

AT&T COMMUNICATIONS OF
PENNSYLVANIA, LLC, ETC.

v.

ARMSTRONG TELEPHONE
COMPANY – PENNSYLVANIA, ETC.

DOCKET NOS.
C-2009-2098380, C-2009-2099805,
C-2009-2098735

VERIZON

STATEMENT NO. 1.0
(DIRECT TESTIMONY)

WITNESS: Don Price

DATED: July 2, 2009

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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1 **I. INTRODUCTION AND WITNESS IDENTIFICATION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Don Price. My business address is 701 Brazos, Suite 600, Austin, TX,
4 78701.

5 **Q. BY WHOM ARE YOU EMPLOYED, AND IN WHAT CAPACITY?**

6 A. I am employed by Verizon Business, one of the three major operating units of
7 Verizon Communications, as Director of State Regulatory Policy in the Regulatory
8 and Litigation department.

9 **Q. PLEASE BRIEFLY OUTLINE YOUR EXPERIENCE IN THE**
10 **TELECOMMUNICATIONS INDUSTRY AND YOUR EDUCATIONAL**
11 **BACKGROUND.**

12 A. I have over 30 years of experience in telecommunications, most of which is in the
13 area of public policy. During my career, I have been in the employ of an
14 incumbent local exchange carrier, a state regulator, and an entity operating as an
15 interexchange carrier and a competitive LEC. For the past 23 years, my job
16 responsibilities have focused on policy issues relating to telecommunications
17 competition. I have testified in at least 24 states in commission proceedings on a
18 wide range of policy and business issues related to access charges,
19 interconnection, and other competition-related matters on behalf of Verizon
20 Business (and previously MCI), including in several recent cases in Pennsylvania.
21 In addition, I help develop Verizon Business's policy positions on various issues,
22 and I work closely with many different organizations, including those involved

1 with the products Verizon Business sells and those who engineer and construct
2 Verizon Business's networks.

3 My educational credentials include a Master of Arts degree from the
4 University of Texas at Arlington in 1978 and a Bachelor of Arts degree from the
5 University of Texas at Arlington in 1977.

6 **II. PURPOSE AND SUMMARY OF TESTIMONY**

7 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?**

8 A. I am submitting this testimony on behalf of Verizon Pennsylvania Inc. ("Verizon
9 PA"), Verizon North Inc. ("Verizon North"), Bell Atlantic Communications, Inc.
10 d/b/a Verizon Long Distance ("VZLD"), MCImetro Access Transmission Services,
11 LLC d/b/a Verizon Access Transmission Services ("MCImetro"), and MCI
12 Communications Services Inc., d/b/a Verizon Business Services ("MCI LD")
13 (collectively "Verizon" or the "Verizon companies"). The Verizon companies
14 operate in various capacities in Pennsylvania. Verizon PA and Verizon North are
15 incumbent local exchange carriers ("ILECs") serving their own designated local
16 service territories. MCImetro operates as a competitive local exchange carrier
17 ("CLEC") in the territories of Verizon PA, Verizon North, the United Telephone
18 Company of Pennsylvania d/b/a Embarq Pennsylvania ("Embarq") and North
19 Pittsburgh Telephone Company ("North Pitt"). VZ LD and MCI LD are
20 interexchange carriers ("IXCs") and provide interstate and intrastate long distance
21 service throughout Pennsylvania.

22

23

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. The purpose of my testimony is to present evidence in support of the complaint
3 filed by AT&T¹ asking this Commission to reduce the intrastate switched access
4 rates charged by the rural incumbent local exchange carriers (“RLECs”) operating in
5 Pennsylvania. Verizon was permitted to intervene in AT&T’s complaint case on
6 June 26, 2009.

7 **Q: PLEASE PROVIDE A BRIEF SUMMARY OF YOUR TESTIMONY.**

8 A. Verizon agrees with AT&T that it is time for Commission action to establish just
9 and reasonable RLEC intrastate access rates. Many RLECs charge intrastate
10 switched access rates that are multiples higher than Verizon’s intrastate rates for
11 identical functions in Pennsylvania, and, even among the RLECs themselves, there
12 is wide variation in intrastate switched access rates. These disparities prove that the
13 market cannot be relied upon to discipline RLEC access rates.

14 As a general rule, carriers should recover most of their costs primarily from
15 their own end users, rather than from other carriers through excessive switched
16 access charges. RLECs that charge unreasonably high switched access rates
17 prejudice their competitors, including Verizon, and create economic distortions that
18 reduce the efficiency of Pennsylvania’s telecommunications industry, to the
19 detriment of telecommunications consumers.

20 The quickest and most efficient way for the Commission to satisfy its
21 legislative charge to promote competition, eliminate market distortions, and create a
22 level playing field for all telecommunications carriers, consistent with 66 Pa. C.S. §

¹ The complaint was filed by AT&T Communications of Pennsylvania, LLC, TCG New Jersey, Inc. and TCG Pittsburgh, Inc. (together “AT&T”) on March 19, 2009.

1 3011, is to move all carriers to a uniform intrastate switched access rate. For this
2 purpose, the intrastate switched access rates of Verizon PA are the most appropriate
3 benchmark because they have been subject to the greatest and most recent regulatory
4 scrutiny. Benchmarking is a common approach used by regulators and
5 policymakers to establish just and reasonable rates; indeed, LECs operating in
6 Verizon PA territory are already required by statute to benchmark to Verizon PA's
7 switched access rates. *See* 66 Pa. C.S. § 3017(c).

8 To the extent carriers cannot cover the costs of their regulated services if
9 their switched access rates are reduced, they should be permitted to rebalance their
10 retail rates for those regulated services in a competitively neutral manner consistent
11 with the requirements of alternative regulation under Chapter 30. *See, e.g.*, 66 Pa.
12 C.S. § 3017(a).

13 **III. BACKGROUND**

14 **A. The Companies and Rates at Issue**

15 **Q. WHAT COMPANIES DOES AT&T'S COMPLAINT ADDRESS?**

16 **A.** AT&T's complaint addresses the RLECs that provide local service in their own
17 individual service territories in Pennsylvania. The RLECs comprise all of the ILECs
18 in Pennsylvania except for the two Verizon ILECs – Verizon PA and Verizon North.
19 Taken together, the RLECs serve approximately one million access lines in
20 Pennsylvania (based on year-end 2007 data as reported to the Commission).

21 While I refer to them collectively as "the RLECs" for purposes of this
22 testimony, each individual RLEC is a separate company with its own individual
23 tariffs and rates. They vary in size and in corporate affiliation. Attached as Exhibit
24

1 1 to this testimony is a map showing the portions of Pennsylvania served by each of
2 the RLECs.

3 **Q. WHAT IS VERIZON'S RELATIONSHIP WITH THE RLECS IN**
4 **PENNSYLVANIA?**

5 A. In its various operational capacities (*i.e.*, ILEC, CLEC or IXC), Verizon is, among
6 other things, both a competitor and customer of the RLECs in Pennsylvania.
7 Verizon is a customer of the RLECs each time it pays switched access rates to them.
8 Indeed, it has no choice but to be the RLECs' customer, because Verizon is required
9 to pick up and deliver calls its customers make to RLECs' local subscribers.

10 At the same time, Verizon and the RLECs are competitors. For instance,
11 MCImetro, Verizon's CLEC affiliate, competes in the territories of the RLECs
12 Embarq and North Pitt in the provision of retail services to enterprise (large
13 business) customers. And Verizon's IXC affiliates compete with RLECs to provide
14 long-distance services to Pennsylvania residents.

15 **Q. IS VERIZON COMPLAINING ABOUT THE RLECS' SWITCHED ACCESS**
16 **CHARGES AS A CUSTOMER OF THE RLECS OR AS A COMPETITOR**
17 **TO THE RLECS?**

18 A. Both. It is unjust and unreasonable to require Verizon, as a customer, to pay an
19 intrastate switched access rate that is many times higher than what Verizon's own
20 ILEC affiliates — whose access rate reductions since 2000 have decreased their
21 cumulative intrastate access revenues by hundreds of millions of dollars — charge
22 for the exact same service in Pennsylvania. From Verizon's perspective as a
23 competitor, RLECs that charge excessive intrastate switched access rates have an

1 artificial competitive advantage over carriers, like Verizon, that do not have the
2 same ability to recover a disproportionately large share of their costs from other
3 carriers.

4 Importantly, most carriers operate their own networks and are thus
5 responsible for covering the capital costs and operating expenses associated with
6 constructing and operating those networks. Such networks are complex, involving
7 switching and transmission functions, as well as the local loops that connect each
8 carrier's end users to its network. This fact is important in understanding the market
9 distortion and public policy harms that result from allowing one carrier or group of
10 carriers to transfer an inordinate portion of network costs to other carriers, which is
11 precisely the effect of allowing excessive switched access charges to continue.

12 **B. Description of Switched Access Service**

13

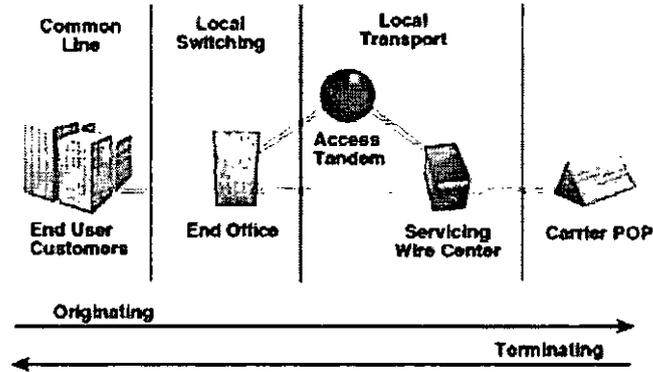
14 **Q. WHAT IS SWITCHED ACCESS?**

15 A. Switched access is a service provided by local exchange carriers to other carriers for
16 originating or terminating *interexchange* or "toll" calls (whereas the intercarrier
17 compensation mechanism for the origination and termination of local calls is
18 reciprocal compensation, which is typically lower than access rates). Access
19 charges generally apply to calls that begin and end in different local calling areas.
20 Interstate access charges apply to calls that originate and terminate in different
21 states, and intrastate access charges apply to calls that originate and terminate in
22 different local calling areas within the same state. The FCC oversees interstate
23 access rates, and the states oversee intrastate access rates.

