



THOMAS, LONG,
NIESEN & KENNARD

Attorneys and Counsellors at Law

NORMAN J. KENNARD
Direct Dial: 717.255.7627
nkennard@thomaslonglaw.com

September 19, 2011

Via Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17105-3265

In 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 v. Armstrong Telephone Company - Pennsylvania, *et al.*, Docket No. C-2009-2098380, *et al.*

Dear Secretary Chiavetta:

Enclosed for filing are the Reply Comments of the Pennsylvania Telephone Association in the above-referenced matter. Copies have been served in accordance with the attached Certificate of Service.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,

THOMAS, LONG, NIESEN & KENNARD

By:


Norman J. Kennard

Enclosures

cc: Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

**REPLY COMMENTS OF
THE PENNSYLVANIA TELEPHONE ASSOCIATION**

On September 12, 2011, the Pennsylvania rural incumbent local exchange carriers (“RLECs”) represented by the Pennsylvania Telephone Association (“PTA”) in this matter submitted Comments to the RLEC Access Charge/Local Rate Rebalancing Template (“Template”) issued by Secretarial Letter dated August 19, 2011.¹ To the PTA’s knowledge, the only other parties to have submitted Comments to the Template were CenturyLink and AT&T. Pursuant to Ordering Paragraph No. 11 and Annex C of the Commission Order entered July 18, 2011, the PTA submits these replies to AT&T’s Comments.

I. REPLIES

AT&T’s Comments are brief; so, too, will be the PTA’s replies.

¹ Due to flooding in the Harrisburg area, the PUC’s offices, along with many other downtown offices and businesses, were closed. A notice on the PUC’s website allowed filings that were due on September 8 and 9, 2011, to be filed through close of business on September 13, 2011. The PTA filed its Comments on September 12, 2011.

A. Switched Access Rate Elements

AT&T first requests that Tab 3 (Phase 1 Reduction Summary) be clarified to ensure that the RLECs list “all Switched Access Rate Elements.”² This is not an issue, since the Commission’s Order requires that intrastate switched access rate elements be brought to parity, over time, with interstate switched access rate elements. It is the RLECs’ intention to identify “all” intrastate switched access rate elements that have an interstate counterpart as it is those rates that must be reduced on a revenue-neutral basis. The carrier common line (“CCL”) charge, as AT&T recognizes, is in a separate category, with the Commission having determined to retain a CCL, albeit at a lower rate, in lieu of explicit universal service support to recognize the cost recovery of the local loop.

B. Demand Period

AT&T next requests Staff to clarify that the *demand period* to be used for the first phase of rebalancing shall be “December 31, 2010 as the start date for the RLECs’ calculations.”³ As the RLECs have continually maintained throughout these consolidated proceedings,⁴ current data will be used when the Commission has determined finally how and when it desires to proceed in implementing further intrastate access restructuring. Absent any change on reconsideration of the July 18, 2011 Order, the RLECs intend to use data for the twelve months ended December 31, 2010 for the demand period.

² AT&T Comments at 1 (emphasis in original).

³ AT&T Comments at 2.

⁴ For example, the PTA successfully opposed AT&T’s and other parties attempts to bog the PTA Companies down in unnecessary, time consuming, and burdensome discovery by seeking endless monthly and annual updates to data as the two proceedings progressed, despite the knowledge that in the end, current data would be provided. *See e.g.* PTA Main Brief (Melillo proceeding) at 89 (“In lieu of compliance filings subject to accelerated comments and replies to 31 tariff filings, a more efficient manner of implementing any mandated rate changes, including updating rate elements, would be technical conferences involving the parties and Commission staff as were used in both previous rural access reform proceedings,” citing PTA Rejoinder at 11-12).

