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September 12, 2011

**VIA ELECTRONIC FILING**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
400 North Street, Second Floor  
Harrisburg, PA 17120

Re: Investigation Regarding Intrastate Access Charges and IntraLATA Toll Rates of Rural Carriers and the Pennsylvania Universal Service Fund  
Docket No. I-00040105

AT&T Communications of Pennsylvania, LLC., TCG New Jersey, Inc. and TCG Pittsburgh, Inc. vs. Armstrong Telephone Company – Pennsylvania, et al.  
Docket Nos. C-2009-2098380, C-2009-2099805 and C-2009-20098735

Dear Secretary Chiavetta:

On behalf of The United Telephone Company of Pennsylvania LLC d/b/a CenturyLink (hereinafter "CenturyLink") please find a copy of CenturyLink's Comments in the above-referenced matter.

A copy has been sent via first class mail, and will be served on parties via electronic mail, as evidenced on the Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Sue Benedek".

Sue Benedek

Enclosures

cc: Certificate of Service (*via electronic and first-class mail*)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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Investigation Regarding Intrastate	:	
Access Charges and IntraLATA Toll	:	
Rates of Rural Carriers and	:	
The Pennsylvania Universal	:	
Service Fund	:	Docket No. I-00040105
	:	

AT&T Communications of	:	
Pennsylvania, LLC	:	
Complainant	:	
	:	
v.	:	Docket Nos. C-2009-2098380, <i>et al.</i>
	:	
Armstrong Telephone Company -	:	
Pennsylvania, et al.	:	
Respondents	:	

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**CERTIFICATE OF SERVICE**

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I hereby certify that I have this 12<sup>th</sup> day of September, 2010, served a true copy of the foregoing Comments upon the persons below, via electronic mail, in accordance with the requirements of 52 Pa. Code §1.54:

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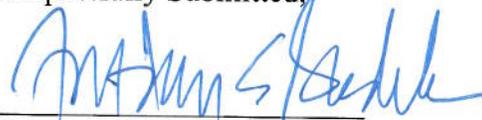
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Respectfully Submitted,



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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation Regarding Intrastate Access	:	
Charges and IntraLATA Toll Rates of Rural	:	
Carriers, and the Pennsylvania Universal	:	Docket No. I-00040105
Service Fund	:	
	:	
	:	
AT&T Communications of	:	
Pennsylvania, LLC	:	
Complainant	:	Docket Nos. C-2009-2098380, et al.
	:	
v.	:	
Armstrong Telephone Company -	:	
Pennsylvania, et al.	:	
Respondents	:	

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**COMMENTS OF CENTURYLINK  
TO PROPOSED ACCESS RATE TEMPLATE**

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Pursuant to Secretarial Letter dated August 19, 2011 as issued by the Pennsylvania Public Utility Commission (“Commission”) in the above-captioned matter, The United Telephone Company of LLC d/b/a CenturyLink (“CenturyLink”) files comments to the Proposed Template (“Proposed Template”). Comments to the Proposed Template are due September 8, 2011.<sup>1</sup> Reply comments are currently due September 19, 2011.

The Proposed Template, as prepared by Commission Staff, is designed for the purpose of “depicting the manner and format of the revenue neutral rate rebalancing calculations to be performed and submitted by the RLECs.”<sup>2</sup> The Proposed Template arises from the

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<sup>1</sup> The Commission’s Harrisburg office was closed on September 8, 2011. The Commission’s website provided: “Any filings due today to the Secretary’s Bureau will be accepted as timely when the PUC reopens.”

See, <http://www.puc.state.pa.us/general/announcements.aspx>

<sup>2</sup> Secretarial Letter at 1. The proposed template may be viewed and downloaded on the Commission’s website at [http://www.puc.state.pa.us/telecom/xls/RLEC\\_rate\\_rebalance\\_template.xls](http://www.puc.state.pa.us/telecom/xls/RLEC_rate_rebalance_template.xls).

Commission's Opinion and Order entered July 18, 2011 in the above-captioned matter ("*PA RLEC Access Order*").

CenturyLink's general comments and specific comments to the Proposed Template are set forth below.<sup>3</sup> CenturyLink requests that the Commission revise the Proposed Template by deleting Tab 1, the Income/Earnings Statement, deleting a portion of Tab 6, and by modifying other spreadsheets to make clear that Phases 2 and 3 should use only current data applicable to those phases.

## CENTURYLINK COMMENTS

### **I. General Comments**

Overall and with limited exceptions, the Proposed Template appears adequately to depict the manner and format of the Commission's intended revenue-neutral rate rebalancing per the *PA RLEC Access Order*. With Pennsylvania's 35 plus RLECs, the Proposed Template provides sufficient guidance to the industry, yet provides reasonable flexibility to implement the *PA RLEC Access Order* to the extent that Order is not modified or stayed on reconsideration.<sup>4</sup>

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<sup>3</sup> CenturyLink reserves the right to raise any and all claims and arguments it may have regarding the *PA RLEC Access Order* and the Proposed Template in any future filing or matter.