1 The diagram below demonstrates how switched access works. The “Carrier
2 POP” is the IXC’s “point of presence” or “POP,” and the diagram shows how one
3 end of an interexchange call is either delivered to or from the IXC’s POP through
4 connection with the local exchange carrier (“LEC”) in a given geographic area.
5 Switched access charges compensate the LEC for the connection between the end
6 user and the POP or other interconnection point.

7

Originating & Terminating



8

9 If the interexchange call originates in one state but terminates in another, the
10 access charges are billed at the interstate rate in the carrier’s FCC tariff. If the
11 interexchange call originates and terminates within a state, then the access charges
12 are billed at the intrastate access rate, which is under the state commission’s
13 jurisdiction. The switched access rates at issue in this proceeding are the rates that
14 the RLECs charge other carriers to originate or terminate interexchange calls that
15 begin and end in Pennsylvania, to or from an RLEC customer.

16

1 **Q. CAN OTHER CARRIERS AVOID PAYING SWITCHED ACCESS TO THE**
2 **RLECS?**

3 A. No. While the telecommunications industry today is highly competitive, with
4 constantly evolving technologies and services delivering choice and innovation to
5 customers, switched access is a notable exception to this overall trend. A carrier has
6 no choice but to use a local exchange carrier's switched access services when it
7 handles interexchange calls originating from the RLEC's customers and when it
8 delivers interexchange calls for termination to the RLEC's customers. A toll
9 provider cannot refuse to deliver a call to an RLEC's end user or bypass the RLEC
10 to deliver that call to the end user – and thus cannot avoid the RLEC's terminating
11 access charges.

12 Originating switched access services, at least in theory, are less susceptible
13 to unreasonable charges because the IXC has a relationship with both the end user
14 customer, who has chosen the IXC, and with the originating LEC (*i.e.*, the IXC is on
15 the LEC's list of presubscribed carriers). However, in reality, competitive pressures
16 have not significantly constrained originating switched access charges. For
17 example, when it capped CLEC access charges, the FCC did not find that CLECs'
18 originating and terminating access rates were significantly different, thereby
19 indicating "that CLEC originating access service may also be subject to little
20 competitive pressure."² Just last week, the Massachusetts Department of

² *In the Matter of Access Charge Reform, Reform of Access Charges Imposed by Competitive Local Exchange Carriers*, Seventh Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 9923 (April 27, 2001) ("CLEC Rate Cap Order"), ¶ 29.

1 Telecommunications and Cable (“DTC”) reached the same conclusion in imposing a
2 cap on CLEC switched access rates.³

3 **Q. DO UNREASONABLY HIGH SWITCHED ACCESS CHARGES HAVE**
4 **ADVERSE PUBLIC POLICY CONSEQUENCES?**

5 A. Yes. As the FCC repeatedly has observed, economically efficient competition and
6 the consumer benefits such competition yields cannot be fully achieved as long as
7 carriers seek to recover a disproportionate share of their costs from other carriers
8 (*i.e.*, long-distance providers), rather than from their own end users.⁴ Such irrational
9 access rate structures lead to what the FCC has termed “inefficient and undesirable
10 economic behavior”⁵ and, ultimately, to higher prices for consumers. By raising the
11 price of a necessary input to other carriers, the cost – and, therefore, the price – of
12 those carriers’ services are elevated. As the FCC has observed, this also suppresses
13 demand for the services of those carriers that must pay the excessive access charges
14 and reduces incentives for local entry by firms that might be able to provide service
15 more efficiently than the other LEC if they were not required to subsidize the less
16 efficient operations.⁶

³ *Petition of Verizon New England Inc. et al. for Investigation Under Chapter 159, Section 14, of the Intrastate Access Rates of Competitive Local Exchange Carriers*, Final Order, Mass. ;D.T.C. 07-9 (June 22, 2009), at 17.

⁴ *See generally Access Charge Reform; Price Cap Performance Review for Local Exchange Carriers; Low-Volume Long Distance Users; Federal-State Joint Board on Universal Service*, Sixth Report and Order in CC Docket Nos. 96-262 and 94-1, Report and Order in CC Docket No. 99-249, Eleventh Report and Order in CC Docket No. 96-45, 15 FCC Rcd 12962 (May 31, 2000) (“*CALLS Order*”); *Multi-Association (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, Second Report & Order and Further Notice of Proposed Rulemaking, CC Docket No. 00-256, Fifteenth Report & Order in CC Docket No. 96-45, and Report & Order in CC Docket Nos. 98-77 and 98-166, 16 FCC Rcd 19613 (Rel. Nov. 8, 2001) (“*MAG Order*”); *CLEC Rate Cap Order*.

⁵ *CALLS Order*, at ¶ 129.

⁶ *Id.* at ¶ 114.

1 Perpetuating this irrational rate structure in today’s competitive environment
2 is fundamentally anti-consumer. When other carriers must divert revenue away
3 from their own operations to fund the RLECs, their own customers are harmed.
4 That is because these carriers are deprived of revenues that could be used to improve
5 products, services, or networks, or even to reduce rates — all of which would benefit
6 their customers. Meanwhile, consumers in the RLEC territory also suffer as their
7 opportunities for competitive alternatives diminish because prospective alternative
8 service providers have to compete with heavily subsidized RLEC operations. As a
9 result, those prospective alternative service providers may choose not to compete in
10 those areas or they may be forced to compete less effectively.

11 With specific regard to relatively small rural carriers like some of the
12 RLECs, the FCC has found that rationalizing their switched access rates will
13 enhance incentives for long distance carriers to originate service in rural areas and
14 will foster facilities-based competition for residential subscribers in those areas.⁷
15 Moreover, some RLECs already receive substantial subsidies through federal
16 universal service fund (“USF”) payments in federal high-cost support⁸ and/or from
17 the state USF.⁹ Providing additional subsidies to these RLECs through
18 unreasonably high intrastate access charges only exacerbates the harm to other
19 carriers who must cover not only their own costs through their retail rates, but also
20 the costs of their competitors.

⁷ *MAG Order* at ¶ 11.

⁸ *See* USAC, HC01 Capped – High Cost Support Projected by State by Study Area – 3Q2009, available at <http://www.usac.org/about/governance/fcc-filings/2009/quarter-3.aspx> (quarterly support may be multiplied by four for an estimate of 2009 annual support).

⁹ *See* Exhibit 2 (State USF Distribution Spreadsheet for 2007 Produced by PUC Law Bureau).

1 **Q. HAS THIS COMMISSION RECOGNIZED THE NEED TO REDUCE RLEC**
2 **ACCESS RATES?**

3 A. Yes. Beginning with the *Global Order* over nine years ago, the Commission’s
4 stated goal has been to reduce these companies’ access charges as “necessary steps
5 to strive to replace the system of implicit subsidies with ‘explicit and sufficient’
6 support mechanisms to attain the goal of universal service in a competitive
7 environment.”¹⁰ For the RLECs, the Commission adopted the Small Company
8 Universal Service Fund Settlement as a “means to reduce access and toll rates for the
9 ultimate benefit of the end-user.” (*Id.* at 135). In July of 2003, the Commission
10 approved another settlement resulting in rate rebalancing and RLEC access rate
11 reductions, and explained why its policy to gradually reduce RLEC access rates is
12 essential to furthering the Commission’s goal of bringing opportunities for
13 competition in the territories of rural ILECs:

14 [T]he proposed access charge reductions are in the public’s interest and
15 in accordance with the Commission’s objective to reduce implicit
16 subsidy charges such as access charges that impede competition in the
17 telecommunications market. As implicit charges become explicit
18 charges, competitors are better able to compete for local and long
19 distance customers in an ILEC’s service territory because IXCs are not
20 hindered by paying ILECs excessive access charges in providing
21 competitive toll services and CLECs are better able to compete with
22 ILEC local service rates that have been kept artificially low as a result of
23 the access charge subsidies.¹¹

24 In July of 2007, the Commission reaffirmed its intention to continue to
25 reduce RLEC access rates, stating that “[w]e agree with Verizon that Act 183 and

¹⁰ *Joint Petition of Nextlink Pennsylvania, Inc.*, Docket Nos. P-00991648; P-00991649, 196 P.U.R.4th 172 (Opinion and Order entered September 30, 1999) (“*Global Order*”), slip op at 25.

¹¹ *Access Charge Investigation per Global Order of September 30, 1999*, Docket Nos. M-00021596, etc., (Opinion and Order entered July 15, 2003) at 10.

1 Section 3017(a) [66 Pa. C.S. § 3017(a)] support the Commission's policy goals that
2 local exchange carriers reduce dependence on access revenue from other carriers and
3 rebalance those revenues."¹²

4 **C. The RLECs' Intrastate Switched Access Rates**

5
6 **Q. WHAT RATES ARE THE INDIVIDUAL RLECS CHARGING FOR**
7 **INTRASTATE SWITCHED ACCESS SERVICE IN PENNSYLVANIA?**

8 A. As AT&T's chart at pages 9-10 of its Complaint shows, the individual RLECs' per-
9 minute switched access rates vary over a wide range. A few of the RLECs charge
10 rates at or below the benchmark rate that Verizon is advocating in this case, and no
11 action is needed as to those carriers at this time. The majority of the RLECs,
12 however, charge rates many multiples higher than what Verizon charges, with some
13 as high as over 10 cents per minute (as compared to the benchmark rate of
14 approximately 1.7 cents charged by Verizon PA, as described below).

15 **Q. WHAT ARE THE GENERAL RATE CATEGORIES FOR INTRASTATE**
16 **SWITCHED ACCESS RATES?**

17 A. Switched access rates can be divided into three general categories – switching,
18 transport and carrier common line. The tariffed individual rates and rate levels
19 within each category vary significantly among the RLECs. The rate sections from
20 each of the RLECs' intrastate switched access tariffs are attached hereto as Exhibit
21 3.

