surrebuttal Testimony of Lindsey/Harper, Statement 1.1 at pp. 14-15.

also testified that its members are facing extreme amounts of competition throughout their service territories.

Second, even if there were some limited number of customers who did not have competitive alternatives, and who could not obtain service at affordable rates without subsidies, those customers should be cared for through targeted subsidy mechanisms, not the sort of broad brush approach the RLECs and OCA advocate. By any measure, the levels of subsidies the RLECs and OCA are claiming is needed are extreme and go way beyond the amounts needed to assure telephone services for that limited number of customers. Let's take a look at CenturyLink as an example. CenturyLink already receives over **BEGIN CONFIDENTIAL** **END CONFIDENTIAL** per year from the current PA USF. In this case, the OCA proposes (and, to no great surprise, CenturyLink agrees) that CenturyLink should receive an additional **BEGIN CONFIDENTIAL** **END CONFIDENTIAL** either through implicit subsidies from its high access rates, or explicit subsidies from the PA USF. In other words, CenturyLink claims it needs a subsidy of nearly **BEGIN CONFIDENTIAL** **END CONFIDENTIAL.**

According to CenturyLink, it needs these subsidies to maintain universal service for those customers that *do not have competitive alternatives*. Here's the problem – CenturyLink itself has testified that its service territory is hyper-competitive and that "CenturyLink continues to see robust inter-modal competition for residential consumers, including wireless voice and data services, cable voice and data services, and VoIP services (e.g. Vonage, Magic Jack)."[9]

If CenturyLink is given **BEGIN CONFIDENTIAL END CONFIDENTIAL** in subsidies, ***every single one of CenturyLink's lines would be subsidized by over*** **BEGIN CONFIDENTIAL END CONFIDENTIAL**. This includes business lines. This includes the majority of CenturyLink's customers who have elected to forego standalone local service in favor of a bundled offering. More importantly, this includes a subsidy for customers that have multiple competitive alternatives, and therefore under CenturyLink's own definition, do not ***need*** universal service protections or subsidies. Assume for the sake of argument that 50% of CenturyLink's customers have no competitive alternative – and by CenturyLink's own claims that is way too high – a **BEGIN CONFIDENTIAL END CONFIDENTIAL** subsidy to CenturyLink's "universal service customers" would equate to over **BEGIN CONFIDENTIAL END CONFIDENTIAL** Under a more realistic, but still conservative, assumption that 10% of CenturyLink's customers have no competitive alternative, the **BEGIN CONFIDENTIAL END CONFIDENTIAL** CenturyLink subsidy would equal *over* **BEGIN CONFIDENTIAL END CONFIDENTIAL** Even more troubling, this subsidy will continue permanently.[10] Thus, under CenturyLink's proposal, as more and more CenturyLink customers leave to go to a competitor

[9] Surrebuttal Testimony of David F. Bonsick, Statement 3.1; p. 11.

[10] The OCA claimed that under its proposal, the size of the USF would decrease each year, but that was based on speculation about whether Verizon will increase its retail rates each year, thereby increasing the "comparable" benchmark. OCA has no proposal of decreasing the size based on a reduction in customers that actually need support.

(or at least have the option), the constant **BEGIN CONFIDENTIAL END CONFIDENTIAL** subsidy would continue on, supporting an ever-smaller number of customers.

CenturyLink's approach is clearly wrong, and unarguably bad policy. If subsidies were truly about universal service and protecting customers, then the amount of subsidies should *decrease* when there are less customers to support.

Let's look at it another way. Imagine if an RLEC is receiving $1 million/year from the current PA USF, and the RLEC receives an additional $1 million if the OCA's "comprehensive" proposal is adopted in this case. If the RLEC lost all but 10 of its lines to competition, the RLEC, under the OCA's approach, would continue to receive the same $2 million/year to subsidize only 10 lines, or $200,000 per line. In the meantime, competitors in the RLEC territory – who would be the ones really serving the customers – would receive $0 subsidy per line. To take this even further, if the competitors served ***all*** of the lines in a particular RLEC's territory, the competitor would get no subsidy and the RLEC would continue to still receive its $2 million of universal service funding to support zero customers. This is the fundamental problem with having a fund that is solely a permanent revenue guarantee fund, as the OCA and RLECs propose, as opposed to a fund that is targeted to helping actual customers that genuinely need universal service support.

Let's take a look at the PTA companies. The PTA companies (exclusive of CenturyLink) have previously testified that they have experienced an approximate 20% line loss from 1999-2007 (from 855,586 total lines to 669,836 lines) and the rate of line loss continues to increase each year.[11] The PTA (non-CenturyLink) companies get

[11] See PTA Statement 1.0 in USF/rate cap case before ALJ Colwell at Docket No. I-00040105, p. 7.

approximately $25.6 million annually from the current PA USF. This means the USF subsidy per line increased from $29.92/line to $38.21/line from 1999 to 2007. Now look at current data. The OCA shows that the number of PTA (non-CenturyLink) lines is 727,332.[12] The amount of USF increase under the OCA's proposal would be $37,920,297; adding that to the exiting $25.6 million subsidy means that the PTA companies (non-CenturyLink) would receive $63,520,297 in USF support under OCA's proposal: ***over $87 per line annually***. As the PTA companies continue to lose lines each year, the contribution per line will only increase. This absurd result demonstrates why the OCA's proposed mega-expansion of the fund protects RLECs, not customers. It makes absolutely no sense to increase the amount of contribution to support ***fewer*** customers when the entire point is to help ensure universal service for ***customers***, not provide guaranteed revenues for the RLECs.