<sup>4</sup> By Opinion and Order entered August 11, 2011, the Commission granted reconsideration within the meaning of Pa. R.A.P. Rule 1701(b)(3), pending review of, and consideration on, the merits of petitions as filed jointly by the Pennsylvania Telephone Association ("PTA") and CenturyLink and also as filed by AT&T. The August 11, 2011 Opinion and Order "noted explicitly" that the grant of reconsideration:

[D]oes not stay, at this time, the directives contained in the Commission's July 18, 2011 Rural Access Charge Investigation Opinion and Order; rather that determination will be made when we consider the merits of the these petitions for reconsideration and clarification in a subsequent order.

Opinion and Order, entered August 11, 2011 at p. 4. Per the *PA RLEC Access Order*, within forty-five (45) days after the filing date for reply comments, the Commission shall issue an order disposing of the comments/replies and shall produce a final version of the template to be used and submitted by the RLECs in their rate rebalancing calculations. *PA RLEC Access Order*, Ordering Paragraph 12.

However, broader questions remain. The Proposed Template includes as “illustrative” the request for data relating to implementation of Phases 2 and 3 of the *PA RLEC Access Order*.<sup>5</sup> Yet, the front page (“Template Intro”) of the Proposed Template provides: “Note: As outlined in Annex C of the Commission order entered July 18, 2011, Companies are to use the most recent available data for each rebalancing phase.” (Emphasis added.)

Any revenues arising from increases to consumer rates in subsequent phases for noncompetitive local services can only be calculated when minutes of use (“MOUs”) and the lines are known and can be applied to the rates subject to any rebalancing requirement. Accordingly, the Commission should make clear that the Proposed Template’s population of data for Phases 2 and 3 should be undertaken only when data current or applicable to those phased periods are available and known. As a general matter therefore, CenturyLink requests that the Commission clarify, and modify each spreadsheet accordingly,<sup>6</sup> to require that the spreadsheets be populated only with the most recent available data for each subsequent rebalancing phase.

## **II. Specific Comments**

CenturyLink’s specific comments will address in order of appearance each specific Excel spreadsheet tab (of the six tabs) as occurring in the Proposed Template.

### **A. Excel Tab 1 (Statement of Income)**

Tab 1 of the Proposed Template consists of a spreadsheet entitled “Statement of Income and Retained Earnings” and seeks information for the twelve-month period ended December 31,

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<sup>5</sup> Tab 2 (Phase 1 Reduction Summary). *See also*, Specific Comments, below.

<sup>6</sup> Each Tab should make clear, via modifying the header, that only the current data should be supplied for Phase 1. The Proposed Template then can be reissued for subsequent phases with the same instructive header, albeit modified for “Phase 2” and then “Phase 3.”

2010. CenturyLink submits that the proposed spreadsheet is neither relevant nor warranted for the alleged revenue-neutrality effort envisioned in the *PA RLEC Access Order*.

First, an income/earnings statement is not necessary for calculating or implementing revenue-neutral rate rebalancing. Tab 3 (Revenue Neutral Calculation) of this Proposed Template does not utilize this income/earnings statement and does not rely upon income/earnings information to implement the Order's view of revenue neutrality. Moreover, to CenturyLink's knowledge, an income/earning statement has not been used when previously reducing intrastate switched access rates for the RLECs.

Second, the proposed income/earnings statement appears to seek total company – regulated and non-regulated – information.<sup>7</sup> CenturyLink is subject to alternative rate regulation and cannot be made to adjust rates based upon earning and income levels. Indeed, Act 183 limits the filing of reports to those enumerated in that Act,<sup>8</sup> but does not explicitly or implicitly authorize the Commission to change rates based upon income and earnings levels when subject to an amended alternative regulation plan per the statute.

The proposed spreadsheet simply does not appear to serve any purpose for implementing the *PA RLEC Access Order*. The Commission in the *PA RLEC Access Order* explicitly rejected Sprint's proposal to use non-regulated – i.e., non-jurisdictional – revenues to achieve the Order's requirement of revenue neutrality.<sup>9</sup> The “non-jurisdictional or competitive revenues” potentially included in this income/earnings spreadsheet cannot be rejected by the Commission in the *PA RLEC Access Order* but then provided as part of the template “depicting the manner and format” of the alleged revenue-neutral rebalancing. To do so not only abridges procedural and substantive due process rights, but also is patently arbitrary and capricious.

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<sup>7</sup> See, e.g., Spreadsheet at lines 86-90.

<sup>8</sup> 66 Pa.C.S. § 3015(e).

<sup>9</sup> PA RLEC Access Order at p. 127.