AT&T's comments, however, while requesting clarification of the initial demand period, also seems to suggest that something other than *current* interstate rates should be used for purposes of progressing to parity. As AT&T is certainly well aware, for those RLECs which participate in NECA interstate average schedule tariffs, interstate switched access rates were increased effective July 1, 2011. This directly comports with AT&T's Attachment 1, Part 1 (for the PTA Companies) included in AT&T's rebuttal testimony and referenced in AT&T's Comments, which likewise used *current* rates effective "as of July 1, 2009."⁵ Thus, according to the purpose and design of the Commission's intrastate restructuring, to arrive at parity with corresponding interstate rates the RLECs must be allowed to use current, not past, interstate rates as the correct point "for purposes of starting the process."⁶

It would be inconsistent for the Commission to compel the RLECs to calculate mandatory reductions in intrastate switched access – reductions justified by the ascribed public benefit goal of achieving interstate parity – by using a December 31, 2010 interstate level that all parties know is outdated, incorrect, and lower than current rates. If this is, in fact, the motivation behind AT&T's requested clarification, it simply further proves the PTA's contention all along that it is private corporate greed that is driving AT&T's and the other IXCs', wireless and other competitive carriers' demands for access reductions, and not at all equity, parity, competitive benefits, or any other allegedly benevolent public goal. If parity *is* the goal, the Commission should reject AT&T's attempts to force reductions to an invalid and outdated lower interstate rate and instead ensure that known, current interstate rates be the correct starting point at each phase of the reduction.⁷

⁵ See footnoted "*" at the bottom of AT&T Attachment 1 for each PTA Company.

⁶ AT&T Comments at 2.

⁷ As for AT&T's repeated request for continuing parity beyond the three phases identified in the Commission's July 18, 2011 Order, the PTA disagrees that such an action would comport with the requirements of Section 3017(a)

C. Ministerial Matters

The PTA does not oppose AT&T's suggestion to link tabs. However, the PTA requests that the Commission not lock, or password protect, the spreadsheets that are ultimately provided for the Companies' use. This could impede the Companies' abilities to deploy their own company-specific data for services that may have a change in rates. For example, Tab 1, "Phase I Reduction Summary," includes five lines for Traffic Sensitive rates. If this sheet were protected, Companies with more than five individual rates would not be able to insert the rows needed to complete the spreadsheet. This would also apply to Tab 5 – Rate Detail, where there is a limit of four "Miscellaneous" local rates that can be revised. If a company were to need a fifth rate change, it would require the insertion of additional rows. The insertion of rows could lead to the need to edit formulas to include the new rows. This too would not be possible if the spreadsheet were password protected. The PTA also agrees that Cell D13 on Tab 7, "Summary of Revenue Impacts," must be corrected to add cells E67 and E68 from "Rate Detail" on Tab 5.

With respect to the \$3.50 limitation on local rate increases, AT&T contends that such limit applies to R-1 rates only and not B-1 rates. Understanding the \$3.50 R-1 limitation, the PTA Companies must have the authority to recover the lost access charge revenue through increases in the prices of any noncompetitive service. The PTA Companies may elect to recover this revenue through any number or combination of proposed rate increases to any number or combination of noncompetitive service rates. As the ALJ opined, and the Commission agreed, "[e]ach and every RLEC has room for access rebalancing if approached with an open mind to optimum rate design[.]"⁸ thus instilling in each and every RLEC the freedom and ability to

of Act 183, 66 Pa.C.S. §3017(a), for the reasons set forth in the PTA's Answer to AT&T's Petition for Reconsideration, which are incorporated herein by reference as necessary.

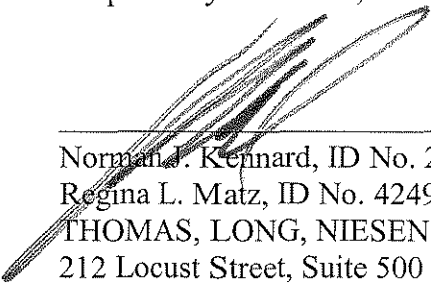
⁸ July 18, 2011 Order at 140.

design its own rates. In no event should the Commission insert a new limitation on the Companies' discretion and flexibility at this time by disallowing a proposed rate design that otherwise satisfies the R-1 limitation. The Companies are best positioned to design rates to achieve revenue-neutrality. Precluding proposed increases specifically designed by the Companies in response to the Commission's mandate to mirror interstate rates would result in the Companies inability to achieve revenue-neutrality, a mandate that is prohibited by Section 3017(a) of Act 183.