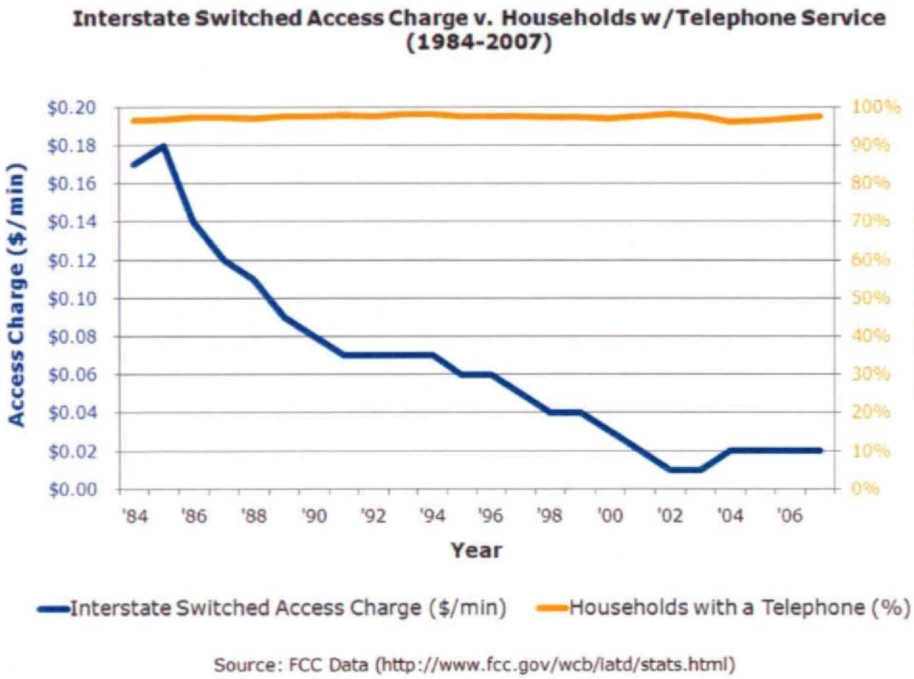
Q. **HOW DO YOU RESPOND TO PARTIES THAT CLAIM ACCESS REFORM IN PENNSYLVANIA WILL HAVE A DEVASTATING EFFECT ON CONSUMERS AND MAKE TELEPHONE SERVICE UNAFFORDABLE, OR THAT IT WILL HAVE A NEGATIVE EFFECT ON TELEPHONE SUBSCRIBERSHIP?**

A. These brash claims are unsupported by any credible evidence. First, AT&T has already shown that its proposal will not lead to the imposition of unaffordable rates. In fact, AT&T has shown that the Commission can make a meaningful reduction in access rates, maintain the USF at a reasonable level, and keep local rates affordable at an initial "benchmark" local rate of $22 per month. The Commission can then gradually increase the benchmark (to $25 per month over the next three years) and phase down even further the USF burden being imposed on the majority of Pennsylvania consumers.

12 See Exhibit RL-4.

Second, there is no actual evidence that access reform will cause customers to lose telephone service. As we explained in our Direct Testimony, other states have implemented access reform and the sky-is-falling results predicted by the RLECs have not occurred.[13] Given the extensive amount of reform that has taken place throughout the country, surely the parties could have pointed to one example where penetration rates decreased as a result of access reform, or where any of the dire predictions about customers losing their ability to obtain universal telephone service at affordable rates has come true. There is no such evidence because the RLECs' claims are simply not true. In fact, in response to the RLECs' claims in their most recent round of testimony, we checked into whether the FCC's interstate access reforms, which resulted in increases to the subscriber line charge, have caused any change in national telephone penetration rates, and the chart below shows that there is no such correlation.

[13] Two examples of states that have implemented access reform and pricing flexibility are Michigan and Indiana. In both states, the intrastate access rates are on average less than a penny per minute. In addition, there is virtually full retail pricing flexibility, with the exception of a single residential calling plan that includes a limited number of outgoing calls in Michigan. The "doom and gloom" scenario presented by the RLECs in this case of customers unable to get telephone service and universal service being destroyed if access reform were implemented have not occurred in either of those states.



B. UNIVERSAL SERVICE CANNOT BE ABOUT INSULATING COMPANIES FROM COMPETITION.

Q. DO THE RLECS WANT ACCESS AND USF SUBSIDIES TO INSULATE THEM FROM COMPETITION?

A. Unfortunately, yes. If you take a close look at the CenturyLink Surrebuttal Testimony, its entire focus is on a concern that CenturyLink will not be able to compete if it is required to obtain revenues from its own customers rather than from other carriers and those carriers' customers. The PTA makes the same claims. They then claim that because of their inability to compete on their own merits, they must be heavily subsidized in order to survive. That position is essentially asking the Commission to guarantee that one company will be standing atop the winner's podium every time by giving that competitor an artificial and unfair advantage.

But universal service is not about ensuring that one company gets preferential treatment over another. Nor is it about promising some companies that, even if they cannot compete on their own merits, they will still be guaranteed the same amount of revenues. If it is truly the case that the RLECs cannot compete without being heavily subsidized by other companies, the answer is not to keep shoving the same subsidies into the RLECs' treasury, or to insulate the RLECs from competitive losses that are the result of normal consumer choice. If competitors are more efficient, let them serve the market. If RLECs cannot operate under price cap regulation without massive subsidies, then require the RLECs to return to rate-of-return regulation. Under no circumstance, however, should the RLECs be allowed to walk both sides of the regulatory street. They should not keep getting all the benefits of alternative regulation (like increased revenues from unregulated service offerings) while, at the same time, receiving the same guaranteed revenues they did when they were monopolies under rate-of-return regulation -- particularly when those guaranteed revenues come from other competing companies and those companies' customers.

Q. THE RLECS HAVE CRITICIZED AT&T'S PROPOSAL, CLAIMING THAT IT IS NOT TRULY REVENUE NEUTRAL BECAUSE COMPETITION MAY PRECLUDE THEM FROM RAISING RETAIL RATES ENOUGH TO OFFSET ACCESS REDUCTIONS. PLEASE RESPOND.

A. This position is misguided. Under AT&T's proposal, the RLECs would have retail price constraints removed and would be permitted to obtain revenues from their own customers to make up the reduction in access subsidies. Yet even that is not sufficient for the RLECs. They claim that they are not only entitled to an opportunity to recover lost revenues, but these revenues must be *guaranteed*. There are no guarantees in a competitive market, and for the Commission to provide such guarantees would be using a regulatory artifice to pick winners and losers.

Q. CENTURYLINK CLAIMS THAT IN TEXAS AND KANSAS, WHERE AT&T IS AN ILEC, AT&T HAS IN FACT SUPPORTED A PROPOSAL SIMILAR TO THE OCA'S TO OBTAIN ALL INTRASTATE ACCESS REVENUE REDUCTIONS FROM THE STATE USF. IS THAT TRUE?