¹² *Investigation Regarding Intrastate Access Charges And IntraLATA Toll Rates of Rural Carriers and The Pennsylvania Universal Service Fund*, Docket No. I-0004010; *2006 Annual Price Stability Index / Service Price Index Filing of Denver & Ephrata Telephone & Telegraph Company*, Docket No.s P-00981430F1000, R-00061377 (Opinion and Order entered July 11, 2007) at 34-35.

1 **Q. WHAT IS THE CARRIER COMMON LINE CHARGE?**

2 A. The carrier common line charge, also known as the carrier charge or the “CCLC,” is
3 an access rate element created when intrastate access rates were first developed in
4 the mid-1980s. The CCLC charge was originally designed to recover a portion of
5 the ILEC’s fixed costs of providing local loops to its own end users, in order to keep
6 end user rates artificially low. Because these fixed costs are not related to the
7 switching and transport functions used to provide long-distance carriers with access
8 to a LEC’s network, an excessively high carrier common line charge serves as a
9 vehicle to transfer to the LEC’s access customers the LEC’s fixed costs of providing
10 local exchange service to its own retail customers. For this reason, the CCLC has
11 been a primary focus of regulators seeking to rationalize intrastate switched access
12 rates, including this Commission. For example, in the 1999 *Global Order*, this
13 Commission recognized that the CCLC “is the largest contributor to local service
14 rates not directly related to cost” and looked to reduce the revenue collected from the
15 CCLC as a way to both reduce implicit subsidies built into access rates and benefit
16 competition in Pennsylvania. (*Global Order*, slip op. at 13). Similarly, when the
17 FCC removed the CCLC from rural carriers’ interstate switched access rates in
18 2001, it observed that its action would “reduce the cost of long distance service and
19 encourage a more efficient level of consumption. It will move per-minute switched
20 access rates towards cost-based levels and promote efficient competition in the
21 exchange access market by permitting both incumbent and competitive carriers to
22 compete for all services based on price.”¹³

¹³ *MAG Order*, ¶ 63.

1 **Q. DO ALL OF THE RLECS CHARGE A CARRIER COMMON LINE**
2 **CHARGE?**

3 A. No. A few of the RLECs, including many of the Frontier companies and Armstrong
4 PA, have nominal or zero-rated carrier charges. However, the majority of the
5 RLECs still assess substantial carrier charges, ranging from \$4.04 to as high as
6 \$17.99 per line, per month. These carrier charges can be found in the individual
7 carriers' tariff sheets attached as Exhibit 3. By contrast, Verizon PA's carrier charge
8 is just \$0.58 per line, per month. *See* Verizon PA. Tariff Pa. PUC 302, Section
9 6.9.7.

10 **Q. DO THE RLECS CHARGE ANY OTHER TRADITIONAL SUBSIDY RATE**
11 **ELEMENTS?**

12 A. Yes. Some of the RLECs still charge a "transport interconnection charge" or "TIC,"
13 also sometimes called the "residual interconnection charge" or "RIC," which is
14 another per-minute rate element that is not directly related to providing switched
15 access services and instead was used in the past to subsidize overall operating costs.
16 The FCC long ago eliminated the TIC in the interstate jurisdiction. As the FCC
17 explained when it removed the TIC from the small carriers' federal switched access
18 tariff in 2001, the TIC was "not a cost-based rate element" and "was never intended
19 as a permanent measure."¹⁴ The FCC found that "the TIC adversely affects the
20 development of competition" because it increases the cost of competitive entry and
21 the prices paid for long-distance services, thus artificially suppressing usage of these

¹⁴ *See* MAG Order, ¶¶ 24, 73, 99.

1 services and encouraging customers to explore ways to bypass the public switched
2 telephone network.” *MAG Order*, ¶ 99.

3 States are, likewise, working to remove analogous elements from intrastate
4 rates in the few instances where they remain. For example, the California Public
5 Utilities Commission in 2007 extended to small and mid-sized ILECs its policy, set
6 earlier for large carriers, of eliminating “non-cost-based elements,” including the
7 TIC and similar items, from intrastate switched access rates. The California
8 Commission considered this action necessary to further its long-standing goal of
9 “[f]air competition in the long distance market.”¹⁵ Last year, the Iowa Board of
10 Public Utilities ordered rural carriers to remove the TIC from their collective
11 intrastate switched access tariff, because “it is just and reasonable to eliminate a rate
12 that has no corresponding service.”¹⁶

13 The Verizon ILECs do not charge a TIC or RIC, and the majority of the
14 RLECs have set these rate elements at \$0 in their tariffs. However, several of the
15 RLECs maintain a TIC in their tariffs (*see* Exhibit 3 hereto), which adds as much as
16 half a cent per minute to the overall rate for switched access.¹⁷ Elimination of the
17 TIC is reasonable because the rate element is purely a subsidy mechanism. The
18 RLEC provides no function at all in exchange for this charge.

¹⁵ *Rulemaking to Review Policies Concerning Intrastate Carrier Access Charges*, Final Opinion Modifying Intrastate Access Charges, D. 07-12-020, in Rulemaking 03-08-018, at 13 (Dec. 10, 2007); *see also* Interim Opinion Resolving Intrastate Access Charge Policy Questions in Phase I, at 1 (Dec. 2, 2004) (finding that “the access charges of all carriers, including long distance companies and small and mid-sized local exchange companies, should be reviewed to assure they are not artificially high”).

¹⁶ *In Re: Iowa Telecomm. Ass’n*, Final Order, Docket Nos. TF-07-125 and TF-07-139, at 8 (May 30, 2008), *aff’d* by Order Denying Requests for Reconsideration (Jan. 8, 2009).

¹⁷ For example, the three D&E ILECs charge a TIC of \$0.005379 (Buffalo Valley), \$0.005444 (Conestoga) and \$0.005512 (Denver & Ephrata).

1 **Q. IS VERIZON RECOMMENDING SPECIFIC CHANGES IN CARRIERS'**
2 **RATE STRUCTURES IN THIS CASE?**

3 A. No. What matters is the aggregate, per-minute switched access rate that is charged
4 to other carriers in the context of a particular state, not an RLEC's rate structure *per*
5 *se*. Verizon's benchmarking proposal, therefore, would not dictate any particular
6 rate structure or reductions of particular rate elements—although Verizon expects
7 that if RLECs are ordered to benchmark their rates to Verizon's rates, they would
8 look first to reducing elements, like the CCLC and TIC, that are most clearly driving
9 excessive access rates.

10 **Q. IS THE WIDE DISPARITY AMONG RLEC ACCESS RATES EVIDENCE**
11 **THAT THE MARKET DOES NOT OPERATE TO CONSTRAIN THOSE**
12 **RATES?**

13 A. Yes. In addition to varying substantially from the prevailing switched access rate of
14 the largest local exchange carrier, Verizon PA, rates vary substantially among the
15 RLECs themselves. As I noted earlier, while some RLEC rates are below the
16 benchmark Verizon recommends here, others are in the ten-cents-per-minute range
17 — a huge variation in the charges assessed by the individual RLECs for the exact
18 same switched access service. Moreover, there is considerable variation in the
19 individual RLECs' tariffed rates for the exact same rate elements, such as the CCLC
20 addressed above, as well as local switching. As other states have recognized, this
21 disparity in switched access rates is compelling evidence that the market does not
22 operate to constrain those rates. For example, when the Massachusetts DTC capped
23 CLEC switched access rates at the Verizon ILEC's level last week, it pointed to the

1 wide disparity in CLEC access rates — both as between Verizon’s rate and the
2 CLECs’ rates and as among the CLECs’ rates themselves — as evidence justifying
3 regulatory intervention to set just and reasonable rates for CLECs.¹⁸ The disparity
4 between Verizon’s and CLECs’ rates prompted the Virginia State Corporation
5 Commission to consider, and ultimately implement, rule changes requiring
6 benchmarking to the competing ILEC switched access rate.¹⁹ And the FCC cited the
7 dramatic variation in CLEC rates when it ruled that a cap was necessary to discipline
8 those rates.²⁰

9 **IV. THE COMMISSION SHOULD ESTABLISH AN INTRASTATE ACCESS**
10 **RATE BENCHMARK AND REQUIRE THE RLECS TO REDUCE THEIR**
11 **RATES TO MEET IT**

12 **Q. WHAT SHOULD THE COMMISSION DO TO ADDRESS THE RLECS’**
13 **DIVERGENT AND EXCESSIVE SWITCHED ACCESS RATES?**

14 A. Until comprehensive access reform can be achieved at the national level (or until
15 carriers can negotiate their own intercarrier compensation agreements), the
16 Commission should benchmark all RLECs’ intrastate switched access rates to
17 Verizon PA’s rate (as is already the case for CLEC rates in Verizon territory). A
18 benchmark at the level of Verizon PA’s rates would be a simple and effective means
19 to quickly move excessive switched access rates in Pennsylvania to more efficient
20 levels. This benchmark will promote equity and competitive parity and reduce

¹⁸ *Mass. CLEC Cap Order*, at 7, 13-14, 21-23.

¹⁹ *Application of Verizon Virginia Inc. et al. for Modification of Rules Governing Certification and Regulation of Competitive Local Exchange Carriers*, 20 VAC 5-417-10 et seq.; *Commonwealth of Virginia ex. rel. State Corporation Commission, Ex Parte: Amendment of Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers*, Case Nos. PUC-2006-00154 & PUC-2006-00033, Order on Application and Establishing Proceeding, at 7-8 (April 30, 2007); Final Order (Sept. 27, 2007).

²⁰ *See CLEC Rate Cap Order*, ¶ 22.

1 market distortions by prompting carriers with the highest access rates to recover
2 more of their network costs from their own customers, rather than from other
3 carriers and their customers through access rates.

4 The intrastate switched access rates of the largest ILEC in the state — in this
5 case, Verizon PA — are the most appropriate benchmark. As the largest ILEC in
6 the state, Verizon PA’s access rates have historically been subject to the greatest
7 regulatory scrutiny and are the prevailing rates. In a competitive market, carriers
8 would not be able to charge rates significantly above the prevailing rate, as the
9 RLECs do today for switched access.

