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March 12, 2010

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Via Federal Express

James J. McNulty, Secretary Pennsylvania Public Utility Commission 400 North Street, Filing Room Harrisburg, PA 17101

MAR 12 2010

PA PUBLIC UTILITY COMMISSION SECRETARY'S BUREAU

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 McNulty:

In the Panel Rebuttal Testimony (Nurse and Oyefusi) filed by AT&T Communications of Pennsylvania, LLC, et al. in the above docket on Wednesday, March 10, 2010, the witnesses set forth several inaccurate and defamatory assertions. AT&T Statement 1.2 Panel Rebuttal Testimony of E. Christopher Nurse and Dr. Ola A. Oyefusi, see testimony generally, pp. 53-58.

Windstream has contacted AT&T to state its objection and requested a retraction by AT&T. We expect that AT&T will correct the record as early as next week.

In order to address the untruthful and harmful claims that AT&T has made against them and their affiliates in this proceeding, Windstream Conestoga and Windstream D&E are submitting this filing to correct the record and provide notice of the attached document which includes a Demand Letter from Windstream counsel and the Acknowledgement of Stephen Weeks.

If you, any member of the Commission, or part of this case, have any questions regarding this filing, please do not hesitate to contact the undersigned.

Sincerely,

THOMAS, LONG, NIESEN & KENNARD

By:

Kennard

NJK:tlt

Honorable Kandace F. Melillo, cc:

Administrative Law Judge (Electronic and 1st Class Mail)

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PA PUBLIC UTILITY COMMISSION SECRETARY'S BUREAU

# **ATTACHMENT 1**

Windstream Communications, Inc. 4001 Rodney Parham Road 1170 – B1F03-53A Little Rock, AR 72212 Kimberly K. Bennett Director – Regulatory Counsel (501) 748-6374



March 12, 2010

#### VIA ELECTRONIC DELIVERY

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MAR 12 2010

PA PUBLIC UTILITY COMMISSION SECRETARY'S BUREAU

Re: <u>DEMAND FOR AT&T TO CEASE AND DESIST DEFAMATORY ACTIONS</u>
<u>AND TO TAKE IMMEDIATE CORRECTIVE ACTION</u>

#### Dear Counsel:

We have become aware of testimony that you filed on behalf of your clients, AT&T Communications of Pennsylvania, LLC, TCG Pittsburgh, and TCG New Jersey, Inc. (collectively, "AT&T") as well as information that AT&T (including its lobbyist(s)) appears to have disseminated to various parties outside of the Commission's proceeding in Docket Nos. I-00040105 and C-2009-2098380, et. al. (collectively, "defamatory materials"). The defamatory materials distributed by AT&T contain false statements regarding various Windstream subsidiaries and are irresponsibly erroneous. We are currently evaluating legal remedies available against AT&T and its witnesses (E. Christopher Nurse and Dr. Ola A. Oyefusi) but are also requesting immediate and full retraction and corrective action by AT&T. A Windstream representative contacted AT&T to provide notice of this issue on the evening of March 10, 2009 as soon as he learned of the actions by AT&T. While it appears that AT&T may have stopped distributing some of the legislative materials, we have not received confirmed notice of the commitments AT&T intends to take to fully remedy this situation.

The testimony filed on behalf of AT&T witnesses Nurse and Oyefusi alleges that Windstream D&E, Inc. ("Windstream Conestoga, Inc. ("Windstream Conestoga") are actively engaged in "traffic pumping" schemes and that such schemes were initiated as a

result of their being acquired by "out-of-state interests". The defamatory materials that it appears were distributed directly or indirectly by AT&T through various legislative channels contain similar misrepresentations. AT&T's assertions are false. AT&T's own corporate records show that AT&T previously supported Windstream's stance against traffic pumping. (See Attachment 1 to this letter which also contain additional materials demonstrating the Windstream corporate position on traffic pumping.) Similarly, the Pennsylvania Commission records show that Windstream Communications, Inc. (cited incorrectly on pages 1 and 2 of AT&T's apparent legislative materials as an "out-of-state owner" who "took control of" Denver and Ephrata Telephone and Telegraph Company and Conestoga Telephone and Telegraph Company) is not the parent company of either Windstream D&E or Windstream Conestoga. Windstream Communications, Inc. is an entity certified as a competitive and interexchange provider in Pennsylvania. Moreover, Windstream D&E and Windstream Conestoga are not "multi-state entities" "not even based out of Pennsylvania anymore" as suggested in AT&T's materials and are incumbent communications providers which continue to operate only in the Commonwealth.