A. No - this is a complete mischaracterization of fact. AT&T's position in this case is entirely consistent with its positions in Texas and Kansas. Contrary to CenturyLink's claim that AT&T only supported access reductions in Texas if such reductions were recovered from the Texas Universal Service Fund ("TUSF"), the exact opposite is true. At the same time AT&T access reductions were being phased in in Texas, AT&T agreed to ***reduce*** its draw from the TUSF by over $100 million. AT&T supported legislation in 2005 in Texas that required AT&T to move its intrastate access rates to parity with its interstate access rates in three steps over a three-year period (July 1, 2006 through July 1, 2008). AT&T supported access reductions in exchange for significantly expanded pricing flexibility, including the ability to raise residential basic rates in certain deregulated exchanges without Texas PUC approval. Moreover, AT&T agreed to a significant <u>reduction</u> in its TUSF support in a proceeding that began in Sept. 2007 and finished in April 2008. Thus, in Texas, AT&T did not rely on any state USF support to achieve access parity, but instead relied on the ability to rebalance its local rates, just as AT&T is advocating here. In Kansas, AT&T argued to increase local retail rates in order to make up for the reduction in access rates. While the Kansas Commission decided to increase the size of the state USF, it is also going to review the USF to determine whether it should be maintained at its current level. AT&T's position in this case -- that access reductions first be recovered from retail rates, and that the state USF be temporarily increased on a transitional basis so that access reductions are phased in more gradually – will achieve the same result.

Thus, contrary to CenturyLink's claims, AT&T's position in Pennsylvania is fully consistent with the positions it has taken in Texas and Kansas.

Q. BOTH PTA AND CENTURYLINK CLAIM THAT A CUSTOMER SURVEY CONDUCTED BY CENTURYLINK PROVES THAT CONSUMERS WILL NOT ACCEPT ANY INCREASES TO THE RLECS' RETAIL PRICES. PLEASE RESPOND.

A. We already explained why the CenturyLink survey is highly flawed in our Rebuttal Testimony and there is no need to repeat those arguments here. However, CenturyLink criticized other parties for not conducting our own elasticity studies to prove that customers will not react negatively to the benchmark rates proposed by AT&T. The problem with that argument is that, rather than relying on hypotheticals, AT&T attempted to get information from the RLECs to demonstrate how customers ***actually*** respond to price increases. In most cases, the RLECs refused to provide such information.

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C. THE COMMISSION SHOULD NOT REFUSE TO IMPLEMENT ACCESS REFORM BECAUSE OF THE RLECS' CLAIMS OF CARRIER OF LAST RESORT OBLIGATIONS.

Q. THE RLECS (AND EVEN OCA) CLAIM THAT THEY MUST CONTINUE TO RECEIVE THE CURRENT LEVEL OF SUBSIDIES IN ORDER TO FUND THEIR CARRIER OF LAST RESORT OBLIGATIONS. PLEASE RESPOND.

A. The RLECs spend a great deal of time discussing their Carrier of Last Resort ("COLR") obligations as the primary justification for urging this Commission to reject AT&T's proposal regarding access reform.[14] The RLECs claim that they are the carriers that have faithfully served rural Pennsylvania; competitors are not

[14] The RLECs consistently blur the concept of universal service with a Carrier of Last Resort obligation (in fact, CenturyLink's testimony almost always uses the two terms together, as if they are one). The two are not the same and are not interchangeable. While universal service is generally well understood (ensuring all customers have access to affordable telephone service), the RLECs have yet to identify the source of, or define, their COLR obligations in Pennsylvania – they merely argue that such obligations are naturally assumed.

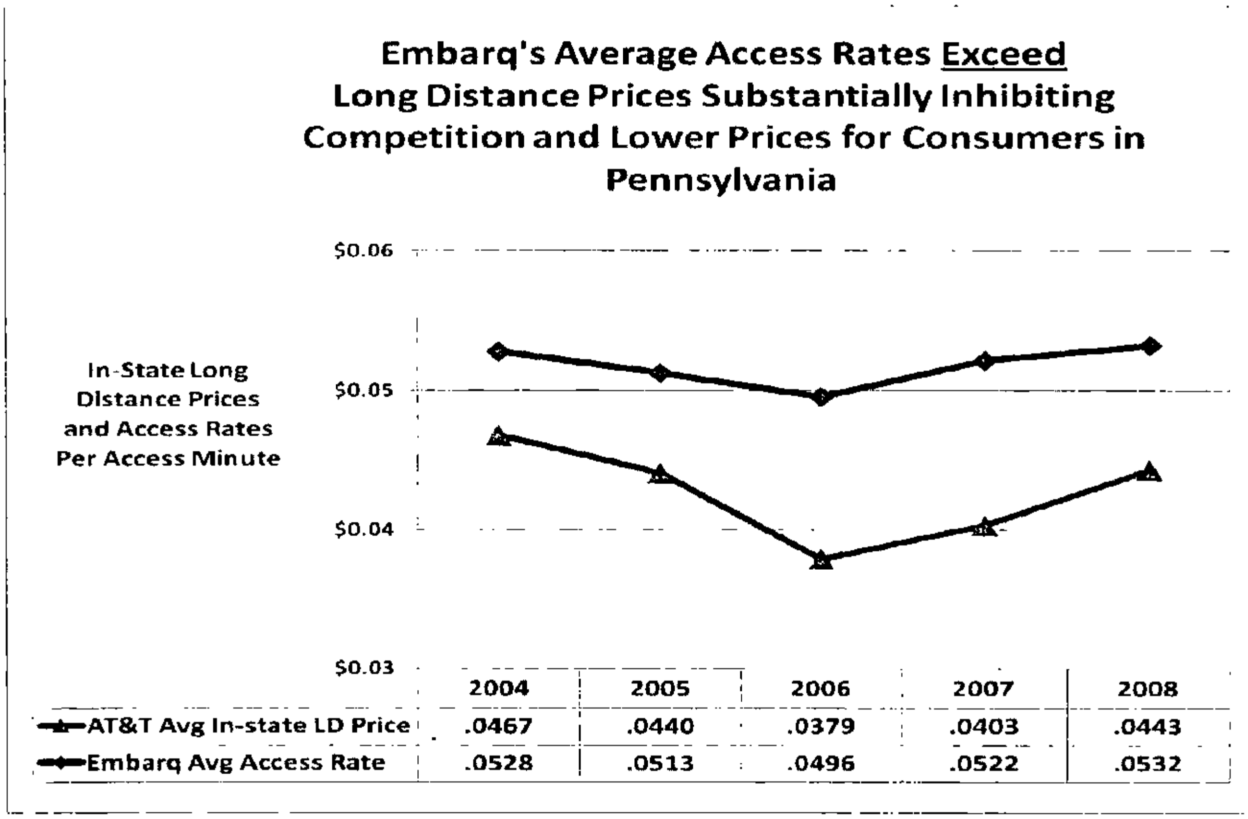
willing to serve all rural customers; and therefore RLECs are entitled to nearly $100 million in implicit or explicit subsidies. AT&T does not dispute, and has never disputed, that COLR obligations may exist (even though AT&T asked and the RLECs failed to provide the legal or statutory basis for such COLR obligations in Pennsylvania). But if the RLECs are going to claim they must be subsidized by $87-$110/line/year to meet their COLR obligations, they should at least be expected to identify and quantify what those COLR obligations are and where they exist. They have utterly failed to do so (and claim they cannot do so). If the RLECs cannot affirmatively prove that they need such huge subsidies in order to meet their COLR obligations, then the Commission should most certainly not use those arguments as a basis to continue to maintain such extraordinarily high anti-competitive implicit or explicit subsidies.

