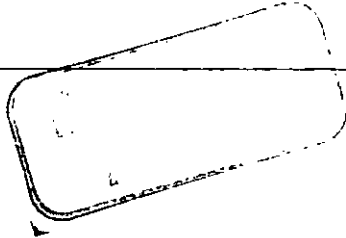




Mark A. Keffer
Attorney



Room 3A2
3201 Jermantown Road
Fairfax, VA 22030-2885
703 359-4086

June 25, 1992
JUN 25 1992

SECRETARIUS BUREAU
Information Control Division

Mr. John G. Alford, Secretary
Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265

Re: Docket No. I-00920020 C0001

Dear Mr. Alford:

Enclosed for filing in the above-cited docket are an original and nine copies of the Complaint of AT&T Communications of Pennsylvania, Inc.

Very truly yours,

Mark A. Keffer
Mark A. Keffer

Enclosures

cc: Service List

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED

JUN 25 1992

AT&T Communications of
Pennsylvania, Inc.

Complainant

v.

Commonwealth Telephone Company

Respondent

SECRETARY'S BUREAU
Information Control Division
Docket No. I-920020C0001

DOCKETED
JUL 07 1992

COMPLAINT OF
AT&T COMMUNICATIONS OF PENNSYLVANIA, INC.

AT&T Communications of Pennsylvania, Inc. ("AT&T"), by its attorney, hereby complains that the intrastate carrier access charges of the Commonwealth Telephone Company ("Commonwealth") are unjust, unreasonable, and contrary to applicable Pennsylvania law, as well as prior decisions of this Commission. In support of its complaint, AT&T states that:

1. AT&T is a company duly organized and existing under the laws of the Commonwealth of Pennsylvania, authorized to provide interexchange telecommunications service in the Commonwealth and having a principle place of business at 1600 Market Street, Philadelphia, Pennsylvania 19103. AT&T is the largest customer of intrastate carrier access services provided by Commonwealth.

2. Commonwealth is a local exchange carrier certificated by the Commission which provides, inter alia, intrastate carrier access services to AT&T and others.

3. On May 27, 1992, Commonwealth Long Distance ("CLD") filed an Application for Approval to begin to Offer, Render, Furnish or Supply Services as an Interexchange Reseller to the Public in the Commonwealth of Pennsylvania, A-310071. To the best of AT&T's information and belief, the Commission has not acted on this application.

I. The Commission should require Commonwealth to establish cost-based access charges; until Commonwealth completes access cost studies, any interim rate reductions in Docket I-920020 should be across-the-board so that all customers benefit, including access customers.

4. Access charges are the fees that local exchange carriers such as Commonwealth impose on AT&T and other carriers to establish telecommunications connections between the carrier and its customers. Access typically is categorized in two ways, "switched" and "special." With switched access, Commonwealth makes available to AT&T and other carriers switching equipment and circuits that connect Commonwealth's central office switches to the carrier's switch. When, for example, a Commonwealth customer dials an AT&T interLATA call, Commonwealth's central office switch establishes a temporary connection between the customer's dial-tone line and an access "transport" circuit connecting to AT&T's switch. When the call is completed and the customer hangs up, the connection is dismantled. The process is

reversed when a distant customer places a long distance call to one of Commonwealth's customers. For special access, the connections between the Commonwealth end-user and the carrier's switch function in much the same way, but are arranged to be available to the customer on an uninterrupted, "permanent" basis, as compared to a "temporary" switched access connection.

5. Commonwealth's switched access rate elements should recover the costs of providing traffic-sensitive access facilities. The Local Switching rates should recover, per local switching minute of use, Commonwealth's costs for using its central office switch to connect a customer's dial-tone line with the transport circuit leading to the carrier's switch.^{1/} The Local Transport rates should recover, per minute of use and per mile, the costs of the circuit and any intermediary switching between the Commonwealth central office and the carrier's switch. Commonwealth's special access rates should recover, per month, Commonwealth's costs of providing permanent connections between the end-user and the carrier's facilities.

^{1/} Commonwealth's existing intrastate access tariff uses the "old" FCC access rate structure, which featured separate rate elements for Local Switching, Intercept and Line Termination. Because each of these elements was being applied per access minute of use, and because there is no longer any practical need to separate the underlying switching costs into the three elements, current FCC procedures combine these three elements into a single Local Switching rate. As part of the Commission's investigation of Commonwealth's access charges, AT&T will recommend that Commonwealth adopt a unified Local Switching rate.

6. Commonwealth's existing access charges never have been based on any measure of Commonwealth's intrastate costs of providing access services. Instead, Commonwealth simply mirrored a June 1, 1985, interstate access tariff that was based on average costs for independent telephone companies nationwide. Interstate rates have changed since that time, but (with minor exceptions) Commonwealth's intrastate rates have not.