10 Verizon PA’s intrastate switched access rate, stated on an average rate per
11 minute basis,²¹ is depicted in the table below:²²

²¹ The rates per-minute for local switching, tandem switching and transport are tariffed rates, because those functions are tariffed on a per-minute-of-use basis. The carrier charge, however, is tariffed as a per-line, per-month charge, and it was necessary to convert it to a per-minute rate to calculate an overall rate per-minute. The IXCs’ portion of Verizon PA’s tariffed Carrier Charge is \$0.58 per access line or trunk per month. Verizon PA. Tariff Pa. PUC 302, Section 6.9.7. This rate was restated as a per-minute rate based on an examination of recent Verizon PA bills to the Verizon long distance companies (carrier charge expense divided by minutes of use for the most recent annual period available). The equivalent per minute-of-use rate calculated in this manner is \$0.0075908.

²² The calculations shown are based on Feature Group D (“FGD”) rates, as FGD is what carriers typically use for toll calls.

1

VERIZON PA AVERAGE ACCESS RATE TABLE

Rate Element	VZ PA Rate
CCLC/Carrier Charge	\$0.0075908/MOU
Subtotal CCLC/Carrier Charge	\$0.0075908/MOU
Local Switching	\$0.0062120/MOU
Shared End Office Trunk	\$0.0015980/MOU
Subtotal Switching	\$0.0078100/MOU
Tandem Switching	\$0.0009830/MOU
Local Transport	\$0.0001950/MOU
Transport Mileage (15 miles, on average)	\$0.0006750/MOU
Subtotal Transport	\$0.0008700/MOU
Composite Rate	\$0.0172538/MOU

2

3

4

Q. HOW DO THE RLECS' ACCESS RATES COMPARE TO VERIZON PA'S RATES?

5

6

A. In the majority of cases, the rates charged by the RLECs are considerably higher.

7

The rate pages from the RLECs' access tariffs are attached hereto as Exhibit 3.

8

One area of wide disparity is in the "carrier charge" or "carrier common line

9

charge," as discussed above. There is also significant disparity in what the RLECs

10

charge for switching and transport, with many of them charging much more than

11

Verizon PA charges for the same functionality.

12

Q. IS VERIZON ASKING THE COMMISSION TO SET SPECIFIC SWITCHED ACCESS RATES FOR SPECIFIC RLECs?

13

14

A. No. Verizon requests that the Commission place a ceiling on the intrastate access

15

rates that RLECs may charge, as the Legislature did for CLECs through the

16

enactment of 66 Pa. C.S. § 3017(c). Indeed, the approach of benchmarking to the

1 ILEC's rate is commonly used by the FCC and state policymakers around the
2 country to determine appropriate levels for switched access rates.²³
3 RLECs with existing intrastate access rates below the benchmark should not,
4 of course, be permitted to raise their rates. This result would have the aberrant effect

²³ See, e.g., the FCC's CLEC Rate Cap Order; Order Instituting Rulemaking to Review Policies Concerning Intrastate Carrier Access Charges, California D. 07-12-020 in Rulemaking 03-08-018, Final Opinion Modifying Intrastate Access Charges (Dec. 6, 2007) (capping CLEC rates at no higher than the rates of the two largest carriers, Verizon and SBC, plus 10%); DPUC Investigation of Intrastate Carrier Access Charges, Decision, Connecticut D.P.U. Docket No. 02-05-17 (2004), 2004 Conn. PUC Lexis 15, at *45 (capping CLEC rates at SBC's then-current rate); Delaware Code, Title 26, § 707(e) (capping all service providers' switched access rates at the level of the largest ILEC in the state); TDS Metrocom, Inc., Petition for Arbitration, Arbitration Decision, Illinois Comm. Comm'n Docket No. 01-0338, at 48-50 (Aug. 8, 2001) and Arbitration Between AT&T Comm. of Illinois, Inc. and Ameritech, Arbitration Decision, Illinois Comm. Comm'n Docket No. 03-0239, at 149-51 (Aug. 26, 2003) (a CLEC may not charge an ILEC more for terminating intrastate switched access than the ILEC charges the CLEC); 199 Iowa Admin. Code 22.14(2)(d)(1)(2) (prohibiting CLECs from charging a carrier common line charge if it would render the CLEC's rate higher than the competing ILEC's rate); Louisiana PSC General Order No. U-17949-TT, App.B, Section 301 (k)(4) (May 3, 1996) (CLECs must charge non-discriminatory switched access rates that do not exceed the competing ILEC's rates); Code of Maryland Regulations § 20.45.09.03(b) (capping CLECs' switched access rates at the level of the largest LEC in Maryland); Petition of Verizon New England Inc. et al. for Investigation Under Chapter 159, Section 14, of the Intrastate Access Rates of Competitive Local Exchange Carriers, Final Order, Massachusetts D.T.C. 07-9 (June 22, 2009) (capping CLEC switched access rates at Verizon's level); Access Rates to Be Charged by Competitive Local Exchange Telecommunications Companies in the State of Missouri, Report and Order, Missouri P.S.C. Case No. TO-99-596, 2000 Mo. PSC Lexis 996, at *28-31 (June 1, 2001) (capping CLEC access rates at the competing ILEC's level); In the Matter of the Commission, on Its Own Motion, Seeking to Conduct an Investigation into Intrastate Access Charge Reform and Intrastate Universal Service Fund, Nebraska Pub. Serv. Comm'n Application No. C-1628/NUSF, Progression Order #15, at ¶ 9 (Feb. 21, 2001) ("absent a demonstration of costs, a CLEC's access charges, in aggregate, must be reasonable comparable to the ILEC with whom they compete"); New Hampshire PUC § 431.07 (CLECs cannot charge higher rates for access than the ILEC does); New York P.U.C. Case 94-C-0095, Order, at 16-17 (Sept. 27, 1995), N.Y. P.U.C. Opinion 96-13, at 26-27 (May 22, 1996), and N.Y. P.S.C. Opinion 98-10, 1998 N.Y. PUC Lexis 325, at 26-27 (June 2, 1998) (benchmarking CLEC access charges to the level of the largest carrier in the LATA); Establishment of Carrier-to-Carrier Rules, Entry on Rehearing, Ohio P.U.C. Case No. 06-1344-TP-ORD, at 16-18 (Oct. 17, 2007) (capping CLECs' switched access rates at the level of the competing ILEC); Texas P.U.C. Subst. Rule § 26.223 (a CLEC may not charge a higher rate for intrastate switched access than the ILEC in the area served or the statewide average composite rates published by the Texas P.U.C. and updated every two years); Amendment of Rules Governing the Certification and Regulation of CLECs, Final Order, Virginia State Corp. Comm. Case No. PUC-2007-00033 (Sept. 28, 2007) (a CLEC's switched access rate cannot exceed the higher of its interstate rate or the rate of the competing ILEC); Washington Admin. Code § 480-120-540 (requires CLECs' and ILECs' terminating access rates to be no higher than their local interconnection rate, or depending on their regulatory status, incremental cost). In West Virginia, a Hearing Examiner's recommendation to cap CLEC switched access rates at the competing ILEC's level is pending approval by the Commission. Petition by Verizon West Virginia Inc. Requesting that Commission Initiate a General Investigation of the Intrastate Switched Access Charges of Competitive Local Exchange Carriers Operating in WV, Recommended Decision, Case No. 08-0656-T-GI (March 4, 2009).

1 of encouraging some LECs to *increase* the amount of costs shifted to other carriers,
2 which would obviously undermine the economic efficiency the cap is intended to
3 drive. These carriers had a rational market reason to reduce their rates to these levels
4 in the first place, and market-based decisions are the ultimate objective.

5 **Q. HOW SHOULD THE COMMISSION SET THE BENCHMARK?**

6 A. The benchmark rate should be determined by calculating the composite of the
7 Verizon PA intrastate switched access rate elements for the functions that the RLEC
8 actually performs in providing its switched access service. Therefore, the particular
9 rates charged will vary depending upon the specific switched access functions the
10 RLEC performs and the miles of transport provided by the RLEC, where applicable.
11 For example, assuming that the RLEC is performing functions equivalent to
12 Verizon's local switching, shared end-office trunk port, tandem switching and
13 tandem switched transport facility (based on an assumption of 15 miles of transport),
14 the composite, per-minute switched access rate would be \$0.0172538, as depicted in
15 the table above. If the RLEC did not perform tandem switching, the benchmark rate
16 would be \$0.0162708 (removing the tandem switching rate element from the
17 calculation depicted in the table). The obligation to benchmark to Verizon PA's rate
18 would be immediate and continuing. If the benchmarked rate is lower than a
19 particular RLEC's existing rates and the rate reduction will result in a revenue loss,
20 Verizon PA would support allowing the RLECs to rebalance the revenue to retail
21 rates consistent with the operation of alternative regulation and 66 Pa. C.S. §
22 3017(a).

1 **Q. HOW DOES YOUR RECOMMENDATION DIFFER FROM AT&T'S**
2 **RECOMMENDATION FOR ESTABLISHING THE RLECS' SWITCHED**
3 **ACCESS RATES?**

4 A. As I understand AT&T's proposal, AT&T recommends for all RLECs' intrastate
5 switched access rates to mirror their own interstate switched access rates (which, like
6 the intrastate rates, vary), while I am recommending setting a uniform benchmark
7 rate. In some cases, Verizon's approach would produce RLEC rates that in some
8 instances are below the RLECs' interstate switched access rates that AT&T is
9 recommending for the state jurisdiction. Therefore, if the Commission is reluctant to
10 move those particular carriers all the way down to Verizon's benchmark rate, it
11 could, as an interim measure, move them to their own higher interstate rates as
12 AT&T has recommended. But the longer term objective should be a common
13 benchmark rate that puts all carriers on equal competitive footing, and that common
14 benchmark should be Verizon PA's intrastate access rates.