III. THE RLECS' CLAIMS THAT CUSTOMERS WILL NOT BENEFIT FROM ACCESS REDUCTIONS ARE WITHOUT MERIT AND REFLECT AN OUTDATED AND FLAWED VIEW OF THE MARKET.

Q. THE PTA AND CENTURYLINK STATE THAT AT&T HAS NOT PROVEN THAT CUSTOMERS EXPERIENCED TOLL RATE REDUCTIONS FROM PRIOR ACCESS REDUCTIONS. IS THAT TRUE?

A. No, and it is frankly an outrageous claim given the amount of proof AT&T has provided in this case. In our Direct Testimony, we provided proof that since 2004, AT&T's average in-state long distance rate in Pennsylvania is in fact ***below*** the average intrastate access rate of RLECs (see Attachment H to AT&T Statement 1.0). Looking at the chart AT&T provided for CenturyLink (then

Embarq), it is beyond dispute that AT&T has reduced its toll rates even more than the access reductions implemented since 2004.



In our Rebuttal Testimony (Attachment 8), we went beyond Pennsylvania and provided proof that in 19 states where access reform has occurred, AT&T has reduced its toll rates even more than the access reductions realized. Thus, AT&T has definitively proven that access reductions lead to clear and identifiable reductions in toll rates.

Q. THE PTA AND CENTURYLINK CLAIM THAT AT&T HAS NOT DEMONSTRATED TO THE COMMISSION THAT AT&T CUSTOMERS BENEFITTED FROM THE ACCESS REDUCTIONS IMPLEMENTED IN THE 1999 *GLOBAL ORDER* AND 2003 RLEC SETTLEMENT ORDER. HOW DO YOU RESPOND?

A. The claim is misleading, irrelevant and wrong. AT&T gave CenturyLink permission to retrieve AT&T's post-Global filing from the Commission when AT&T could not find the decade-old document it in its files, but CenturyLink apparently never bothered to do so. And in the wake of the 2003 RLEC Settlement Order, AT&T filed a letter with the Commission complaining that the RLECs had not provided enough information to permit AT&T to make its filing, but RLECs never provided the data requested by AT&T (and MCI) and the Commission never forced them to. The passage of time, however, has made that issue moot. AT&T's Exhibit H to our Direct Testimony in this case – provided to the parties nine months ago – proves beyond question that AT&T's average per-minute Pennsylvania intrastate long distance prices have declined more than AT&T's average per-minute access costs.

Q. IS THE RLECS' CLAIM THAT CUSTOMERS WILL NOT REALIZE A BENEFIT FROM ACCESS REDUCTIONS A SUFFICIENT REASON TO DEFER OR DENY ACCESS REFORM?

A. Absolutely not. Really, this is a policy decision that the Commission already made nearly eleven years ago. In the *Global Order*, the Commission recognized that access reform was necessary and critical in order to ensure a level playing field. At that time, the Commission would have been aware of any RLEC carrier of last resort obligations, and knew there were universal service obligations, yet the Commission still understood that access subsidies cannot be sustained and that it must move forward with access reform. Arguing over whether reform is necessary, or whether consumers will benefit from removing artificial pricing distortions and implicit subsidies is simply not useful.

Over the past decade, regulation of the RLECs' retail rates has become more relaxed and competition has given customers even more choices, thereby reducing universal service concerns. AT&T (and other parties) have already explained numerous times in this case the myriad of benefits that come from access reform in the context of providing a level playing field and allowing competition to thrive without favoring some types of competitors over others. AT&T has also explained the harms caused by having high access rates, and from having different rates for intrastate and interstate access rates. Even the RLECs have agreed with us regarding both the benefits of access reform and the harms that will befall consumers if it is further delayed. It is time to move forward past long-resolved arguments over whether reform is a good idea, and get on with a viable solution. AT&T has done just that in this case.

Q. SOME PARTIES CLAIM THAT AT&T'S PRICING PLANS ARE UNIFORM ACROSS STATES, SO CONSUMERS IN PENNSYLVANIA WILL NOT SEE ANY BENEFITS TO ACCESS REDUCTIONS. DOES AT&T OFFER THE SAME PLANS ACROSS ALL STATES SUCH THAT THERE ARE NO PRICE DIFFERENCES TO REFLECT DIFFERENCES IN SWITCHED ACCESS EXPENSES? AND IS THIS EVEN A RELEVANT CONCERN?

A. No. While we have not exhaustively reviewed the entire menu of calling plans offered by AT&T, we have reviewed the Consumer Basic plan and the Business All in One plan and our research shows that the Basic and All in One plans' prices are not the same from state to state. We have presented the results of our research of these plans in Panel Rejoinder Attachment 3.[15]

[15] We have also provided in Panel Rejoinder Attachment 4 instructions and links to these plans. Examples of other plans with varying prices across states include: For Business - AT&T Business Network Service, AT&T Pro WATS/Plan Q Service, AT&T CustomNet Service, Toll-Free Megacom Service; these plans can be found in the Custom Network Services tariff which can be found using the

Also, our consumer benefit analysis of flow through in 19 states provided as Attachment 8 to our Rebuttal Testimony relies on AT&T's intrastate toll revenue, which included total revenues from all calling plans. As a result, those revenues reflected the differences in calling plans across states.[16] We calculate the average per minute revenue to represent the toll prices that customers pay. This takes into account not only the regular prices available in the tariff or price schedules, but also discounted pricing plans, grandfathered plans, add-on plans, and other offerings. It also takes into account the fact that AT&T may offer a menu of plans, but may vary its marketing strategy in some states to respond to the extent or level of competition that may require encouraging some plans over others, or promoting some discount plans more heavily in some states relative to others.