More significantly, AT&T's defamatory materials misrepresent that certain "traffic pumping" activity began as a result of the transaction and after D&E and Conestoga became Windstream affiliates. AT&T's charts suggest this occurred around August 2009. The accurate facts demonstrate that any activity reflected in AT&T's charts began prior to the completion of any transaction involving D&E, Conestoga, and Windstream Corporation. The transaction whereby D&E and Conestoga became subsidiaries of Windstream Corporation closed on November 10, 2009. On November 11, 2009, Windstream D&E and Windstream Conestoga immediately provided notice to terminate the business relationship about which AT&T complains and which AT&T wrongfully asserts was initiated by action of some Windstream affiliation. While AT&T engaged in extensive discovery in the pending Pennsylvania proceedings, we are not aware that AT&T sought any discovery from Windstream D&E or Windstream Conestoga on these issues. I should also note that our research of the telephone numbers in AT&T's defamatory materials shows that the numbers belonging to Windstream D&E or Windstream Conestoga are no longer connected to the service. (See Attachment 2 to this letter containing a verified affidavit by Stephen Weeks.)

AT&T's defamatory materials accusing the various Windstream entities of being actively engaged in traffic pumping schemes "spearheaded" by certain "out-of-state" interests are erroneous, malicious, and harmful to Windstream D&E, Windstream Conestoga, Windstream Communications, Inc., and other Windstream affiliates. We are requesting that AT&T confirm by 12:00 noon Eastern time today AT&T's detailed plan and commitment for resolving this situation. We suggest that AT&T's plan include a commitment to take the following actions:

- Providing the name and contact information of each employee, lobbyist, representative, agent, consultant, and attorney that assisted or participated directly or indirectly in the preparation, review, or distribution of the AT&T defamatory materials;
- Providing the name and contact information of each recipient to whom AT&T (including its
  counsel, lobbyists, and consultants) provided, in whole or in part, the defamatory materials
  either orally or in writing; and

• Establishing meetings among AT&T lobbyist(s), Windstream representatives, and legislative contacts or other governmental contacts to whom AT&T provided the defamatory materials during which meetings AT&T would explain the erroneous nature of its information.

Additionally, we are requesting that no later than 12:00 noon Eastern time today, AT&T provide its commitment in writing to Windstream that AT&T will file in the Pennsylvania proceedings referenced above by 3:00 Eastern time today an acknowledgement and retraction of the defamatory portions of AT&T's testimony due to the erroneous statements contained therein.

Your immediate cooperation in this matter is appreciated. I look forward to your acknowledgment of AT&T's corrective action and the receipt of the requested information as set forth above.

Respectfully,

Kimberly Bennett

Windstream Counsel

Attachments



Henry Hultquist Vice President Federal Regulatory AT&T Services, Inc. 1120 20<sup>®</sup> Street, NW Suite 1000 Washington, DC 20036 T: 202,457,3821 F: 202,457,3072

July 23, 2007

Ms. Marlene H. Dortch Secretary Federal Communications Commission 445 12<sup>th</sup> Street S.W. Washington, D.C. 20554 FILED/ACCEPTED
JUL 2 3 2007

Federal Communications Commission Office of the Secretary

RE: WCB/Pricing Docket No. 07-10, July 1, 2007 Annual Access Charge Tariff Filings

Turn I mar

Dear Ms. Dortch:

AT&T supports Windstream's efforts<sup>1</sup> to remove its tariff from those under investigation for traffic pumping. While the fact that Windstream's new rates are lower than those under the NECA tariff would not, standing alone, warrant such relief, Windstream has also demonstrated opposition to traffic pumping,<sup>2</sup> is a large, diversified carrier that operates under both price cap and rate of return regulation, and is a significant provider of interexchange services. It is therefore implausible that Windstream would engage in the very arbitrage it recognizes as a threat to the "integrity of the existing intercarrier compensation system."

As a leader in the fight against the traffic pumping carriers AT&T appreciates and supports the Commission's efforts to address this threat to the access charge regime, but urges the Commission to reconsider the inclusion of Windstream's tariff in its investigation.

Please call me if you have any questions.

Sincerely,

#### /s/ Henry Hultquist

cc:

Thomas Navin Donald Stockdale Albert Lewis Deena Shetler

<sup>1</sup> See July 17, 2007 letter from Eric Einhorn to Marlene Dortch.

<sup>&</sup>lt;sup>2</sup> See April 30, 2007 letter from executives of fifteen local exchange carriers (including Windstream) to all five FCC commissioners urging the FCC to "move swiftly to investigate and shut down these potentially de-stabilizing schemes."

