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December 8, 2006

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Ms. Renee J. Jenkins
Director of Administration
Secretary of the Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

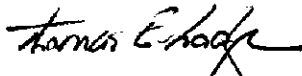
RE: In the Matter of the Application to Change Depreciation Accrual Rates of United Telephone Company of Ohio dba Embarq, PUCO Case No. 06-1365-TP-WVR

Dear Ms. Jenkins:

Enclosed is an original and six (6) copies of the Comments of the Ohio Telecom Association, to be filed in connection with the above-referenced matter.

Thank you for your assistance. If you have any question, please feel free to call.

Respectfully yours,


Thomas E. Lodge

cc: Jeffrey R. Jones, Chief, Telephone Section

Enclosures

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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application to Change)
Depreciation Accrual Rates of United) Case No. 06-1365-TP-WVR
Telephone Company of Ohio dba Embarq)

COMMENTS OF THE OHIO TELECOM ASSOCIATION

THE OHIO TELECOM ASSOCIATION, for and on behalf of its members ("OTA"), in response to the Commission's Entry of November 28, 2006 (the "Entry"), hereby submits its Comments regarding the Embarq request to waive a study of depreciation accrual rates.

OTA companies currently operating under the alternative regulation authorized by Ohio Admin. Code Chapter 4901:1-4 (Alt. Reg.)¹ believe there is no requirement to file depreciation studies, and therefore definitely support the flexibility proposed in the Entry. Depreciation studies are an important component in rate of return regulation. However, for Alt. Reg. companies, depreciation studies serve no regulatory purpose. In fact, in its October 2, 2000 comments in the Case No. 00-1532-TP-COI, the OTA addressed the fact that depreciation studies should not be required for companies in an alternative regulation plan. Further, in its December 6, 2001 Opinion and Order in Case No 00-1532-TP-COI, the Commission stated that earning reviews run contrary to the concept of alternative regulation, thus suggesting there is no need for depreciation studies to be filed and approved. Absent rate-of-return type filings, requiring depreciation studies to be filed and approved by the Commission simply creates extra work (which translates to unnecessary expense) for both the companies and the Commission staff. Also, Alt. Reg. companies set the rates they charge their customers based on the

¹ AT&T, CenturyTel, Champaign, Chillicothe, Cincinnati Bell, Embarq, Windstream Ohio, Windstream Western Reserve. AT&T and CBT were granted relief from filing depreciation studies in their respective Alternative Regulation proceedings.

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Alternative Regulation Plan parameters. Therefore, the fact that depreciation studies are no longer filed will not impact customer rates as long as those companies remain under alternative regulation.


The telecommunications marketplace is becoming more competitive and companies need flexibility to set appropriate depreciation rates that reflect the useful economic life of the underlying assets. This is especially important when considering that many of the ILEC competitors are not required to comply with the same depreciation rules and regulations that currently exist for ILECs. In today's environment, it makes sense that this flexibility also be extended to all remaining ILECs. Therefore, the OTA recommends that the Commission dispense with scheduled filings for all remaining ILECs. The standard filing interval for such studies was established, not with a specific Commission Order, but by Entry executed in the distant past at a time when rate-of-return rate cases were the norm. The schedule contemplated that ILECs seeking rate of return rate relief could do so with these studies already complete, expediting the process. However, in the current environment, such advance work is a burden for most companies, and should any carrier seek rate-of-return relief, it could produce a study concurrently.

In conclusion, OTA believes that granting the waiver sought by Embarq is appropriate. Further, rather than issuing a new rule to address this issue, the OTA recommends the Commission issue an order confirming that Alt. Reg. LECs have no depreciation studies requirement, and that all other LECs are granted relief from filing depreciation studies. If a LEC chooses to enter into a rate of return rate case, at that time a depreciation study would be required

as found in the Standard Filing Requirements, 4901-7, Procedure in Rate Proceedings, 4901-7-01
Appendix A, Chapter II, Section B (C) Depreciation.

Respectfully submitted,

OHIO TELECOM ASSOCIATION

By: 
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