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AT&T OHIO'S INITIAL COMMENTS

Depreciation studies are an important component for rate-of-return companies proposing a change in rates. However, depreciation studies are unnecessary and are not needed for alternative regulation companies. In its December 6, 2001, Opinion and

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Order, in Case No. 00-1532-TP-COI, the Commission recognized that earnings reviews run contrary to the concept of alternative regulation. Accordingly, AT&T Ohio, an alternative regulation company, firmly supports Embarq's request to eliminate the need to prepare depreciation studies absent the initiation of a rate-of-return case.

Moreover, depreciation studies simply create unnecessary work (which translates into unnecessary expense) for both the companies and the Commission's staff. Due to the unnecessary work and expense depreciation studies give rise to, and given the extreme infrequency of filed rate-of-return cases, AT&T Ohio further submits that depreciation studies should not be required to be prepared on a periodic basis.

In summary, AT&T Ohio urges the Commission to grant the waiver sought by Embarq. There is no reason for Embarq, or any company, to submit these studies on any scheduled basis. Further, there is no need for the Commission to consider new EARP rule language at this time. At most, the Commission, in considering Embarq's request, should clarify that companies are not required to prepare depreciation studies absent an initiation of a rate-of-return case. Eliminating unnecessary requirements is consistent with recent Commission directives, such as the elimination of the EAS rules, and the streamlining of rules as seen in some of Staff's more recent rule proposals.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via first class mail, postage prepaid, on the parties listed below on this 8th day of December , 2006.


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