#### April 30, 2007

The Honorable Kevin J. Martin Chairman Federal Communications Commission

The Honorable Deborah Taylor Tate Commissioner Federal Communications Commission

The Honorable Robert M. McDowell Commissioner Federal Communications Commission

Federal Communications Commission 445 12<sup>th</sup> Street, SW Washington, DC 20554

The Honorable Michael J. Copps Commissioner Federal Communications Commission

The Honorable Jonathan Adelstein Commissioner Federal Communications Commission

Dear Chairman Martin and Commissioners Copps, Adelstein, Tate and McDowell:

As executives of local exchange companies, we are concerned about recent reports of a very limited number of carriers unreasonably attempting to exploit perceived loopholes in the current access charge regime. We believe that schemes such as "access pumping" pose a serious threat to the integrity of the existing inter-carrier compensation system and urge you to take swift action to address this practice.

The Commission's existing rules were designed, appropriately, to allow rural local exchange carriers flexibility when leaving the NECA pool to establish their own cost-based rates at potentially lower levels without the extensive costs associated with traditional tariff filings. It was expected that these carriers' cost and demand data would not fluctuate greatly over time and thus the use of historical information to develop tariffs would be a reasonable surrogate for the period after leaving the pool. In addition, any increased efficiencies benefit the carrier's access customers through lower rates when it files its subsequent tariffs. The rules did not anticipate schemes whereby carriers leaving the pool would simultaneously enter into agreements solely designed to increase minutes by several times historical levels.

However, carriers engaged in these access pumping schemes are doing precisely that by filing tariffs based upon very low historical minutes, while entering into agreements with free chat lines, international calling platforms, or similar high-volume customers to deliver calls in

The Honorable Kevin J. Martin April 30, 2007 Page 2

exchange for a portion of the access charges collected by the carrier. In other words, these carriers are filing tariffs with access rates based on historical low minutes of use in full knowledge that their actual minutes of use will be many times higher, resulting in an unreasonable windfall in profits. The sole incentive for carriers engaged in this scheme is to generate as many minutes as possible during the two year window before jumping back into the NECA pool.

It is important for the Commission to understand that it is only a very small number of companies that are taking advantage of these improper access pumping practices. The vast majority of rural companies take their filing requirements seriously. But we are very concerned that schemes designed to inappropriately inflate access revenues irreparably diminish the integrity of the access charge system. As you know, we have expressed similar concerns in the past about schemes to inappropriately avoid paying access charges.

While we recognize the need for changes to the existing inter-carrier compensation regime, those changes should not be an overreaction to isolated bad acts, but must instead reflect a rational, practical transition that recognizes the different needs of all parts of the industry. In particular, the flexibility provided by section 61.39 remains a valuable option for rural carriers operating within the original intent of that rule—but that flexibility is being placed at risk through abuse by a few bad actors. For this reason, we believe it is critically important that the Commission move swiftly to investigate and shut down these potentially de-stabilizing schemes.

We appreciate your consideration on this very important matter.

#### Sincerely,

/s/Trent Boaldin Trent Boaldin President EpicTouch Co.	/s/Arne (Skip) Haynes Arne (Skip) Haynes President & CEO The Rainier Group
/s/Gary Gilmer	/s/David Zesiger
Gary Gilmer	David Zesiger
President	Senior Vice President, Regulatory Policy
Southwest Texas Telephone	& External Affairs
	Embarq
/s/Marty Rubin	/s/Eric Einhorn
Marty Rubin	Eric Einhorn
CEO & President	Vice President, Federal Government Affairs
Smart City	Windstream

The Honorable Kevin J. Martin April 30, 2007 Page 3

/s/Jack Keen

Jack Keen

President & CEO

Western New Mexico Telephone Co.

/s/Albert H. Kramer

Albert H. Kramer

Senior Vice President, Operations

D&E Communications, Inc.

/s/Michael Shultz

Michael Shultz

Vice President - Regulatory & Public Policy

**Consolidated Communications** 

/s/Ron B. McCue

Ron B. McCue

Vice President

Silver Star Communications

/s/Walter Arroyo

Walter Arroyo, Esq.

Director, Regulatory Affairs Department

Puerto Rico Telephone Co., Inc.

cc:

Daniel Gonzalez

Michelle Carey

Ian Dillner

Scott Deutchman

Barry Ohlson

Scott Bergmann

Aaron Goldberger

John Hunter

Nick Alexander

Tom Navin

Don Stockdale

/s/D. Michael Anderson

D. Michael Anderson

Vice President, External Affairs and Marketing

Iowa Telecom

/s/Robert Hunt

Robert Hunt

Vice President, Regulatory Affairs

Guadalupe Valley Telephone Cooperative, Inc.