If there were no differences in toll prices from state to state, the unit price per minute should have been the same for each of the nineteen states. That is not what we observed; therefore these parties' allegations that consumers will not benefit from access reductions in a given state are false.

Moreover, the RLECs' claim is not all that relevant, even if it were true. Their underlying premise is that *if only Pennsylvania* reduces access rates, the impact would be diluted across national calling plans. The reality, of course is that numerous states have reduced intrastate access rates, and more are being added to the list all the time. And even if the RLECs got their wish to make Pennsylvania the last state to reform access

same instructions. For Consumer – One Rate USA, Intralata overlay, Intralata overlay II, Schedule Y (e.g. true reach plan), Schedule Z (e.g. Reach Out America), Instate overlay.

[16] The only exception is the In-State Connection Fee ("ISCF"), which is not included in our analysis. Exclusion of the ISCF from the analysis means that the nineteen state trends capture the effect of access rate differences on the actual revenues earned by AT&T from its menu of available pricing plans excluding ISCF revenues. Therefore, the effect on consumers of reduced access rates is greater once the effect of elimination of ISCF is added.

rates, the probable result would be that Pennsylvanians would incur higher intrastate long distance prices than consumers in other states, because carriers would want to reflect Pennsylvania's higher intrastate access charges in their prices to Pennsylvania consumers.[17]

IV. NO COST STUDIES ARE REQUIRED TO PROVE THAT ACCESS RATES ARE ABOVE COST AND PROVIDING A SUBSIDY TO LOCAL RATES.

Q. ARE THE CRITICISMS OF AT&T FOR NOT INTRODUCING A COST STUDY IN THIS CASE VALID?

A. Absolutely not. The Commission has never relied on cost studies as a basis for setting access rate policy. Despite this, several parties, including the Office of Trial Staff ("OTS"), criticize AT&T for not introducing a cost study to "prove" that current intrastate access rates are above cost and therefore contain a subsidy. We are quite baffled by OTS' position on this issue. This case not only involves AT&T's complaint, but also involves a generic investigation where the RLECs must provide proof to support their case that access rates should not be reduced. If the RLECs believe that intrastate access rates are truly at or below cost, they are clearly in the best position to provide such cost data. They did not do so.[18] Thus, the OTS criticism should go both ways – it should be aimed at the RLECs for their failure to introduce a cost study – but for some reason, the OTS was not at all concerned about this failure.

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17 The ISCF is just one example of different pricing in different states – that fee is not the same in each state.

18 In several recent cases in other states, such as Virginia and New Jersey, CenturyLink did introduce a cost study. For some reason, they did not introduce it here. Presumably it is because CenturyLink's cost study was universally rejected and found to be fatally flawed, thereby failing to accurately calculate the cost of intrastate access.

The PTA's position on cost studies is equally puzzling. On the one hand, the PTA correctly admitted that cost studies are not required in order to resolve the issues in this case, that cost studies would serve no purpose, and that the Commission should not draw any conclusions from the lack of cost studies.[19] On the other hand, the PTA criticizes AT&T for failing to introduce a cost study to show that access rates are above cost.[20] PTA's schizophrenic position on this issue should be rejected.

Q. IS A COST STUDY NEEDED TO PROVE THAT INTRASTATE ACCESS RATES ARE ABOVE COST AND CONTAIN A SUBSIDY?

A. No.[21] There is no material difference in the cost to terminate a local call versus an in-state long distance call, and no party claims otherwise. The Commission has already set cost-based rates for the termination of local traffic – the RLECs' reciprocal compensation rates – and no party disputes that those reciprocal compensation rates, which are well below the RLECs' intrastate and interstate access rates, are sufficient to cover the cost of terminating a local call. Accordingly, there can be no serious dispute that access rates far exceed the costs of terminating an in-state long-distance call.

Note, however, that AT&T is not asking this Commission to set the RLECs' intrastate access rates at cost-based levels. AT&T and the OCA are simply requesting that the RLECs' intrastate access rates be set at parity with their corresponding interstate

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19 Surrebuttal Testimony of Gary Zingaretti, p. 14.

20 *Id.* at pp. 10-11.

21 It should be noted that in neither the *Global Order* nor the 2003 RLEC access settlement proceedings did the Commission engage in or require costs studies to undertake access reform. Likewise, the New Jersey Board of Public Utilities recently noted that the four cost studies injected in that case were unnecessary for it to reach its decision to reduce access rates. *In the Matter of the Board's Investigation and Review of Local Exchange Carrier Intrastate Exchange Access Rates*, Docket No. TX08090830, released February 1, 2010 ("NJ Access Order"). Likewise, the Virginia State Corporation Commission was not guided by the cost study CenturyLink introduced in an access case in Virginia.

levels. The RLECs' interstate access rates are well above their reciprocal compensation rates and thus well above "cost." Thus, lowering intrastate rates to interstate levels will still leave intrastate rates well above cost.

Q. THERE IS ADDITIONAL DEBATE IN THE REBUTTAL TESTIMONY ABOUT WHETHER ACCESS RATES SHOULD RECOVER A PORTION OF THE LOCAL LOOP. PLEASE RESPOND TO THIS DISCUSSION.

A. We have already addressed this issue fairly extensively in our Rebuttal Testimony. There we showed not only that access rates should not contribute to the cost of the local loop, we also made a more important point – namely, that the market has already trumped this endless (and pointless) economic debate because the various services and technologies with which traditional long distance carriers compete (*e.g.*, e-mail, social networking websites, internet service providers, VoIP providers, wireless carriers) are largely immune from any loop cost subsidy obligations. Whatever the Commission's views on loop cost allocation, it cannot impose loop costs on IXCs without putting them at a severe competitive disadvantage. Even the OCA recognized this reality. As we've said before, the Commission's objective should be to promote competition, not to favor one set of competitors at the expense of another.

