

- (4) Initial comments supporting Embarq's waiver request were filed by AT&T Ohio, the Ohio Telecom Association (OTA), Verizon North Inc. (Verizon) and Windstream Western Reserve, Inc. (Western Reserve). The Office of the Ohio Consumers' Counsel docketed a letter reserving its right to file reply comments; however, no reply comments from any entity have been filed.
- (5) In addition to supporting Embarq's waiver request, Verizon and Western Reserve aver that all incumbent local exchange carriers (ILECs) operating under alternative regulation pursuant to Chapter 4901:1-4, O.A.C., should likewise be allowed to set their own future depreciation rates without Commission approval (Verizon at 1; Western Reserve at 1-2). Western Reserve also requested that its own current obligation to submit a depreciation study be held in abeyance until a Commission decision is rendered on Embarq's waiver request (*Id.*). AT&T Ohio and the OTA point out that, under the elective alternative regulation rules, there is no requirement to file depreciation studies and, therefore, no company operating pursuant to those rules have an obligation to file depreciation studies absent a specific Commission directive such as the one required of Embarq (AT&T Ohio at 1; OTA at 1). The OTA further recommends that, given the competitive nature of today's telecommunications market and since the ILECs' competitors are under no similar requirement to seek approval of depreciation rates, all remaining ILECs (i.e., those ILECs not operating pursuant to elective alternative regulation under Chapter 4901:1-4, O.A.C.) should be afforded similar flexibility (OTA at 2). No commentor recommended a language modification to the accounting standards rule set forth in Rule 4901:1-4-05, O.A.C.
- (6) Embarq's request for a waiver of the requirement to file for Commission approval of future depreciation rate changes so long as the company operates under alternative regulation pursuant to Chapter 4901:1-4, O.A.C., is granted. In granting this request, we note that Embarq must continue to provide depreciation accrual rates as part of its annual report (Schedule 9). Further, we require that should Embarq seek to return to traditional rate-of-return regulation, the company must file a depreciation study for Commission approval as part of that rate-of-return case.

For similar reasons, the Commission will relieve all ILECs operating under alternative regulation pursuant to Chapter 4901:1-4, O.A.C., from any current obligation, if any, to file for approval of depreciation rate changes for so long as those companies operate under alternative regulation. The same conditions for the filing of depreciation accrual rates as part of the annual report as well as the obligation to file a future depreciation study should the company seek to return to rate-of-return regulation will apply to those companies relieved of the current obligation to file for depreciation rate approval.

- (7) Given the determination set forth in finding 6 above, Western Reserve's request to hold in abeyance the company's current obligation to submit a depreciation study is now moot and need not be ruled on.
- (8) Regarding the OTA's suggestion to expand the request to relieve rate-of-return ILECs from the requirements to file for approval of depreciation changes, we find that such relief goes beyond the parameters of the November 28, 2006 entry seeking comment on Embarq's request. Consequently, the OTA's expansive request is denied. ILECs seeking similar depreciation filing flexibility can file for alternative regulation pursuant to Chapter 4901:1-4, O.A.C., file a company-specific application for waiver as Embarq did in this proceeding, or the OTA could initiate a proceeding seeking relief for all rate-of-return ILECs for the Commission's consideration.

It is, therefore,

ORDERED, That Embarq's waiver request is granted in accordance with finding 6. It is, further,

ORDERED, That all other ILECs operating pursuant to elective alternative regulation pursuant to Chapter 4901:1-4, O.A.C., be granted similar flexibility concerning the filing of depreciation studies for approval in accordance with finding 6. It is, further,

ORDERED, That Western Reserve's request is moot in accordance with finding 7. It is, further,

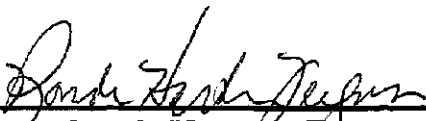
ORDERED, That the OTA's request for similar flexibility for rate-of-return ILECs is denied in accordance with finding 8. It is, further,

ORDERED, That a copy of this finding and order be served upon all incumbent local exchange carriers under the Commission's jurisdiction, the Ohio Telecom Association, the Ohio Consumers' Counsel and all other interested persons of record in this matter.

THE PUBLIC UTILITIES COMMISSION OF OHIO



Alan R. Schriber, Chairman

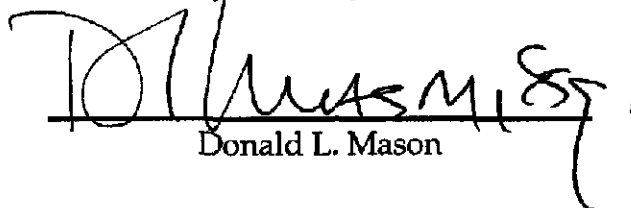


Ronda Hartman Fergus

Judith A. Jones



Valerie A. Lemmie



Donald L. Mason

JRJ/vrm

Entered in the Journal

JAN 17 2007



Renee J. Jenkins
Secretary