15 **V. CONCLUSION**

16 **Q. WHAT IS YOUR CONCLUSION WITH REGARD TO THE INTRASTATE**
17 **SWITCHED ACCESS RATES OF THE RLECS?**

18 A. As a long-overdue step to moving toward more rational switched access pricing in
19 Pennsylvania, the Commission should reduce the most excessive switched access
20 rates by benchmarking the RLECs' rates to the prevailing rate of the largest ILEC,
21 Verizon PA. This uniform benchmarking approach will further the Commission's
22 legislative mandate to promote competition and competitive parity and make good
23 on the commitment the Commission made years ago to move toward more efficient

1 RLEC access pricing. The RLECs should be permitted to rebalance regulated retail
2 rates to recover lost access revenues.

3 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

4 **A. Yes.**

**VZ St. 1.0, Price Direct
Docket C-2009-2098380, etc.**

Exhibit 1

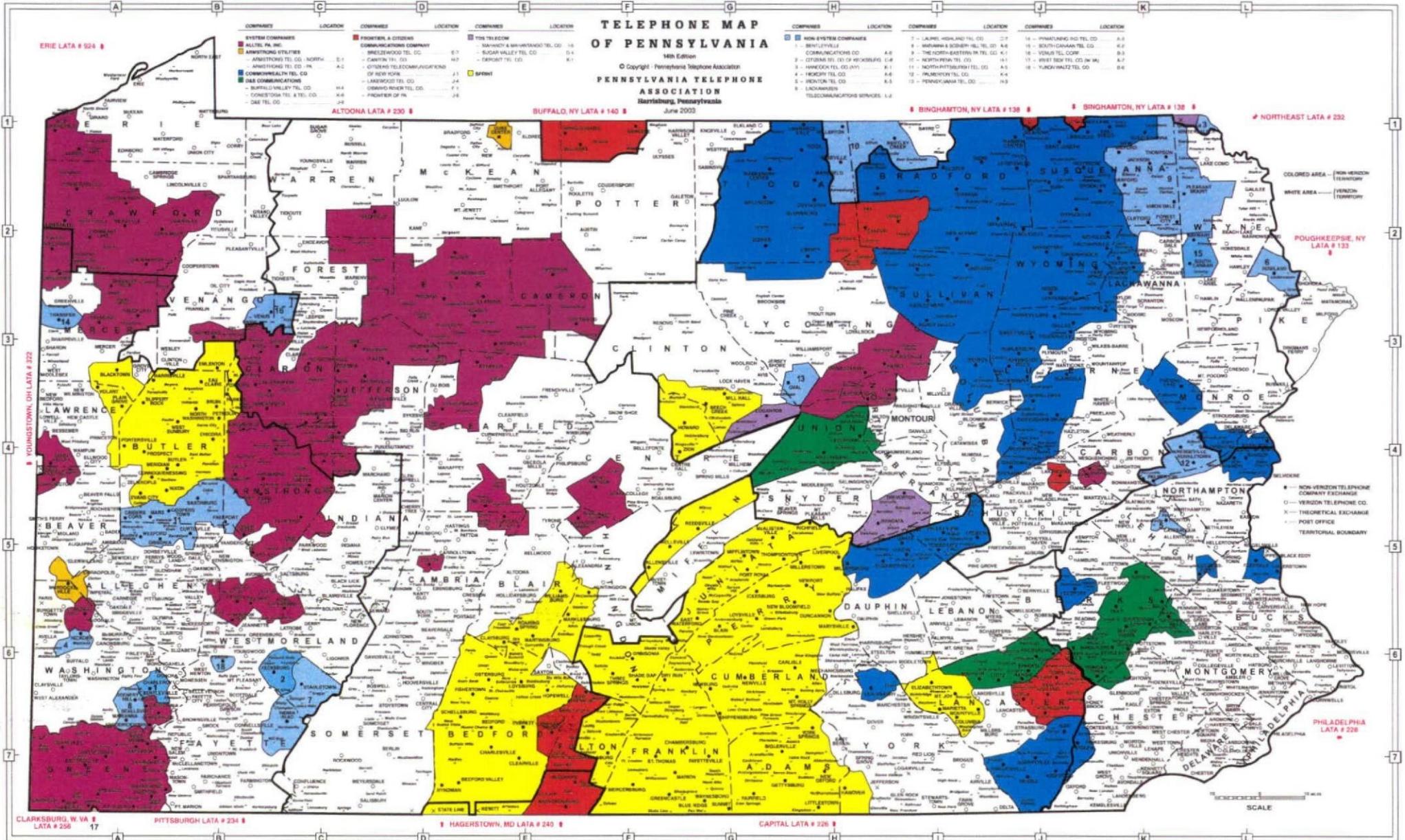
PTA Map

TELEPHONE MAP OF PENNSYLVANIA

18th Edition

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PENNSYLVANIA TELEPHONE ASSOCIATION
Harrisburg, Pennsylvania
June 2003

COMPANIES	LOCATION	COMPANIES	LOCATION	COMPANIES	LOCATION	COMPANIES	LOCATION	COMPANIES	LOCATION
SYSTEM COMPANIES		FRONTIER & CITIZEN		TSI TELECOM		NON-SYSTEM COMPANIES			
ALTEL PA, INC.		COMMUNICATIONS COMPANY		LANCASTER & HANOVER TEL. CO.	A-6	14 - PHILADELPHIA TEL. CO.	A-6		
AMERICAN TELEPHONE		SHICKLEWOOD TEL. CO.	E-7	SUGAR VALLEY TEL. CO.	D-4	15 - SOUTH CAROLINA TEL. CO.	K-2		
ARMISTEAD TEL. CO. - NORTH	E-1	CANTON TEL. CO.	M-7	TELETYPE TEL. CO.	K-1	16 - YORK TEL. CO.	B-3		
ARMISTEAD TEL. CO. - PA.	A-2	CITIZENS TELECOMMUNICATIONS		SPRINT		17 - WEST BETH TEL. CO. (IN PA.)	A-7		
COMMONWEALTH TEL. CO.	A-1	OF NEW YORK	J-1			18 - YORK HAITZ TEL. CO.	B-4		
COAS COMMUNICATIONS		LANARKS TEL. CO.	J-4						
BUFFALO VALLEY TEL. CO.	A-4	OSWEGO RIVER TEL. CO.	F-1						
CONESTOGA TEL. & TEL. CO.	A-6	PROFESSOR OF PA.	J-4						
DART TEL. CO.	J-4								



COLORED AREA - NON-VERSION TERRITORY
WHITE AREA - VERSION TERRITORY

NON-VERSION TELEPHONE COMPANY EXCHANGE
VERSION TELEPHONE CO.
THEORETICAL EXCHANGE
POST OFFICE
TERRITORIAL BOUNDARY

CLARKSBURG, W. VA. LATA # 226
PITTSBURGH LATA # 234
HAGERSTOWN, MD LATA # 240
CAPITAL LATA # 226
PHILADELPHIA LATA # 228
NORTHEAST LATA # 232
POUGHKEEPSIE, NY LATA # 133

**VZ St. 1.0, Price Direct
Docket C-2009-2098380, etc.**

Exhibit 2

**USF Distribution Spreadsheet
Produced by PUC Law Bureau**

**EXHIBIT 2 IS PROPRIETARY
AND IS NOT INCLUDED IN THIS PUBLIC VERSION**

**VZ St. 1.0, Price Direct
Docket C-2009-2098380, etc**

Exhibit 3

RLEC Intrastate Switched Access Tariff Rate Pages

Armstrong Telephone Company-North

ACCESS SERVICE

ARMSTRONG TELEPHONE COMPANY - NORTH

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$0.00	(D)

(D) Indicates Decrease

Issued: December 30, 2004

Effective: February 1, 2005

ACCESS SERVICE

(C)

ARMSTRONG TELEPHONE COMPANY - NORTH

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 Nonrecurring Charges

<u>Rate</u>	<u>Tariff Section Reference</u>
-------------	---

(A) Local Transport - Installation
Per Entrance Facility

6.4.1(B)(1)

- | | | |
|---|-----------------------|----------|
| - | Voice Grade Two-Wire | \$161.00 |
| - | Voice Grade Four-Wire | \$161.00 |
| - | High Capacity DS1 | \$181.00 |
| - | High Capacity DS3 | \$499.00 |

(B) Interim NXX Translation Per
Order

Per LATA or Market Area	\$ 81.00	6.4.1(B)(2)
-------------------------	----------	-------------

(C) FGC and FGD Conversion of
Multifrequency Address
Signaling to SS7 Signaling
or SS7 Signaling to
Multifrequency Address
Signaling

-	Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$260.00	6.4.1(B)(3)
---	--	----------	-------------

(D) Trunk Activation

Per Order

-	Per 24 Trunks Activated 6.4.1(B)(1) or Fraction thereof, on a Per Order Basis	\$249.00
---	--	----------

(E) Flexible Automatic Number
Identification (Flex ANI)

-	Per End Office, Per CIC	None
---	-------------------------	------

6.9.1(AA)

(C) Indicates Change

ACCESS SERVICE

ARMSTRONG TELEPHONE COMPANY - NORTH

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u>		
Per Termination		6.1.3(A) (1)
- Voice Grade Two-Wire	\$35.09	
- Voice Grade Four-Wire	\$56.14	
- High Capacity DS1	\$176.82	
- High Capacity DS3	\$2,051.19	
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)
- <u>Direct Trunked Facility</u>		
Per Mile		
- Voice Grade	\$2.50	
- High Capacity DS1	\$19.14	
- High Capacity DS3	\$131.77	
- <u>Direct Trunked Termination</u>		
Per Termination		
- Voice Grade	\$25.11	
- High Capacity DS1	\$94.38	
- High Capacity DS3	\$525.64	
- <u>Multiplexing</u>		6.1.3(A) (5)
Per Arrangement		
- DS3 to DS1	\$474.31	
- DS1 to Voice	\$183.12	
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)
- <u>Tandem Switched Facility</u>	\$.000165	(D)
Per Access Minute Per Mile		
- <u>Tandem Switched Termination</u>	\$.000816	(D)
Per Access Minute Per Termination		
- <u>Tandem Switching</u>	\$.002763	
Per Access Minute Per Tandem		