In any event, AT&T's proposal will result in access rates that still make a contribution to the RLECs' joint and common costs, since AT&T's proposal does not reduce the RLECs' access rates to cost-based levels.

We also want to respond to one point made by the OCA. Dr. Loube argues that some rural loops are in fact traffic sensitive because remote terminals are used to concentrate traffic.[22] This novel position is wrong. All loops, regardless of their cost or

[22] Surrebuttal Testimony of Dr. Robert Loube, p. 23.

capacity, are non-traffic sensitive for all practical engineering purposes, and certainly for costing purposes. It is universally understood that loops provided in less dense rural areas tend to be longer and more expensive than urban loops, but nonetheless the costs the LEC incurs to extend those loops are caused by the customers' decision to order telephone service, and do not vary based on the volume of voice traffic the customer sends across the loop, or whether the customer even uses the loop at all.

Q. CENTURYLINK PROVIDED A REGRESSION ANALYSIS TO SHOW THAT ITS COSTS ARE HIGHER IN LOWER DENSITY (OR MORE RURAL) AREAS.[23] PLEASE COMMENT.

A. We have two responses. First, CenturyLink's analysis relies extensively on the OCA cost model that was presented in the USF case before ALJ Colwell. AT&T has already explained that the OCA's use of a non-rural model to calculate rural costs was highly flawed and cannot be used for any purpose in this case.[24] Even CenturyLink criticized the OCA cost model,[25] but now chooses to use the results where they benefit CenturyLink's positions. The fact that the OCA cost model submitted in another proceeding is the only cost model submitted in either case does not make it a valid cost model, or a model that should be relied on for any purpose. ALJ Colwell did not rely on the model in the USF case, and it should not be relied upon to draw any conclusions in this one.

Our second response is, "so what?" CenturyLink's conclusions from its regression analysis are hardly surprising, and are irrelevant. To say that costs are higher in less

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[23] Panel Surrebuttal Testimony of Lindsey/Harper, pp. 30-33.

[24] See AT&T Reply Brief of June 4, 2009 in Docket No. I-00040105, pp. 19-21; *See also* AT&T Statement 1.1 in that same case before ALJ Colwell containing extensive discussion about why the OCA cost model is fatally flawed.

[25] Rebuttal Testimony of Londerholm; Statement 3.0; January 15, 2009 in Docket No. I-00040105, p. 5.

dense areas is an undisputed (and non-controversial) fact. But the CenturyLink regression analysis failed to respond to the real issue (as noted by Comcast witness Pelcovits): that there is no correlation between loop ***costs*** (or density, which is the prime driver of loop costs) and access ***rates***. Since high access rates are supposed to be supporting high loop costs, Dr. Pelcovits correctly observed that one would expect to see the highest access rates for the RLECs with the highest loop costs/lowest densities, and vice versa, but the facts show that is not the case. CenturyLink has not disputed the point, and its non-responsive regression analysis should be disregarded.

V. ACCESS REFORM SHOULD NOT BE FURTHER DELAYED.

Q. THE PTA AND CENTURYLINK ARGUE THAT THE RECENT *NATIONAL BROADBAND REPORT* RELEASED BY A FCC TASK FORCE JUSTFIES DEFERRING PENNSYLVANIA ACCESS REFORM TO SEE WHAT THE FCC MIGHT DO IN A FEW YEARS. HOW DO YOU RESPOND TO THAT ARGUMENT?

A. Truly unbelievable. It is clear from even a cursory review of the Broadband Report that, even if the FCC stars align, it will be years before the more than forty additional FCC rulemakings proposed in the Report yield any comprehensive intercarrier compensation reform. At this stage no one can predict, not even the FCC itself, when, or even if, the FCC will garner the necessary three votes needed to push through intercarrier compensation reform envisioned in the Broadband Report.

More to the point, the Broadband Report expressly *supports* state regulators undertaking intrastate access reform. The Report specifically recommends that the "FCC should also ***encourage states to complete rebalancing of local rates to offset the impact of lost access revenues. Doing so would encourage carriers and states to "rebalance"***

rates to move away from artificially low $8–$12 residential rates that represent old implicit subsidies to levels that are more consistent with costs."[26]

Q. IN YOUR REBUTTAL TESTIMONY, YOU PRAISED THE OCA'S PROPOSAL AND ADOPTED PARTS OF IT. THE OCA CLAIMED THAT IT DID NOT AGREE WITH AT&T'S CHANGES, AND THAT UNLESS THE OCA PROPOSAL IS ADOPTED IN ITS ENTIRETY, ACCESS REFORM SHOULD NOT OCCUR. DO YOU AGREE?

A. No. We have already explained why the OCA's benchmark of $17.09 is unreasonable (it is even below the $18 rate the Commission found to be reasonable nearly seven years ago). We have already explained why the OCA's proposal to expand the size of the PA USF to nearly $100 million is unsupported, unnecessary and unreasonable. In fact, ALJ Colwell has already found that a similar OCA proposal to use a USF in order to keep rates comparable to Verizon's is unwise, because although it will certainly lead to universal service, it will do so at the expense of competition:

> The OCA plan will institutionalize the present fund and will keep RLEC rates comparable to Verizon PA rates -- as long as the Commission requires Verizon's customers as well as those of the other contributors to the Fund to subsidize RLEC services. The OCA plan will promote the goals of universal service in providing affordability and comparability but does not promote competition.[27]

We also disagree with OCA's proposal to wait to implement access reform unless and until the Commission expands the base of contributors to the PA USF. The process of adding wireless and VoIP providers as contributors is likely to be highly contentious and could take years, and it may require a change in law. If the Commission were to

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[26] Connecting America: The National Broadband Plan, p. 148 (emphasis added).