7. The Commission should require that Commonwealth's access rates be based on Commonwealth's underlying costs of providing access services. Ideally, because regulation serves as a surrogate for competitive market forces, access rates should be determined the same way that prices are determined in fully competitive markets, where prices reflect incremental costs plus some contribution to joint and common costs. Because, however, telephone companies typically do not develop incremental cost data, an investigation may need to focus on Commonwealth's fully distributed access costs, which establish an acceptable upper boundary for access rates. Because a fully distributed cost study assigns some portion of all joint and common costs to virtually all services, including access, access prices based on Commonwealth's fully-distributed costs would provide a significant contribution to Commonwealth's overheads.

8. Pending completion of Commonwealth's access cost studies, any interim reductions in Commonwealth's rates that result from the Commission's investigation in Docket I-920020

should be reflected in equal percentage across-the-board reductions in Commonwealth's monopoly rates, including rates for access services. Such a reduction will maintain the existing rate relationships between Commonwealth's various services.

II. The Commission should require Commonwealth to reduce and "cap" its Carrier Common Line Charge the same as other Pennsylvania local exchange carriers.

9. Commonwealth's intrastate Carrier Common Line Charge ("CCLC") is unjust, unreasonable and inconsistent with prior Commission decisions. Commonwealth's intrastate CCLC access rate element does not reflect costs that Commonwealth incurs to provide access services to AT&T and other carriers, but is, instead, a subsidy that carriers contribute towards Commonwealth's costs of providing dial-tone lines from Commonwealth's central offices to the customers' premises. Dial-tone line costs are "non-traffic sensitive" because the costs do not vary with customer usage of the line. A customer's dial-tone line costs are the same if the customer uses the dial-tone line solely for local calling, for some mix of toll and local calling, solely for toll calling, or not at all. The costs are the same if a customer uses the line 24 hours per day, or never makes or receives a single call.

10. Any subsidy that AT&T and other carriers contribute to Commonwealth's dial-tone line costs should be economically rational, which is not the case with Commonwealth's existing CCLC. Commonwealth's existing CCLC recovers non-traffic sensitive dial-tone line costs on a traffic-sensitive basis.

The Commission should revise Commonwealth's CCLC rate structure by requiring Commonwealth to cap the level of contribution that AT&T and other carriers are required to provide towards Commonwealth's dial tone line costs.

11. To determine the level of contribution interexchange carriers should provide towards Commonwealth's dial tone line costs, the Commission should require Commonwealth to identify its costs of providing dial tone lines, and then identify the revenues Commonwealth receives from sources other than intrastate access charges to recover those costs (i.e., local service charges, interstate CCL charges, interstate Subscriber Line Charges; plus the subsidies to dial tone line costs built into Commonwealth's toll rates). The subsidy that interexchange carriers provide towards Commonwealth's dial tone line costs should be limited to the difference (if any) between Commonwealth's dial tone line costs less these revenues.^{2/} The subsidy should be capped at that level and then allocated among interexchange carriers based on relative market shares, measured by comparing access minutes of use.

12. The Commission consistently has required Pennsylvania local exchange carriers to implement a "capped" CCLC rate

^{2/} So that interexchange carriers do not bear a disproportionate share of Commonwealth's dial tone line costs, this subsidy should not exceed Commonwealth's dial tone line costs times a percentage factor determined by the ratio of intrastate, interexchange minutes of use to total dial tone line minutes of use.

structure. See Bell of Pennsylvania, Docket R-842779, October 24, 1985; GTE, Docket R-850229, April 10, 1986; Venus Telephone, Docket R-870657, October 2, 1987; Sugar Valley Telephone, Docket R-870685, October 2, 1987; Citizens Utilities, Docket R-870640, January 16, 1988; Pymatuning Independent Telephone, Docket R-880915, June 1, 1988; Oswayo River Telephone, Docket R-880984, July 26, 1988; Canton Telephone, Docket R-881117, January 12, 1989; Enterprise Telephone, Docket R-891207; September 8, 1989; Conestoga Telephone, Docket P-890381, March 20, 1990; Lakewood Telephone Company, Docket R-891443, May 2, 1990; Breezewood Telephone Co., Docket R-901666, January 4, 1991; ALLTEL Pennsylvania, Inc., Docket No. P-900490, March 15, 1991; Denver and Ephrata Telephone Company, Docket R-912035, August 29, 1991; North Pittsburgh Telephone Company, Docket R-912138, December 20, 1991; and Bentleyville Telephone Company, Docket R-922207, April 30, 1992.