(D) Indicates Decrease

Supplement No. 5 - Telephone - PA PUC Tariff No. 11

PENNSYLVANIA
TELEPHONE ASSOCIATION

2nd Revised Page 17-4
Cancels 1st Revised Page 17-4

ACCESS SERVICE

ARMSTRONG TELEPHONE COMPANY - NORTH

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2	<u>Local Transport</u> (Cont'd)	<u>Rate</u>	<u>Tariff Section Reference</u>
--------	---------------------------------	-------------	---------------------------------

Premium Access (Cont'd)

-	<u>Transport Interconnection Charge</u>		6.1.3(A) (4)
	Per Access Minute	\$.00	(D)

	<u>Network Blocking Per Blocked Call</u>		
	Applies to FGD Only	\$.0155	6.8.6

(A) Common Channel Signaling Network Connection

		<u>Rate</u>	<u>Tariff Section Reference</u>
(1)	<u>Signaling Network Access Link</u>		6.9.3(A)
	- Signaling Mileage Facility per mile	\$ 3.96	
	- Signaling Mileage Termination per Termination	\$39.79	
	- Signaling Entrance Facility per Facility	\$ 64.75	<u>Nonrecurring Charge</u> \$177.00
(2)	<u>STP Port</u>		
	- Per port	\$455.00	

(B) 800 Data Base Access Service Queries 6.9.3(D)

Per Query		
Basic		.0048
Vertical Feature	.0054	

(D) Indicates Decrease

Issued: December 30, 2003

Effective: December 31, 2003

PENNSYLVANIA
TELEPHONE ASSOCIATION

3rd Revised Page 17-5
Cancels 2nd Revised Page 17-5

ACCESS SERVICE

ARMSTRONG TELEPHONE COMPANY - NORTH

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

Premium

Per Access Minute

\$0.016100

(D)

(B) Information Surcharge

- Premium Per 100 Access Minutes

\$0.0206

* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(D) Indicates Decrease

Issued: December 30, 2004

Effective: February 1, 2005

Armstrong Telephone Company - PA

ACCESS SERVICE

ARMSTRONG TELEPHONE COMPANY - PA

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$12.44	(D)

(D) Indicates Decrease

Issued: December 30, 2004

Effective: February 1, 2005

ACCESS SERVICE

(C)

ARMSTRONG TELEPHONE COMPANY - PA

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 Nonrecurring Charges

<u>Rate</u>	<u>Tariff Section Reference</u>
-------------	---

(A) Local Transport - Installation
Per Entrance Facility

6.4.1(B)(1)

- | | | | |
|---|-----------------------|----------|--|
| - | Voice Grade Two-Wire | \$161.00 | |
| - | Voice Grade Four-Wire | \$161.00 | |
| - | High Capacity DS1 | \$181.00 | |
| - | High Capacity DS3 | \$499.00 | |

(B) Interim NXX Translation Per
Order

Per LATA or Market Area	\$ 81.00	6.4.1(B)(2)
-------------------------	----------	-------------

(C) FGC and FGD Conversion of
Multifrequency Address
Signaling to SS7 Signaling
or SS7 Signaling to
Multifrequency Address
Signaling

- | | | | |
|---|--|----------|-------------|
| - | Per 24 Trunks Converted
or Fraction thereof on
a Per Order Basis | \$260.00 | 6.4.1(B)(3) |
|---|--|----------|-------------|

(D) Trunk Activation

Per Order

- | | | | |
|---|--|----------|--|
| - | Per 24 Trunks Activated
6.4.1(B)(1)
or Fraction thereof, on
a Per Order Basis | \$249.00 | |
|---|--|----------|--|

(E) Flexible Automatic Number
Identification (Flex ANI)

- | | | | |
|---|-------------------------|------|--|
| - | Per End Office, Per CIC | None | |
|---|-------------------------|------|--|

6.9.1(AA)

(C) Indicates Change

ACCESS SERVICE

ARMSTRONG TELEPHONE COMPANY - PA

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u>		
Per Termination		6.1.3(A) (1)
- Voice Grade Two-Wire	\$35.09	
- Voice Grade Four-Wire	\$56.14	
- High Capacity DS1	\$176.82	
- High Capacity DS3	\$2,051.19	
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)
- <u>Direct Trunked Facility</u>		
Per Mile		
- Voice Grade	\$2.50	
- High Capacity DS1	\$19.14	
- High Capacity DS3	\$131.77	
- <u>Direct Trunked Termination</u>		
Per Termination		
- Voice Grade	\$25.11	
- High Capacity DS1	\$94.38	
- High Capacity DS3	\$525.64	
- <u>Multiplexing</u>		6.1.3(A) (5)
Per Arrangement		
- DS3 to DS1	\$474.31	
- DS1 to Voice	\$183.12	
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)
- <u>Tandem Switched Facility</u>	\$.000169	(D)
Per Access Minute Per Mile		
- <u>Tandem Switched Termination</u>	\$.000833	(D)
Per Access Minute Per Termination		
- <u>Tandem Switching</u>	\$.002763	
Per Access Minute Per Tandem		

(D) Indicates Decrease

ACCESS SERVICE

ARMSTRONG TELEPHONE COMPANY - PA

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2	<u>Local Transport</u> (Cont'd)	<u>Rate</u>	<u>Tariff</u>
			Section
			Reference

Premium Access (Cont'd)

-	<u>Transport Interconnection Charge</u>		6.1.3(A) (4)
	Per Access Minute	\$.00	(D)

<u>Network Blocking Per Blocked Call</u>			
Applies to FGD Only	\$.0155		6.8.6

(A) Common Channel Signaling Network Connection

		<u>Rate</u>	<u>Tariff</u>
			Section
			Reference
(1)	<u>Signaling Network Access Link</u>		6.9.3(A)
	- Signaling Mileage Facility per mile	\$ 3.96	
	- Signaling Mileage Termination per Termination	\$39.79	
	- Signaling Entrance Facility per Facility	\$ 64.75	Nonrecurring <u>Charge</u> \$177.00
(2)	<u>STP Port</u>		
	- Per port	\$455.00	

(B) 800 Data Base Access Service Queries 6.9.3(D)

Per Query		
Basic		.0048
Vertical Feature		.0054

(D) Indicates Decrease

ACCESS SERVICE

ARMSTRONG TELEPHONE COMPANY - PA

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u> Per Access Minute	\$.020297	(D)
-------------------------------------	------------	-----

(B) Information Surcharge

- Premium Per 100 Access Minutes	\$0.0206	(I)
----------------------------------	----------	-----

* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(D) Indicates Decrease (I) Indicates Increase

Issued: December 30, 2003

Effective: December 31, 2003

Bentleyville Telephone Company

PENNSYLVANIA
TELEPHONE ASSOCIATION

3rd Revised Page 17-31
Cancels 2nd Revised Page 17-31

ACCESS SERVICE

THE BENTLEYVILLE TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$7.68	(D)

(D) Indicates Decrease

Issued: November 30, 2004

Effective: December 1, 2004

ACCESS SERVICE

(C)

THE BENTLEYVILLE TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 Nonrecurring Charges

	<u>Rate</u>	<u>Tariff Section Reference</u>
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B) (1)
- Voice Grade Two-Wire	\$161.00	
- Voice Grade Four-Wire	\$161.00	
- High Capacity DS1	\$181.00	
- High Capacity DS3	\$499.00	
(B) <u>Interim NXX Translation Per Order</u>		
Per LATA or Market Area	\$ 81.00	6.4.1(B) (2)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>		
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$260.00	6.4.1(B) (3)
(D) <u>Trunk Activation</u>		<u>Per Order</u>
- Per 24 Trunks Activated 6.4.1(B) (1) or Fraction thereof, on a Per Order Basis		\$249.00
(E) <u>Flexible Automatic Number Identification (Flex ANI)</u>		
- Per End Office, Per CIC		None

6.9.1(AA)

(C) Indicates Change

ACCESS SERVICE

THE BENTLEYVILLE TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2	<u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
	<u>Premium Access</u>		
-	<u>Entrance Facility</u> Per Termination		6.1.3(A) (1)
	- Voice Grade Two-Wire	\$35.09	
	- Voice Grade Four-Wire	\$56.14	
	- High Capacity DS1	\$176.82	
	- High Capacity DS3	\$2,051.19	
-	<u>Direct Trunked Transport</u>		6.1.3(A) (2)
	- <u>Direct Trunked Facility</u> Per Mile		
	- Voice Grade	\$2.50	
	- High Capacity DS1	\$19.14	
	- High Capacity DS3	\$131.77	
-	<u>Direct Trunked Termination</u> Per Termination		
	- Voice Grade	\$25.11	
	- High Capacity DS1	\$94.38	
	- High Capacity DS3	\$525.64	
-	<u>Multiplexing</u> Per Arrangement		6.1.3(A) (5)
	- DS3 to DS1	\$474.31	
	- DS1 to Voice	\$183.12	
-	<u>Tandem Switched Transport</u>		6.1.3(A) (3)
	- <u>Tandem Switched Facility</u> Per Access Minute Per Mile	\$.000165	(D)
-	<u>Tandem Switched Termination</u> Per Access Minute Per Termination	\$.000816	(D)
-	<u>Tandem Switching</u> Per Access Minute Per Tandem	\$.002743	

(D) Indicates Decrease

ACCESS SERVICE

(C)

THE BENTLEYVILLE TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

Tariff
Section
Reference

17.2.2 Local Transport (Cont'd) Rate

Premium Access (Cont'd)

- Transport Interconnection Charge 6.1.3(A)(4)

Per Access Minute \$0.00 (D)

* * *

(C)

Network Blocking Per Blocked Call

Applies to FGD Only \$0.0155 6.8.6

(A) Common Channel Signaling Network Connection

Rate Tariff
Section
Reference

(1) Signaling Network Access Link 6.9.3(A)

- Signaling Mileage Facility per mile \$ 3.96

- Signaling Mileage Termination per Termination \$39.79

- Signaling Entrance Facility per Facility \$ 64.75 Nonrecurring Charge \$177.00

(2) STP Port
- Per port \$455.00

(B) 800 Data Base Access Service Queries 6.9.3(D)

Per Query
Basic .0048
Vertical Feature .0054

(C) Indicates Change (D) Indicates Decrease

ACCESS SERVICE

THE BENTLEYVILLE TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u>		
Per Access Minute	\$.011597	(D)

(B) Information Surcharge

- Per Access Minute	\$0.000211	(I)
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* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(D) Indicates Decrease (I) Indicates Increase

Issued: November 30, 2004

Effective: December 1, 2004

Buffalo Valley Telephone Company

ACCESS SERVICE

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3 preceding.