II. CONCLUSION

The PTA Companies appreciate the opportunity to provide these replies to comments and, as always, remain available to work with Staff to finalize the information required to effectuate the goal's of the Commission's July 18, 2011 Order.

Respectfully submitted,



Norman J. Kennard, ID No. 29921
Regina L. Matz, ID No. 42498
THOMAS, LONG, NIESEN & KENNARD
212 Locust Street, Suite 500
P.O. Box 9500
Harrisburg, PA 17108-9500
(717) 255-7600

Attorneys for
Pennsylvania Telephone Association

Date: September 19, 2011

CERTIFICATE OF SERVICE

I hereby certify that on this 19th day of September, 2011, I did serve a true and correct copy of the foregoing document upon the persons below via electronic mail and first class mail as follows:

Michelle Painter, Esquire
13017 Dunhill Drive
Fairfax, VA 22030
painterlawfirm@verizon.net

Suzan D. Paiva Esquire
Verizon
1717 Arch Street
Philadelphia, PA 19103
Suzan.D.Paiva@Verizon.com

Bradford M. Stern, Esquire
Rothfelder Stern LLC
625 Central Avenue
Westfield NJ 07090
mrothfelder@rothfelderstern.com

Christopher M. Arfaa Esquire
150 N Radnor Chester Road
Suite F-200
Radnor, PA 19087-5254
carfaa@arfaalaw.com

Pamela C. Polacek, Esquire
Barry A. Naum, Esquire
McNees Wallace & Nurick, LLC
Post Office Box 1166
Harrisburg, PA 17108-1166
ppolacek@mwn.com
bnaum@mwn.com

Darryl Lawrence, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor Forum Place
Harrisburg PA 17101-1923
dlawrence@paoca.org

Zsuzsanna E. Benedek, Esquire
The United Telephone Co. of PA LLC
d/b/a Century LINK
240 North Third Street, Suite 201
Harrisburg, PA 17101
sue.benedek@centurylink.com

Steven C. Gray, Esquire
Office of Small Business Advocate
300 North 2nd Street, Suite 1102
Commerce Building
Harrisburg, PA 17101
sgray@state.pa.us

Michael A. Gruin, Esquire
Stevens & Lee
16th Floor, 17th North 2nd Street
Harrisburg, PA 17101
mag@stevenslee.com

John Dodge, Esquire
Davis, Wright, Tremaine, LLP
1919 Pennsylvania Avenue, NW
Suite 200
Washington, DC 20006
JohnDodge@dwt.com

Allison Kaster, Esquire
Adeolu A. Bakare, Esquire
Office of Trial Staff
PA Public Utility Commission
Post Office Box 3265
Harrisburg, PA 17105-3265
akaster@state.pa.us
abakare@state.pa.us

Benjamin J. Aron, Esquire
Sprint Nextel Corporation/Govt. Affairs
2001 Edmund Halley Drive, Room 208
Reston, VA 20191
Benjamin.Aron@sprint.com

Garnet Hanley, Esquire
T-Mobile
401 9th Street, NW, Suite 550
Washington, DC 20004
garnet.hanley@t-mobile.com

Deanne M. O'Dell, Esquire
Alan C. Kohler, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
dodell@eckertseamans.com
akohler@eckertseamans.com

Demetrios G. Metropoulos, Esquire
Mayer Brown LLP
71 South Wacker Drive
Chicago, IL 60606-4361
demetro@mayerbrown.com

John F. Povilaitis, Esquire
Buchanan Ingersoll & Rooney PC
17 North Second Street, 15th Floor
Harrisburg, PA 17101-1646
john.povilaitis@bipc.com

Philip S. Shapiro, Esquire
AT&T Inc., Law Department
3033 Chain Bridge Road, 2nd Floor
Oakton, VA 22185
psshapiro@att.com

John J. Calkins, Esquire
Sonnenschein Nath & Rosenthal LLP
1301 K Street, N.W.
Suite 600 East Tower
Washington, DC 20005
jcalkins@sonnenschein.com



Norman J. Kennard
PA Attorney ID No. 29921