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BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of	)	
ALLTEL Ohio, Inc.'s Application to Add	)	
IntraLATA Presubscription.	)	
	)	Case No. 96-1351-TP-ATA
In the Matter of	)	Case No. 96-1352-TP-ATA
The Western Reserve Telephone Company's	)	
Application to Add	)	
IntraLATA Presubscription.	)	

**MEMORANDUM OF THE ALLTEL COMPANIES IN OPPOSITION TO THE  
MOTION OF UNITED TELEPHONE COMPANY OF OHIO d/b/a SPRINT AND  
SPRINT COMMUNICATIONS COMPANY L.P. TO INTERVENE AND SUSPEND  
THEIR PRESUBSCRIPTION IMPLEMENTATION CHARGES**

On September 17, 1998, United Telephone Company of Ohio d/b/a Sprint and Sprint Communications Company L.P. (collectively, "Sprint") filed a motion seeking to intervene in these cases, and to suspend the tariffs of ALLTEL Ohio, Inc. and The Western Reserve Telephone Company (collectively, the "ALLTEL Companies") filed on August 24, 1998. For the reasons described in this Memorandum, Sprint's Motion should be denied, and the tariffs of the ALLTEL Companies should remain in effect.

I. BACKGROUND

With regard to 1+ intraLATA dialing parity, the ALLTEL Companies occupy a unique niche. The Western Reserve Telephone Company first instituted "modified 2-PIC" dialing parity several years ago and obtained recovery for the costs of that service pursuant to a formula adopted in its alternative regulation case, Case No. 93-230-TP-ALT. Subsequently, both of the ALLTEL Companies instituted "full 2-PIC" intraLATA dialing parity pursuant to the Local Service Guidelines adopted in Case No. 95-845-TP-COI (the "Guidelines"), initiating these tariff cases to do so. Pursuant to the entry of this Commission approving those tariffs (the "Entry"),

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the ALLTEL Companies filed their proposed rates for the recovery of costs associated with 1+ intraLATA presubscription (the "MOU rates") on August 24, 1998; in accordance with the Entry, the MOU rates became effective on September 24, 1998.

In its Motion, Sprint alleges that the proposals of the ALLTEL Companies violate Section X.F. of the Guidelines because they included only switched access minutes of interexchange carriers ("IXC") in their MOU rate calculation. For the reasons set forth below, Sprint's motion is without merit and should be denied.

## II. ARGUMENT

Section X.F. of the Guidelines provides:

The incremental costs directly associated with the introduction of 1+ intraLATA dialing parity shall be borne by providers of telephone exchange service and telephone toll service. Costs shall be recovered through a Commission-approved switched access per minute of use charge applied to all originating intraLATA switched access minutes generated on lines that are presubscribed for intraLATA toll service. Recovery of these costs shall not include recovery of costs incurred for PIC charges during the initial 90-day no-charge period. (Emphasis supplied).

During implementation of intraLATA equal access, the customers of the ALLTEL Companies were allowed to select an intraLATA carrier. If they did not do so, then they remained assigned to their "default" carrier, the primary carrier that had existed before intraLATA equal access. Thus, as implementation progressed, each access line either became presubscribed or it did not. In calculating their respective MOU rates, the ALLTEL Companies included all switched access minutes generated on lines that were presubscribed for intraLATA service. Contrary to Sprint's allegations, whether a carrier was an IXC or was a local exchange company was not a factor in determining which minutes were included; rather, in accordance with the Guidelines, the determining factor was whether the minutes were on presubscribed lines.

As used in the Guidelines, the term “presubscribed” must refer to those lines for which the customer has affirmatively chosen an intraLATA carrier to handle 1+ intraLATA toll calls; as a result, the term cannot include those lines which, by default, remained with the existing carrier that handled 1+ intraLATA calls prior to implementation of dialing parity. As a linguistic matter, Sprint’s reading of the Guidelines — that all originating intraLATA switched access minutes must be included in the calculation — would render the phrase “generated on lines that are presubscribed for intraLATA toll service” superfluous.

Furthermore, Sprint’s contention that “presubscribed” lines include those customers who remained with the default carrier is an unreasonable interpretation of Section X.F. of the Guidelines. The cost of intraLATA presubscription implementation should be borne by those for whose benefit the costs were incurred; indeed, such is the very reason why the Commission adopted a cost recovery mechanism. The carriers that benefitted from the implementation 1+ intraLATA dialing parity were those that, by virtue of this implementation, were able to “presubscribe” customers that they otherwise would not be able to presubscribe. But for the implementation of 1+ intraLATA dialing parity, the new carriers would not have intraLATA toll customers in the service areas of the ALLTEL Companies. By contrast, the existing intraLATA carrier, in this case the applicable ALLTEL Company, does not have its intraLATA toll customers because of the implementation of 1+ intraLATA dialing parity; rather it has them *in spite of* the implementation of 1+ intraLATA dialing parity. Accordingly, because the ALLTEL Companies did not benefit from implementation of 1+ intraLATA presubscription, they should not pay for it.

Further, basic business principles dictate agreement with the ALLTEL Company interpretation of Section X.F. of the Guidelines. The 1+ intraLATA presubscription

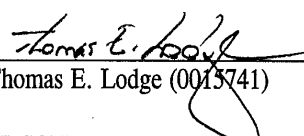
implementation costs are costs of entering the intraLATA toll market, and should be borne by those carriers that have chosen to enter the market. The ALLTEL Companies did not "enter" the market when 1+ dialing parity was implemented; they were already participating in that market. The entering carriers should bear the costs of 1+ intraLATA presubscription implementation, just as they should bear the other costs carriers incur in entering a new market. Plainly, no-one would suggest that the ALLTEL Companies should pay for the advertising, equipment, labor or other costs associated with another carrier entering the intraLATA toll market; there is no reason to view presubscription implementation costs any differently.

III. CONCLUSION

Based on the foregoing, the ALLTEL Companies respectfully request that Sprint's motion should be denied.

Respectfully submitted,

ALLTEL OHIO, INC. and  
THE WESTERN RESERVE TELEPHONE  
COMPANY

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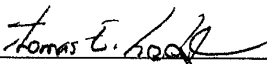
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served upon all parties of record by regular U.S. Mail, postage prepaid, this 5<sup>th</sup> day of October, 1998.

  
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