WHEREFORE, AT&T Communications of Pennsylvania, Inc. respectfully requests that the Commission:

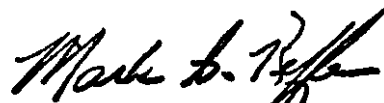
- a) Require that Commonwealth establish access charges that are cost-based; require Commonwealth to produce, by a date certain, a fully-distributed cost study of its Pennsylvania intrastate access costs, performed using recognized FCC procedures, and using 1991 as a test year;
- b) Require that, pending completion of Commonwealth's access cost studies, any interim reductions that stem from Docket I-920020 be made across-the-board so that all customers benefit, including access customers;

- c) Require that Commonwealth cap its Carrier Common Line Charge, as has been done for every other Pennsylvania local exchange carrier that has addressed the issue; and
- d) Grant such other relief as the Commission deems appropriate.

Respectfully submitted,

AT&T COMMUNICATIONS OF
PENNSYLVANIA, INC.

By its attorneys



Mark A. Keffer
Karlyn D. Stanley

3201 Jermantown Road
Fairfax, Virginia 22030
(703) 359-4086

June 25, 1992

AFFIDAVIT

James B. Ginty being duly sworn according to law deposes and says that he is Vice President of AT&T Communications of Pennsylvania, Inc.; that he is authorized to and does make this affidavit for it; and that the facts set forth above are true and correct to the best of his knowledge, information and belief and he expects the said AT&T Communications of Pennsylvania, Inc. to be able to prove the same at any hearing hereof.


JAMES B. GINTY

Sworn and subscribed before me
this 25th day of June , 1992


NOTARY PUBLIC

(My Commission Expires)

Notarial Seal
Vicki Ann Rosen, Notary Public
East Pennsboro Twp., Cumberland County
My Commission Expires April 24, 1995
Member, Pennsylvania Association of Notaries


CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of June 1992 copies of the foregoing Complaint of AT&T Communications of Pennsylvania, Inc. have been sent first class mail, postage prepaid, and/or hand delivered to:

Irwin A. Popowsky
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Bernard A. Ryan, Jr., Esq.
Office of Small Business
Advocate
City Towers Bldg., Ste. 500B
301 Chestnut Street
Harrisburg, PA 17101

Malcolm M. Burnside, V. P.
Revenue & Public Affairs
Commonwealth Telephone Company
Box 1000, 100 Lake Street
Dallas, PA 18612



Mark A. Keffer

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

July 9, 1992

AT&T COMMUNICATIONS OF PA, INC. :
:
v. :
:
COMMONWEALTH TELEPHONE CO. :

Complaint Docket
No. I-00920020C0001

JUL 10 1992

FORMAL COMPLAINT
NOTICE TO RESPONDENT
TO ANSWER OR SATISFY

TO: COMMONWEALTH TELEPHONE CO.

DOCUMENT
FOLDER

TAKE NOTICE:

That a complaint in the above entitled matter, of which the attached is a true and correct copy, has been presented and filed of record with the Pennsylvania Public Utility Commission. Section 702 of the Public Utility Code, 66 Pa. C.S. §702, requires the Commission to serve on each party named in a complaint a copy of the complaint and notice calling upon each party to satisfy the complaint, or to answer the same in writing within a specified time; THEREFORE,

1. You have twenty (20) days from the date on which this complaint is served to either satisfy this complaint or to file with the Secretary of the Pennsylvania Public Utility Commission, P.O. Box 3265, Harrisburg, PA 17120, an answer (original and two copies), in writing, under oath, which, as required by Section 5.61 of the Commission's Rules of Practice and Procedure, 52 Pa. Code §5.61, either affirms or specifically denies the allegations in this complaint. You must also serve a copy of the answer upon the complainant. The date of service is the mailing date as indicated by the date at the top of this Notice. Section 1.56(a) of the Commission's Rules of Practice and Procedure, 52 Pa. Code §1.56(a).

2. If you fail to either satisfy this complaint or to file an answer or other responsive pleading within twenty (20) days, you will be deemed to have admitted all the allegations in this complaint in accordance with

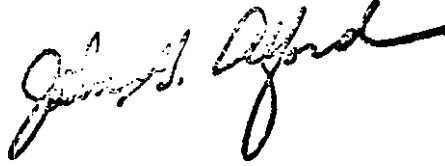
Section 5.61 of the Commission's Rules of Administrative Practice and Procedure, 52 Pa. Code §5.61. In that event, the Commission may, without hearing, enter an order which either revokes or suspends any certificate or permit held by you or which imposes a fine or any other appropriate penalty or remedy authorized by the Public Utility Code, 66 Pa. C.S. §101, et seq.; and, if you are a customer of a utility, an order may be entered which prescribes a payment schedule or which authorizes termination of utility services. The Commission is not limited to the relief sought by the complainant in paragraph 4 of the attached complaint.