	<u>Rate</u>	
Per access line, per month	\$4.20**	(D) (C)

**Effective November 15, 2006 pursuant to Commission Order entered July 11, 2007 at Docket No. I-00040105 et al. (C)
|

(C) Indicates Change (D) Indicates Decrease

Issued: August 13, 2007

Effective: August 14, 2007

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 <u>Nonrecurring Charges</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B) (1)
- Voice Grade Two-Wire	\$161.00	
- Voice Grade Four-Wire	\$161.00	
- High Capacity DS1	\$181.00	
- High Capacity DS3	\$499.00	
(B) <u>Interim NXX Translation Per Order</u>		
Per LATA or Market Area	\$ 78.82	6.4.1(B) (2)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>		
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$260.00	6.4.1(B) (3)
(D) <u>Trunk Activation</u>		<u>Per Order</u>
- Per 24 Trunks Activated or Fraction thereof, on a Per Order Basis	\$249.00	6.4.1(B) (1)
(E) <u>Flexible Automatic Number Identification (Flex ANI)</u>		
- Per End Office, Per CIC	None	6.10.1(AA)

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2	<u>Switched Access Service</u> (Cont'd)	Rate	Tariff Section Reference
17.2.2	Local Transport		
	<u>Premium Access</u>		6.1.3(A) (1)
	- <u>Entrance Facility</u>		
	Per Termination		
	- Voice Grade Two-Wire	\$22.29	
	- Voice Grade Four-Wire	\$35.67	
	- High Capacity DS1	\$115.90	
	- High Capacity DS3	\$1,344.56	
	- <u>Direct Trunked Transport</u>		6.1.3(A) (2)
	- <u>Direct Trunked Facility</u>		
	Per Mile		
	- Voice Grade	\$1.59	
	- High Capacity DS1	\$12.80	
	- High Capacity DS3	\$97.63	
	- <u>Direct Trunked Termination</u>		
	Per Termination		
	- Voice Grade	\$15.95	
	- High Capacity DS1	\$66.43	
	- High Capacity DS3	\$362.70	
-	- <u>Multiplexing</u>		6.1.3(A) (5)
	Per Arrangement		
	- DS3 to DS1	\$311.92	-
-	- DS1 to Voice	\$120.42	-
	- <u>Tandem Switched Transport</u>		6.1.3(A) (3)
	- <u>Tandem Switched Facility</u>	\$.000036	
	Per Access Minute Per Mile		
	- <u>Tandem Switched Termination</u>	\$.000184	
	Per Access Minute Per Termination		
-	- <u>Tandem Switching</u>	\$.000385**	(D) (C)
	Per Access Minute Per Tandem		

**Effective November 15, 2006 pursuant to Commission Order entered July 11, 2007 at Docket No. I-00040105 et al. (C)

(C) Indicates Change (D) Indicates Decrease

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ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Tariff
 Section
Reference

Premium Access (Cont'd)

- Transport Interconnection Charge

6.1.3(A) (4)

Per Access Minute

\$.005379

(D)

Network Blocking Per Blocked Call

Applies to FGD Only

\$.0327

6.8.6

(A) Common Channel Signaling Network Connection

Rate

Tariff
 Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage Facility per mile

\$ 4.46

- Signaling Mileage Termination per Termination

\$ 44.80

Nonrecurring

- Signaling Entrance

Charge

Facility per Facility

\$ 57.89

\$177.00

(2) STP Port

- Per port

\$420.10

(B) 800 Data Base Access Service Queries 6.9.3(D)

Per Query

Basic

.0073

Vertical Feature

.0076

(C) Indicates Change (D) Indicates Decrease

(I) Indicates Increase

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u>	
Per Access Minute	\$.010455**
(D) (C)	

(B) Information Surcharge

- Premium Per 100 Access Minutes \$.007560

* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

** Effective November 15, 2006 pursuant to Commission Order entered July (C) 11, 2007 at Docket No. I-00040105 et al. |

(C) Indicates Change (D) Indicates Decrease

Citizens Telephone Company of Kecksburg

PENNSYLVANIA
TELEPHONE ASSOCIATION

3rd Revised Page 17-46
Cancels 2nd Revised Page 17-46

ACCESS SERVICE

CITIZENS TELEPHONE COMPANY OF KECKSBURG

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$11.18	(D)

(D) Indicates Decrease

Issued: December 31, 2003

Effective: January 1, 2004

ACCESS SERVICE

(C)

CITIZENS TELEPHONE COMPANY OF KECKSBURG

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 Nonrecurring Charges

	<u>Rate</u>	<u>Tariff Section Reference</u>	
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B)(1)	
- Voice Grade Two-Wire	\$161.00		
- Voice Grade Four-Wire	\$161.00		
- High Capacity DS1	\$181.00		
- High Capacity DS3	\$499.00		
(B) <u>Interim NXX Translation Per Order</u>			
Per LATA or Market Area	\$ 136.00	6.4.1(B)(2)	(I)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>			
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$321.00	6.4.1(B)(3)	(I)
(D) <u>Trunk Activation</u>		<u>Per Order</u>	
- Per 24 Trunks Activated 6.4.1(B)(1) (I) or Fraction thereof, on a Per Order Basis		\$310.00	
(E) <u>Local Transport - Installation Per Entrance Facility</u>	\$220.00	6.4.1 (B)(1)	
(F) <u>Flexible Automatic Number Identification (Flex ANI)</u>			
- Per End Office, Per CIC		None 6.9.1(AA)	

(D)

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

ACCESS SERVICE

(C)

CITIZENS TELEPHONE COMPANY OF KECKSBURG

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u>		
Per Termination		6.1.3(A) (1)
- Voice Grade Two-Wire	\$36.96	
- Voice Grade Four-Wire	\$59.15	
- High Capacity DS1	\$192.24	
- High Capacity DS3	\$2,230.19	
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)
- <u>Direct Trunked Facility</u>		
Per Mile		
- Voice Grade	\$2.64	
- High Capacity DS1	\$22.70	
- High Capacity DS3	\$203.67	
- <u>Direct Trunked Termination</u>		
Per Termination		
- Voice Grade	\$26.46	
- High Capacity DS1	\$111.27	
- High Capacity DS3	\$593.33	
- <u>Multiplexing</u>		6.1.3(A) (5)
Per Arrangement		
- DS3 to DS1	\$524.23	
- DS1 to Voice	\$202.40	
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)
- <u>Tandem Switched Facility</u>	\$.000054	(D)
Per Access Minute Per Mile		
- <u>Tandem Switched Termination</u>	\$.000242	(D)
Per Access Minute Per Termination		
- <u>Tandem Switching</u>	N/A	
Per Access Minute Per Tandem		

(C) Indicates Change (D) Indicates Decrease

ACCESS SERVICE

(C)

CITIZENS TELEPHONE COMPANY OF KECKSBURG

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2	<u>Local Transport</u> (Cont'd)	<u>Rate</u>	<u>Tariff</u>	<u>Section</u>	<u>Reference</u>
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Premium Access (Cont'd)

-	<u>Transport Interconnection Charge</u>			6.1.3(A)	(4)
	Per Access Minute	None			(D)

	<u>Network Blocking Per Blocked Call</u>				
	Applies to FGD Only	\$.0124		6.8.6	(D)

(A) Common Channel Signaling Network Connection

		<u>Rate</u>	<u>Tariff</u>	<u>Section</u>	<u>Reference</u>
(1)	<u>Signaling Network Access Link</u>			6.9.3(A)	
	- Signaling Mileage Facility per mile	ICB			
	- Signaling Mileage Termination per Termination	ICB			
	- Signaling Entrance Facility per Facility	ICB	<u>Nonrecurring Charge</u>		ICB
(2)	<u>STP Port</u>				
	- Per port	ICB			
(B)	<u>800 Data Base Access Service Queries</u>			6.9.3(D)	
	Per Query				
	Basic	.0054			
	Vertical Feature	.0059			

(C) Indicates Change (D) Indicates Decrease

ACCESS SERVICE

(C)

CITIZENS TELEPHONE COMPANY OF KECKSBURG

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u>			
Per Access Minute	\$.012040		(D)

(B) Information Surcharge

- Premium Per 100 Access Minutes	\$0.0269		(I)
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* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

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Conestoga Telephone and Telegraph Company

ACCESS SERVICE

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

	<u>Rate</u>	
Per access line, per month	\$4.83**	(I) (C)

**Effective November 15, 2006 pursuant to Commission Order entered July 11, 2007 at Docket No. I-00040105 et al. (C)
|

(C) Indicates Change (I) Indicates Increase

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 <u>Nonrecurring Charges</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B) (1)
- Voice Grade Two-Wire	\$161.00	
- Voice Grade Four-Wire	\$161.00	
- High Capacity DS1	\$181.00	
- High Capacity DS3	\$499.00	
(B) <u>Interim NXX Translation Per Order</u>		
Per LATA or Market Area	\$ 81.00	6.4.1(B) (2)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>		
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$260.00	6.4.1(B) (3)
(D) <u>Trunk Activation</u>		<u>Per Order</u>
- Per 24 Trunks Activated or Fraction thereof, on a Per Order Basis	\$249.00	6.4.1(B) (1)
(E) <u>Flexible Automatic Number Identification (Flex ANI)</u>		
- Per End Office, Per CIC	None	6.10.1(AA)