Third, every March, CenturyLink files an annual report with the Commission. An income statement, virtually identical to that included in the Proposed Template, is included in the annual report filed with the Commission. Assuming that income and earnings are somehow pertinent to implementation of the *PA RLEC Access Order* (which CenturyLink continues to question), no logical reason exists to duplicate efforts and re-file an income/earnings statement when already available to Commission and Staff. For the foregoing reasons, CenturyLink requests that the Commission delete Tab 1 (Summary of Income) from the Proposed Template.

**B. Excel Tab 2 (Phase 1 Reduction Summary)**

This “illustrative” spreadsheet summarizes the reductions to be undertaken to traffic sensitive rates and the Carrier Charge (“CC”) during Phase 1 of implementation of the *PA RLEC Access Order*. However, the spreadsheet also includes a summary for reductions to rates and the CC at Phase 2 and Phase 3.

To the extent that the Proposed Template at this tab contemplates calculation of Phase 2 and Phase 3 reductions based upon year ending 2010 information, CenturyLink objects. Revenue neutrality as required by Act 183 cannot occur, by definition, with outdated MOUs and lines. Thus, completing the Proposed Template’s summaries for Phases 2 and 3 *at the same time as Phase 1 and based upon Phase 1’s use of December 31, 2010 data* amounts to an error of law, and would be misleading and flawed. Consistent with CenturyLink’s General Comments above, the rate reduction summaries for Phases 2 and 3 as appearing in the Proposed Template should be provided and calculated only when the underlying data regarding MOUs and lines applicable to those periods/phases are known and measurable.

**C. Excel Tab 3 (Revenue Neutrality Calculation)**

CenturyLink does not have comments at this time, but reserves the right to file reply comments.

**D. Excel Tab 4 (Rate Detail)**

CenturyLink does not have comments at this time, but reserves the right to file reply comments.

**E. Excel Tab 5 (Summary of Rate Changes)**

CenturyLink does not have comments at this time, but reserves the right to file reply comments. This tab/sheet appears to roll-up, or summarize, information from Tab 4 regarding rate detail. To the extent any prior spreadsheets change, this spreadsheet should change as well.

**F. Excel Tab 6 (Summary of Revenue Impacts)**

This spreadsheet, in certain parts, seeks information regarding rates and revenue levels well beyond revenues from noncompetitive rates that are subject to the revenue neutral rebalancing as ostensibly set forth in the *PA RLEC Access Order*.

First, CenturyLink opposes the “annual competitive intrastate revenue” (as requested in column G) and “annual interstate revenue” (as requested in column E) as it is completely irrelevant to the implementation of a rate rebalancing requirement for intrastate noncompetitive revenues. Revenues from interstate services or from intrastate competitive services are beyond the Commission’s jurisdictional reach.<sup>10</sup> Indeed, as noted above regarding the Income/Earning Statement spreadsheet (Tab 1), the Commission in the *PA RLEC Access Order* explicitly rejected Sprint’s proposal to use non-regulated – i.e., non-jurisdictional – revenues to achieve the Order’s requirement of revenue neutrality. Thus, these columns seeking competitive service revenues

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<sup>10</sup> 66 Pa.C.S. § 3016(e) (1) (“Subject to the requirements of subsection (d)(1), a local exchange telecommunications company may price competitive services at the company’s discretion.”).

and interstate revenues simply do not belong in a Proposed Template designed to implement the *PA RLEC Access Order*'s rebalancing to noncompetitive services.

Second, CenturyLink opposes the spreadsheet's consideration of "Network Access Revenue" (Line 14). Part 32 reporting requirements include switched access and special access revenues for both intrastate and interstate operations. The Commission is without authority to consider any interstate access revenues – switched or special – and no mention of either interstate service appears in the *PA RLEC Access Order*.

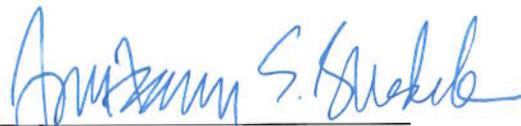
Third, at line 15, the Proposed Template seeks "Long Distance Revenue." As the spreadsheet reveals, these "revenues" are not *local* revenues from *local* services. These revenues are not relevant to revenue rebalancing and are not supported by the *PA RLEC Access Order*.

Fourth, CenturyLink opposes the vague reference to "Other Operating Revenue" at Line 16. The Proposed Template does not provide a definition of what revenues and what rates for Line 16 are contemplated by the Commission to be considered for inclusion in revenue rebalancing. There is no meaningful opportunity to comment given the lack of notice of what rates and revenues are to be included by the Commission and no way to verify alleged revenue neutrality.

**CONCLUSION**

Accordingly, CenturyLink respectfully requests that the Commission modify the Proposed Template in accordance with the foregoing comments and any reply comments to be submitted by CenturyLink.

Respectfully submitted,



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Dated: September 12, 2011