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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.)

AT&T OHIO'S INITIAL COMMENTS

AT&T Ohio¹, in response to the Commission's Entry of November 28, 2006, in the above-entitled case, hereby submits its initial comments regarding Embarq's request to obtain a waiver of the requirement to obtain Commission approval of depreciation rate changes for so long as Embarq remains under elective alternative regulation. In its Entry, the Commission sought comments regarding whether similarly situated incumbent local exchange carriers—those operating under alternative regulation—should be granted such a waiver. Under the Elective Alternative Regulation Plan ("EARP") rules, no company is required to file depreciation studies. Absent a specific Commission entry or directive, such as Embarq's requirement in Case No.01-3083-TP-AAM, such companies otherwise are not governed by any requirement to prepare, submit, or seek approval of depreciation studies.

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

¹ The Ohio Bell Telephone Company uses this name.

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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,

AT&T Ohio

By: _____

Mary Ryan Fenlon

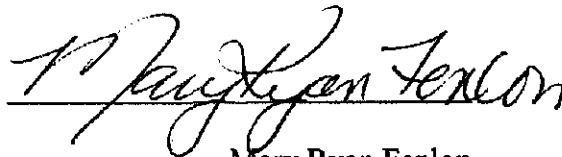
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CERTIFICATE OF SERVICE

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.

A handwritten signature in cursive script, reading "Mary Ryan Fenlon", written over a horizontal line.

Mary Ryan Fenlon

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