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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Establishment of Carrier-to-Carrier Rules.)	Case No. 06-1344-TP-ORD
In the Matter of the Commission Ordered Investigation of the Existing Local Exchange Competition Guidelines.)	Case No. 99-998-TP-COI
In the Matter of the Commission Review of the Regulatory Framework for Competitive Telecommunications Services Under Chapter 4927, Revised Code.)	Case No. 99-563-TP-COI

REPLY COMMENTS OF CENTURYTEL OF OHIO, INC.

Introduction:

CenturyTel of Ohio, Inc. (CenturyTel), in accordance with the Commission's Entries in the above referenced dockets, provides the following reply comments. CenturyTel's Initial Comments were represented through the Ohio Telecom Association (OTA) and CenturyTel supports the OTA Reply Comments in addition to providing specific reply comments to the issue raised by Verizon and AT&T regarding Rule 4901:1-7-14.

In commenting on Rule 4901:1-7-14, Verizon and AT&T call for the Commission to address Intrastate access charge issues related to mid-size, small and rural telephone companies in this docket or in the CALLS docket, 00-127-TP-COI, In the Matter of the Commission's Investigation into the Modification of Intrastate Access Charge. Obviously, the new AT&T and Verizon entities now include the very same IXC's (AT&T and MCI) who have raised this issue in the form of complaints against CenturyTel, Windstream and Horizon in Case No. 00-127-TP-COI. All the parties have already had an opportunity to file responses to those complaints and for the Commission to consider the arguments made.

It is inappropriate at this time and in this docket for these parties to suggest that the Commission simply alter a rule without consideration of the impact such a change could have on the companies' cost recovery and ultimately the end-user residential and business customers of these companies.

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Again, Verizon and AT&T do not propose that the Commission adopt any kind of access restructuring in its entirety. The proposal is one-sided and only asks that the companies reduce their intrastate access charges without allowing for restructure of local rates or the implementation of a state universal service or high cost funding mechanism. Nor does their proposal suggest any end user benefits by guaranteeing any kind of flow-through to the IXC customer of the resulting reduction in costs to the IXCs.

Access Reform as requested by Verizon and AT&T is premature.

The Commission should not act to reduce intrastate access charges at this time, not in this docket nor in response to the complaints filed in Case No. 00-127-COI. AT&T mischaracterizes current conditions when it states that "The lack of a decision by the FCC, combined with the changes in the telecommunications environment, magnifies the need for this Commission to move forward with reform at this time." (AT&T Initial Comments at p. 14) We disagree and submit that intercarrier compensation issues are squarely before the FCC¹ and the intention is that both inter and intra state access charges will be part of a comprehensive restructuring plan. The Commission has correctly refrained from requiring the companies to reduce intrastate access charges and avoided the potential negative revenue impacts on the companies and their end users. Acting now would most assuredly result in customers being hit twice as the reform is implemented first at the state level and then again as a result of the FCC's actions.

Access Reform is an important policy decision and the potential impact on customers needs to be fully explored

Neither Verizon nor AT&T proposed that the Commission adopt intrastate access reform in its entirety. There is no acknowledgement of the revenue impact such a reduction could have on any of the LECs or their end user customers. They do not propose to allow the companies to migrate reduction in cost recovery from intrastate access charge reductions to intrastate end user charges or recommend the implementation of a state funding mechanism. Verizon goes even further in recommending that all companies go to the interstate CALLS rates. This bold statement is made without legitimate rationale or recognition that such mirroring would most likely mean that these companies would be providing services at rates that are well below cost. Not only does Verizon not acknowledge the cost differences between large and small companies, Verizon believes that


"because the CALLS rates are the product of negotiations between sophisticated carriers with equivalent bargaining power." the rates are representative of a competitive market and "Extending implementation of the CALLS-level rates to all local exchange carriers will, therefore, expand the benefits these rates produce." (Initial Comments of Verizon at p. 10) What benefits? Could speculative reduced long distance rates ever compensate end-users for the potential rate increases this proposal would generate? Even with the access reform for the large ILECs, there haven't been the levels of long distance rate reductions that would constitute a "benefit" to the end users. In fact, rates for basic long distance service in Ohio have gone up not down in recent years. The IXC's are the only ones who "benefit" from reducing intrastate access rates in the manner proposed by Verizon and AT&T. This is a transparent and unwarranted attempt to reduce the expenses of the IXCs to the ultimate detriment of end-user customers who live in primarily rural areas of the state.

Conclusion:

The current intrastate access charge regimen for small and mid-sized ILECs has served Ohio well by allowing local rates to remain affordable. There is no basis for the Commission to adopt the recommendations proposed by Verizon and AT&T in this docket. The issues raised have been thoroughly briefed in the Commission's access charge docket and nothing new has been raised in this docket.

Respectfully Submitted:

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing Reply Comments of CenturyTel Ohio was served by First-Class United States mail, postage prepaid, upon the following parties of record this 23th day of February, 2007:

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