3. If you elect to satisfy this complaint you must file, within twenty (20) days from the date on which this complaint is served, affidavits executed by each complainant that this complaint has been satisfied. Such affidavits must describe the basis on which this complaint was satisfied; any settlement agreement between the parties must be reduced to writing and attached to the affidavit. Such affidavits are to be filed with the Secretary of the Commission at the address set forth in paragraph 1. Upon receipt of affidavits of satisfaction from all complainants, this complaint may be dismissed by the Commission in accordance with Section 703(a) of the Public Utility Code, 66 Pa. C.S. §703(a), unless the Commission determines that such dismissal would be contrary to the public interest, in which event the Commission may direct that hearings be held upon the complaint.

4. If you file an answer which admits the allegations in this complaint, or which fails to specifically deny the allegations in this complaint, the Commission may, without hearing, enter an order which either revokes or suspends any certificate held by you or which imposes a fine or any other appropriate penalty or remedy authorized by the Public Utility Code, 66 Pa. C.S. §101, et seq.; and, if you are a customer of a utility, an order may be entered which prescribes a payment schedule or which authorizes termination of utility services. The Commission is not limited to the relief sought by the complainant in paragraph 4 of the attached complaint.

5. If you file a timely answer which specifically denies the allegations in this complaint, or which raises material questions of law or fact, this matter shall be referred to the Office of Administrative Law Judge for hearing and decision. If, after hearing on the issues raised by that answer, you are found to have committed any of the violations alleged in this complaint, the Administrative Law Judge may render a decision which either revokes or suspends any certificate or permit held by you or which imposes a fine or any other appropriate penalty or remedy authorized by the Public Utility Code, 66 Pa. C.S. §101, et seq.; and, if you are a customer of a utility,

an order may be entered which prescribes a payment schedule or which authorizes termination of utility services. In the imposition of a penalty after hearing the Administrative Law Judge is not bound by the relief sought by the complainant in paragraph 4 of the attached complaint.

A handwritten signature in cursive script, appearing to read "John G. Alford".

John G. Alford
Secretary

(SEAL)

Certified Mail
Return Receipt Requested



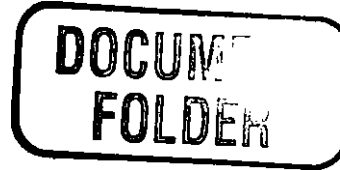
COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P. O. BOX 3265, HARRISBURG, Pa. 17120

July 9, 1992

IN REPLY PLEASE
REFER TO OUR FILE

I-00920020C0001

SCOTT BURNSIDE, VICE PRESIDENT
REGULATORY & PUBLIC AFFAIRS
COMMONWEALTH TELEPHONE CO
100 LAKE STREET
DALLAS PA 18612



RLS

Dear Sir:

A complaint has been filed against you before the Pennsylvania Public Utility Commission by AT&T COMMUNICATIONS OF PA, INC. (the complaining party).

To defend yourself against the claims stated in the following pages, you must act within twenty (20) days, by filing in writing with the Commission, either personally or through your attorney, your defenses or objections to the claims stated against you. Or, you may satisfy the complaint by settling the matter with the Complainant and submitting proof of settlement to the Commission within twenty (20) days.

IF YOU FAIL TO RESPOND WITHIN TWENTY (20) DAYS THE CASE MAY GO FORWARD IN YOUR ABSENCE AND A JUDGMENT MAY BE ENTERED AGAINST YOU BY THE COMMISSION WITHOUT FURTHER NOTICE.

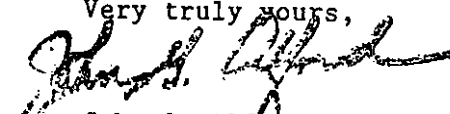
AN ADMINISTRATIVE LAW JUDGE MAY REVOKE OR SUSPEND ANY CERTIFICATE OR PERMIT HELD BY YOU, OR IMPOSE A FINE, OR ANY OTHER APPROPRIATE PENALTY OR REMEDY AUTHORIZED BY THE PUBLIC UTILITY CODE. YOU MAY LOSE MONEY OR PROPERTY OR OTHER RIGHTS IMPORTANT TO YOU.

Detailed instructions on how to proceed are contained in the attached pages. You are advised to read them carefully.

Unless you are a corporation or other organization, you may proceed without a lawyer. However, if you want a lawyer and do not have one or cannot afford one, the office listed below can tell you where you can get legal help:

Pennsylvania Lawyer Referral Service
Pennsylvania Bar Association
P.O. Box 186
Harrisburg, Pennsylvania 17108
(800) 692-7375

Very truly yours,


John G. Alford
Secretary

Attachment
fao