/s/Michael R. Coltrane

Michael R. Coltrane

President and CEO

CT Communications, Inc.

/s/Steven Oldham

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President & CEO

Surewest Communications

Donna Epps Vice President Federal Regulatory Advocacy



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July 25, 2007

#### Ex Parte

Ms. Marlene Dortch, Secretary Federal Communications Commission 445 Twelfth Street S.W., Room TWB-204 Washington, D.C. 20554

Re: WCB/Pricing Docket No. 07-10, July 1, 2007 Annual Access Charge Filings

Dear Ms. Dortch

Verizon supports Windstream's July 17, 2007 request to have its access tariff removed from the list of tariff filings that the Commission is currently investigating in connection with traffic pumping. Windstream has publicly opposed traffic pumping and has been supportive of the Commission's efforts to eliminate this practice. Moreover, Verizon is unaware of any evidence or allegation that Windstream was or is engaged in traffic pumping. Indeed, Windstream and its predecessors or affiliates have been exiting the NECA pool since 1993 without evidence of engaging in traffic pumping and without attempting to re-enter the NECA pool to camouflage their demand.

AT&T correctly notes that the fact that the rates in Windstream's latest annual tariff filing are lower than those in NECA's 2007 annual tariff filing would not, standing alone, warrant relief from investigation.<sup>2</sup> However, given Windstream's past advocacy against traffic pumping and its behavior after exiting the NECA pool in the past, the evidence fails to support investigating Windstream for potential traffic pumping.

See Letter from E. Einhorn (Windstream), T. Boaldin, A. Hayes, G. Gilmer, D. Zesiger, and M. Rubin to Chairman Martin and Commissioners Copps, Adelstein, Tate, and McDowell (April 30, 2007).

See Letter from H. Hultquist (AT&T) to Marlene Dortch, WCB/Pricing Docket No. 07-10 (July 23, 2007).

July 25, 2007 Page 2

Please do not hesitate to contact me at 202.515.2527 with any questions.

Sincerely, Donne Eggs

Donna Epps

cc: Tom Navin
Don Stockdale
Al Lewis
Deena Shetler
Pam Arluk

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PA PUBLIC UTILITY COMMISSION SECRETARY'S BUREAU

# **ATTACHMENT 2**

COUNTY OF PULASKI	)
	)
STATE OF ARKANSAS	)

#### **ACKNOWLEDGMENT**

Before me, the Undersigned Authority, on this 11<sup>th</sup> day of March 2010, personally appeared Stephen Weeks, who, upon being by me duly sworn on oath deposed and stated as follows:

- 1. My name is Stephen Weeks, and I am Director Wholesale Services for Windstream Communications, Inc. In this capacity, I am authorized to issue this Acknowledgement on behalf of Windstream Communications, Inc. ("WCI") and its affiliates, Windstream D&E, Inc. ("Windstream D&E") and Windstream Conestoga, Inc. ("Windstream Conestoga").
- 2. WCI is not the parent company of Windstream D&E or Windstream Conestoga. WCI is certified in Pennsylvania to provide competitive local and interexchange services. Windstream D&E and Windstream Conestoga are incumbent local providers that operate only in Pennsylvania.
- On November 10, 2009, Windstream D&E and Windstream Conestoga were involved in a transaction whereby they became direct or indirect subsidiaries of Windstream Corporation.
- 4. On November 11, 2009, Windstream D&E and Windstream Conestoga provided notice to terminate the business relationship that AT&T addresses in its materials.
- 5. After receiving AT&T's materials, I called the telephone numbers listed in AT&T's materials that appeared to belong to Windstream D&E or Windstream Conestoga. I

received a recording indicating that the telephone numbers were no longer connected to the service.

Further, Affiant sayeth not.

Stephen Weeks

SWORN AND SUBSCRIBED TO BEFORE me this  $11^{\rm th}$  day of March 2010, to certify which witness my hand.

Notary Public

My Commission Expires:

Deptember 1, 2011

#### **CERTIFICATE OF SERVICE**

I hereby certify that on this 12<sup>th</sup> day of March, 2010, I did serve a true and correct copy of the foregoing upon the persons below via electronic mail and first class mail as follows:

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PA PUBLIC UTILITY COMMISSION SECRETARY'S BUREAU

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