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PUCO

November 7, 2000

FILE

Ms. Daisy Crockron, Chief
Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus OH 43215-3793

HAND DELIVERED

RE: Ex parte Meeting with Commissioners and Staff

*In the Matter of the Commission Ordered Investigation of the Existing Local Exchange
Competition Guidelines*
PUCO Case No. 99-998-TP-COI

*In the Matter of the Commission Review of the Regulatory Framework for Competitive
Telecommunications Service Under Chapter 4927, Revised Code.*
PUCO Case No. 99-563-TP-COI

*In the Matter of the Commission Ordered Investigation of an Elective Alternative
Framework for Incumbent Local Exchange Companies*
PUCO Case No. 00-1532-TP-COI

Dear Ms. Crockron:

Pursuant to the procedure established by the August 24, 2000 Entry of the Public Utilities Commission of Ohio (Commission), The New Knoxville Telephone Company submits this letter to the files in the above-named cases regarding its meeting with several Commissioners and members of the Staff of the Commission on Monday, November 6, 2000 regarding matters arising in those proceedings. The meetings were with Commissioners Schriber, Fergus and Mason and Jeffrey Jones, Legal Department Telecommunications Chief, and Louis Pompei, Chief, Commission Telecommunications Division. Each of the meetings took less than an hour.

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November 7, 2000
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The New Knoxville Telephone Company is a small local exchange company (SLEC) and a rural local exchange company as that term is defined under state and federal law. In November 1999, the Company requested and, in March 2000, the Commission granted the Company a waiver of the Local Competition Guideline II.A.4, so that New Knoxville could provide telecommunications services outside of its historical franchised service territory without setting up a separate affiliated competitive local exchange company (CLEC). It is embarking on a creative strategy to face competition in the local exchange markets of SLECs in Ohio.

The Company sought the opportunity to speak with the Commissioners and Staff about the potential procedures by which a SLEC might restructure its revenue sources and rates for service in a way conducive the SLEC's active participation in competition and in the provision of advanced services. A copy of the agenda is attached.

Attending the meeting on behalf of the Company were the Company's General Manager, Preston Meyer, and myself.

Respectfully submitted on behalf of
THE NEW KNOXVILLE TELEPHONE COMPANY

Mary Christensen/tm

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cc: Preston Meyer, Manager
Attorney Examiner Jeffrey R. Jones
Louis Pompei, Chief, Telecommunications Division
All Parties of Record (see attached service list)

New Local Service Rules

A different perspective from a small LEC

We agree with other SLECs that current rate case and earnings monitoring situations are no longer appropriate. Even the current 564 procedures do not provide a SLEC that wants to be innovative and reactive a viable solution. However, we may have a different perspective than some of the SLECs on a couple major issues.

Financing for SLECs

- The proposal is that CLECs would not have to file for financing approval. This should be extended to SLECs as well.

Alternative Regulation: Option 2

- Option 2 is an option. If a company doesn't like it they can leave it
 - Even if Option 2 is not perfect, a SLEC could use it as a basis for an individualized alternative regulation plan.
- We have enjoyed access and local rates that are misbalanced
- In an easier regulatory environment, we could see a trade-off between increases to local rates and decreases in access charges over time.
- Option 2 may give us the incentive to create more stable revenue streams within our own territory without the process nightmare of a rate case.

Advanced services

- The deployment of advanced services is very important
 - Staff's proposal may be problematic:
 - Discourages competitive entry
 - Forces deployment ahead of demand
 - We have high-speed internet service deployed throughout our territory
 - We have competitive incentives to deploy advanced services outside our territory. That was the purpose of our waiver.
-

APPENDIX

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