[27] ALJ Colwell Recommended Decision, Docket No. I-00040105, July 22, 2009, p. 82. ALJ Colwell further found that universal service and competition are both equal goals of state law. *Id.* at p. 84. In that same Recommended Decision at pages 80-82, ALJ Colwell also expressly disagreed with the OCA proposal to use comparability as a basis to determine a reasonable benchmark RLEC rate. Finally, the OCA's discussion at pages 30-31 in its Surrebuttal Testimony of the 10th Circuit decision regarding comparability are misleading and wrong, but that is a legal argument that can be addressed in briefs.

adopt a properly and reasonably sized PA USF (as proposed by AT&T), the Commission would not have to be so concerned with expanding the base of contributors. The OCA's comprehensive proposal would lead to yet more inaction for years to come, and that is not an acceptable result. This is especially true when the OCA itself has acknowledged that the disparity between intrastate and interstate rates is harmful to competition and consumers.

Q. VERIZON PRESENTED TESTIMONY THAT THE COMMISSION SHOULD PHASE IN ACCESS REDUCTIONS RATHER THAN ADOPT AT&T'S PROPOSAL TO TEMPORARILY INCREASE THE SIZE OF THE PA USF. DO YOU AGREE?

A. No. Verizon is essentially arguing that it is better to have implicit subsidies rather than explicit subsidies. AT&T disagrees. The FCC and this Commission have always recognized that implicit subsidies must be removed, and that if there are going to be any subsidies at all, they should be explicit. Verizon's suggestion goes in exactly the opposite direction. AT&T certainly agrees with Verizon that access reform should occur now, and AT&T's alternate proposal is intended to present a balanced and measured approach to access reform.[28]

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes it does.

[28] Verizon also makes a powerful observation that RLECs are over-collecting from the PA USF and their current fund draws do not reflect reductions in access minutes or lines that would have occurred over the past ten years.

ATTACHMENT 1

NOT USED

ATTACHMENT 2

NOT USED

ATTACHMENT 3

AT&T Consumer State to State Direct Dial Basic & Value, In-State LD

	Single Rate	Offpeak	Peak	Weekend	Night/ Weekend
AL	$0.23				
AZ		$0.24	$0.32	$0.15	
CO	$0.33				
IA	$0.33				
IN		$0.30	$0.40	$0.28	
KY		$0.32	$0.37		$0.29
LA	$0.33				
MS	$0.33				
MO		$0.39	$0.42	$0.33	
NC	$0.33				
NE		$0.26	$0.26	$0.26	
ND		$0.42	$0.45	$0.39	
NV		$0.31	$0.42		$0.26
OH	$0.33				
OR	$0.33				
PA	$0.33				
SC	$0.33				
SD		$0.38	$0.44		$0.35
TN	$0.33				
TX		$0.31	$0.40		$0.26
WA		$0.35	$0.37		$0.25
WV		$0.19	$0.19	$0.19	
WY	$0.33				

Note: Blank cell implies the rate does not apply

Business All In One Service - Sample of Basic Rate Plans

	Rate Table A-IntraState		**Rate Table B-IntraState**		**Rate Table C-IntraState**		**Rate Table Multi-Saver-IntraState**	
	Basic	Connected	Basic	Connected	Basic	Connected	Basic	Connected
	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA	InterLATA
State	DD	DD	DD	DD	DD	DD	DD	DD
AL	0.24	0.14	0.24	0.15	0.10	0.07	0.07	0.07
AR	0.27	0.18	0.27	0.19	0.14	0.07	0.11	0.07
AZ	0.24	0.18	0.24	0.17	0.14	0.07	0.11	0.07
CA	0.28	0.15	0.26	0.16	0.08	0.05	0.05	0.05
CO	0.32	0.23	0.32	0.21	0.13	0.06	0.10	0.06
CT	0.26	0.15	0.26	0.16	0.12	0.08	0.09	0.08
DC	0.26	0.15	0.26	0.16	0.09	0.06	0.06	0.06
DE	0.26	0.15	0.26	0.16	0.09	0.06	0.06	0.06
FL	0.26	0.14	0.26	0.15	0.12	0.07	0.09	0.07
GA	0.26	0.14	0.26	0.15	0.10	0.07	0.07	0.07
HI	0.26	0.17	0.26	0.18	0.10	0.06	0.07	0.06
IA	0.32	0.23	0.32	0.23	0.14	0.06	0.11	0.06
ID	0.29	0.20	0.29	0.21	0.14	0.06	0.11	0.06
IL	0.28	0.15	0.28	0.16	0.08	0.05	0.05	0.05
IN	0.28	0.15	0.28	0.16	0.08	0.05	0.05	0.05
KS	0.32	0.23	0.32	0.21	0.10	0.07	0.07	0.07
KY	0.24	0.16	0.24	0.17	0.10	0.07	0.07	0.07
LA	0.24	0.16	0.24	0.17	0.10	0.07	0.07	0.07
MA	0.28	0.15	0.28	0.16	0.09	0.06	0.06	0.06
MD	0.28	0.15	0.28	0.16	0.09	0.06	0.06	0.06
ME	0.32	0.23	0.32	0.24	0.09	0.06	0.06	0.06
MI	0.26	0.14	0.26	0.15	0.08	0.05	0.05	0.05
MN	0.29	0.20	0.29	0.18	0.13	0.06	0.10	0.06
MO	0.32	0.21	0.32	0.21	0.16	0.07	0.13	0.07
MS	0.24	0.16	0.24	0.17	0.10	0.07	0.07	0.07
MT	0.30	0.21	0.30	0.22	0.15	0.06	0.12	0.06
NC	0.24	0.14	0.24	0.15	0.10	0.07	0.07	0.07
ND	0.31	0.22	0.31	0.23	0.19	0.08	0.16	0.08
NE	0.31	0.22	0.31	0.21	0.10	0.05	0.07	0.05
NH	0.26	0.17	0.26	0.18	0.10	0.06	0.07	0.06
NJ	0.28	0.15	0.28	0.16	0.09	0.06	0.06	0.06
NM	0.33	0.24	0.33	0.24	0.14	0.06	0.11	0.06
NV	0.26	0.17	0.26	0.18	0.09	0.05	0.06	0.05
NY	0.28	0.15	0.25	0.16	0.09	0.06	0.06	0.06
OH	0.28	0.15	0.28	0.16	0.08	0.05	0.05	0.05
OK	0.24	0.16	0.24	0.17	0.10	0.07	0.07	0.07
OR	0.26	0.15	0.26	0.16	0.08	0.05	0.05	0.05
PA	0.28	0.15	0.28	0.16	0.09	0.06	0.06	0.06
PR	0.27	0.18	0.27	0.19	0.10	0.07	0.07	0.07
RI	0.28	0.18	0.28	0.18	0.09	0.06	0.06	0.06
SC	0.30	0.22	0.30	0.22	0.10	0.07	0.07	0.07
SD	0.30	0.22	0.30	0.22	0.19	0.08	0.17	0.10
TN	0.24	0.14	0.24	0.15	0.10	0.07	0.07	0.07
TX	0.35	0.21	0.28	0.17	0.11	0.07	0.08	0.07
UT	0.31	0.23	0.31	0.21	0.09	0.05	0.06	0.05
VA	0.26	0.15	0.26	0.16	0.10	0.06	0.08	0.06
VT	0.32	0.23	0.32	0.23	0.09	0.06	0.06	0.06
WA	0.28	0.15	0.28	0.16	0.11	0.05	0.08	0.05
WI	0.26	0.15	0.26	0.16	0.09	0.05	0.06	0.05
WV	0.29	0.20	0.29	0.20	0.10	0.06	0.07	0.06
WY	0.32	0.23	0.32	0.23	0.11	0.05	0.08	0.05

ATTACHMENT 4

PANEL REJOINDER ATTACHMENT 4

Instructions and Links to Access the AT&T's Consumer and Business Plans

USING CONSUMER TARIFF – Basic Rate Plan and all other plans in states which have tariffs

From www.att.com

Select "About AT&T" tab

Select "Service Publications" in the "Public Policy and Regulatory Information" section, which takes you to:

http://www.att.com/gen/public-affairs?pid=9700

Select a state on the map and then select "Residential"

Under the company "AT&T Communications of the XXX ..." select "Learn More" under "State tariffs"

Select a state again

Select "Tariffs". You have to look through the different tariffs to find the service in which you are interested. The tariff may differ for each state.

As an example from

http://www.att.com/gen/public-affairs?pid=9700:

Select "PA" for the state.

Select "Residential"

Under AT&T Communications of the Mountain States, Inc. ..., select "Learn More" under "State Tariffs:

Select "PA"

Select "Tariffs"

Select "PA Message Telecommunications Service"

Search for "X Schedule, Dial Station"

As another example, from

http://www.att.com/gen/public-affairs?pid=9700:

Select "TX" for the state.

Select "Residential"

Under AT&T Communications of the Southwest, Inc…., select "Learn More" under "State Tariffs:

Select "TX"

Select "Tariffs"

Select "TX MTS TOC Section 1 MTS and OCPs"

Search for "Schedule X"

USING CONSUMER SERVICE GUIDE – Basic Rate Plan

From www.att.com

Select "About AT&T" tab

Select "Service Publications" in the "Public Policy and Regulatory Information" section, which takes you to:

http://www.att.com/gen/public-affairs?pid=9700

Select a state on map and select "Residential"

Under the company "AT&T Communications of the XXX …., select "Learn More" under "State Guidebooks/Service Guides" which takes you to:

http://www.serviceguide.att.com/ACS/ext/index.cfm

Select "Domestic Service Guide" on the left

Select "AT&T State to State Direct Dialed Basic Rate Plan"

Select "AT&T State-To-State Direct Dialed Basic Rate Plan service guide"

Once link opens, go to bottom of page and in the last paragraph, select the "information" link,

Select the desired state. Only states that have "Service Guides" for the "Basic Rate Plan will be available to select.

USING CONSUMER SERVICE GUIDE – One Rate USA, AT&T True Reach and AT&T Reach Out America

From www.att.com

Select "About AT&T" tab

Select "Service Publications" in the "Public Policy and Regulatory Information" section, which takes you to:

PANEL REJOINDER ATTACHMENT 4

http://www.att.com/gen/public-affairs?pid=9700

Select a state on map and select "Residential"

Under the company "AT&T Communications of the XXX ...., select "Learn More" under "State Guidebooks/Service Guides" which takes you to:

http://www.serviceguide.att.com/ACS/ext/index.cfm

Select "Domestic Service Guide" on the left

One Rate USA

Scroll down to "Local Services Bundle", select One Rate USA, a new document opens up, scroll down to bottom and click on desired state

AT&T TRUE REACH AND AT&T REACH OUT AMERICA

Scroll down to "Offers No Longer Available to New Customers", and select "more" at the bottom and you will then see expanded list of grandfathered plans

Scroll down to AT&T True Reach or AT&T Reach Out America, select plan, and a new page opens up,

Select the Plan again, a new document opens up

Scroll down to bottom of document, in the last paragraph (usually) it talks about state rates (for de-tariffed states), select the "information" link, new screen opens up

Select desired state

USING CONSUMER SERVICE GUIDE – AT&T In-State Overlay, AT&T IntraLATA Overlay and AT&T IntraLATA Overlay II

From www.att.com

Select "About AT&T" tab

Select "Service Publications" in the "Public Policy and Regulatory Information " section, which takes you to:

http://www.att.com/gen/public-affairs?pid=9700

Select a state on map and select "Residential"

Under the company "AT&T Communications of the XXX ...., select "Learn More" under "State Guidebooks/Service Guides" which takes you to:

http://www.serviceguide.att.com/ACS/ext/index.cfm

Select "State Specific Service Guides" on the left

Scroll down to "Offers No Longer Available to New Customers", and select "more" at the bottom and you will then see expanded list of grandfathered plans

Scroll down to AT&T In- State Overlay or AT&T IntraLata Overlay OR AT&T IntraLATA Overlay II, select plan, and a new page opens up,

Select the Plan again, a new document opens up

Scroll down to bottom of document, in the last paragraph (usually) it talks about state rates (for de-tariffed states), select the "information" link, new screen opens up

Select desired state

BUSINESS TARIFF OR SERVICE GUIDE FOR THE "ALL IN ONE" PLAN AS WELL AS OTHER BUSINESS PLANS

From www.att.com

Select "About AT&T" tab

Select "Service Publications" in the "Public Policy and Regulatory Information" section, which takes you to:

http://www.att.com/gen/public-affairs?pid=9700

Select a state and then select "Business"

Under the company "AT&T Communications of the XXXX…., select "Learn More" under "State tariffs"

Select state again

Select "Services"

Under "Custom Network Services", select "the Price List",

On "Price List" page, select either Section 10 or "AT&T All in One Service". Only one of these will be available. If "AT&T All in One Service" is available, go to Section 10 within the document.