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CONESTOGA TELEPHONE & TELEGRAPH COMPANY

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Canceling Third Revised Page 17-3

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2	Local Transport	<u>Rate</u>	<u>Tariff Section Reference</u>
	<u>Premium Access</u>		
-	<u>Entrance Facility</u>		
	Per Termination		6.1.3(A) (1)
-	- Voice Grade Two-Wire	\$23.18	
-	- Voice Grade Four-Wire	\$37.08	
-	- High Capacity DS1	\$116.79	
-	- High Capacity DS3	\$1,354.88	
-	<u>Direct Trunked Transport</u>		6.1.3(A) (2)
-	<u>Direct Trunked Facility</u>		
	Per Mile		
-	- Voice Grade	\$1.65	
-	- High Capacity DS1	\$12.64	
-	- High Capacity DS3	\$87.04	
-	<u>Direct Trunked Termination</u>		
	Per Termination		
-	- Voice Grade	\$16.59	
-	- High Capacity DS1	\$62.34	
-	- High Capacity DS3	\$347.20	
-	<u>Multiplexing</u>		6.1.3(A) (5)
	Per Arrangement		
-	- DS3 to DS1	\$313.30	
-	- DS1 to Voice	\$120.96	
-	<u>Tandem Switched Transport</u>		6.1.3(A) (3)
-	<u>Tandem Switched Facility</u>	\$.000176	
	Per Access Minute Per Mile		
-	<u>Tandem Switched Termination</u>	\$.000869	
	Per Access Minute Per Termination		
-	<u>Tandem Switching</u>	\$.001825**	(D)
	(C) Per Access Minute Per Tandem		

**Effective November 15, 2006 pursuant to Commission Order entered July 11, 2007 at Docket No. I-00040105 et al. (C)

(C) Indicates Change (D) Indicates Decrease

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ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Tariff
Section
Reference

Premium Access (Cont'd)

- Transport Interconnection Charge

6.1.3(A) (4)

Per Access Minute

\$.005444

(D)

Network Blocking Per Blocked Call

Applies to FGD Only

\$.0155

6.8.6

(A) Common Channel Signaling Network Connection

Rate

Tariff
Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage
Facility per mile

\$ 3.96

- Signaling Mileage
Termination
per Termination

\$ 39.79

- Signaling Entrance

Nonrecurring
Charge

Facility
per Facility

\$ 64.75

\$177.00

(2) STP Port

- Per port

\$455.00

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic .0048

Vertical Feature .0054

(C) Indicates Change

(D) Indicates Decrease

(I) Indicates Increase

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u>	
Per Access Minute	\$.010193**
(D) (C)	

(B) Information Surcharge

- Premium Per 100 Access Minutes \$.011425

* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

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2007 at Docket No. I-00040105 et al. |

(C) Indicates Change (D) Indicates Decrease

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**Denver and Ephrata Telephone and Telegraph Company d/b/a D&E
Telephone Company**

Supplement No. 11 - Telephone - PA P.U.C. No. 16

DENVER AND EPHRATA TELEPHONE AND TELEGRAPH COMPANY
d/b/a D&E Telephone Company

Fifth Revised Page 17-1
Canceling Fourth Revised Page 17-1

ACCESS SERVICE

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3 preceding.

	<u>Rate</u>	
Per access line, per month	\$4.04**	(D) (C)

**Effective November 15, 2006 pursuant to Commission Order entered July 11, 2007 at Docket No. I-00040105 et al.

(C)
|

(C) Indicates Change (D) Indicates Decrease

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Effective: August 14, 2007

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

	<u>Rate</u>	<u>Tariff Section Reference</u>
17.2.1 <u>Nonrecurring Charges</u>		
(A) <u>Local Transport - Installation Per Entrance Facility</u> 6.4.1(B)(1)		
- Voice Grade Two-Wire	\$161.00	
- Voice Grade Four-Wire	\$161.00	
- High Capacity DS1	\$181.00	
- High Capacity DS3	\$499.00	
(B) <u>Interim NXX Translation Per Order</u>		
Per LATA or Market Area	\$ 81.00	6.4.1(B)(2)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>		
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$260.00	6.4.1(B)(3)
(D) <u>Trunk Activation Per Order</u>		
- Per 24 Trunks Activated or Fraction thereof, on a Per Order Basis	\$249.00	6.4.1(B)(1)
(E) <u>Flexible Automatic Number Identification (Flex ANI)</u>		
- Per End Office, Per CIC	None	6.10.1(AA)

Supplement No. 11 - Telephone - PA P.U.C. No. 16

DENVER AND EPHRATA TELEPHONE AND TELEGRAPH COMPANY
 d/b/a D&E Telephone Company

Fourth Revised Page 17-3
 Canceling Third Revised Page 17-3

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u>		
Per Termination		6.1.3(A) (1)
- Voice Grade Two-Wire	\$23.47	
- Voice Grade Four-Wire	\$37.54	
- High Capacity DS1	\$118.26	
- High Capacity DS3	\$1,371.83	
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)
- <u>Direct Trunked Facility</u>		
Per Mile		
- Voice Grade	\$1.68	
- High Capacity DS1	\$12.80	
- High Capacity DS3	\$88.13	
- <u>Direct Trunked Termination</u>		
Per Termination		
- Voice Grade	\$16.80	
- High Capacity DS1	\$63.12	
- High Capacity DS3	\$351.55	
- <u>Multiplexing</u>		6.1.3(A) (5)
Per Arrangement		
- DS3 to DS1	\$317.22	
- DS1 to Voice	\$122.47	
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)
- <u>Tandem Switched Facility</u>	\$.000179	
Per Access Minute Per Mile		
- <u>Tandem Switched Termination</u>	\$.000880	
Per Access Minute Per Termination		
- <u>Tandem Switching</u>	\$.001848**	(D) (C)
Per Access Minute Per Tandem		

**Effective November 15, 2006 pursuant to Commission Order entered July 11, 2007 at Docket No. I-00040105 et al.

(C)
1

(C) Indicates Changes (D) Indicates Decrease

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Supplement No. 4 - Telephone - PA P.U.C. No. 16

DENVER AND EPHRATA TELEPHONE AND TELEGRAPH COMPANY
d/b/a D&E Telephone Company

PA P.U.C. Tariff No. 16
Second Revised Page 17-4
Canceling First Revised Page 17-4

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

<u>17.2.2 Local Transport</u> (Cont'd)	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u> (Cont'd)		
- <u>Transport Interconnection Charge</u>		6.1.3(A)(4)
Per Access Minute	\$.005512	(D)
<u>Network Blocking Per Blocked Call</u>		
Applies to FGD Only	\$.0155	6.8.6

(A) Common Channel Signaling Network Connections

	<u>Rate</u>	<u>Tariff Section Reference</u>
(1) <u>Signaling Network Access Link</u>		6.9.3(D)
- Signaling Mileage Facility per mile	\$ 3.96	
- Signaling Mileage Termination per Termination	\$39.79	
- Signaling Entrance Facility per Facility	\$ 64.75	<u>Nonrecurring Charge</u> \$177.00
(2) <u>STP Port</u>		
- Per port	\$455.00	
(B) <u>800 Data Base Access Service Queries</u>		6.9.3(D)
Per Query		
Basic	.0048	
Vertical Feature	.0054	

(D) Indicates Decrease

Issued: April 30, 2002

Effective: July 1, 2002

Supplement No. 11 - Telephone - PA P.U.C. No. 16

DENVER AND EPHRATA TELEPHONE AND TELEGRAPH COMPANY
d/b/a D&E Telephone Company

Fourth Revised Page 17-5
Canceling Third Revised Page 17-5

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

Premium

Per Access Minute

\$0.017201** (D) (C)

(B) Information Surcharge

Premium Per 100 Access Minutes

\$0.011570

* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

** Effective November 15, 2006 pursuant to Commission Order entered July 11, 2007 at Docket No. I-00040105 et al. (C)

(C) Indicates Change (D) Indicates Decrease

Issued: August 13, 2007

Effective: August 14, 2007

Frontier Communications of Breezewood

Frontier Communications of Canton

Frontier Communications of Lakewood

Frontier Communications of Oswayo River

Frontier Communications of Pennsylvania

Supplement No. 15 – TARIFF PA P.U.C. 15

FRONTIER COMMUNICATIONS
OF PENNSYLVANIA, LLC

Section 3
Sixth Revised Sheet 4
Cancels Fifth Revised Sheet 4

ACCESS SERVICE

3. Carrier Charge Access Service (Cont'd)

3.5 Rate Regulations

3.5.1 Carrier Charge (CC)

(A) The CC charge represents a dollar amount, per access line, that the Telephone Company will collect from all toll providers. The Telephone Company will multiply the per line rate by the number of access lines for the month. This total represents the total intrastate CC amount to be recovered from toll providers. This amount will then be recovered from toll providers, based on their relative usage for the prior month.

Company	CC Charge per Line	
Frontier Communications of Breezewood, LLC	\$0.00	
Frontier Communications of Canton, LLC	\$0.00	(D)
Frontier Communications of Lakewood, LLC	\$0.00	(D)
Frontier Communications of Oswayo River, LLC	\$0.17	(D)
Frontier Communications of PA, LLC	\$0.00	(D)

ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges

6.8.1 Local Transport

(1) Dedicated Facilities

(a)	<u>Entrance Facilities</u>	<u>USOC</u>	<u>Rate Per Month</u>	
	All Pennsylvania Companies#	VG	\$81.52	(C)
	All Pennsylvania Companies#	DS1	\$259.00	(C)
	All Pennsylvania Companies#	DS3	\$1,192.00	(C)
(b)	<u>Facility Term Fixed</u>			
	All Pennsylvania Companies#	VG	\$64.00	(C)
	All Pennsylvania Companies#	DS1	\$872.00	(C)
	All Pennsylvania Companies#	DS3	\$8,360.00	(C)

A list of concurring carriers is on Sheet 17, preceding.

ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.1 Local Transport (Cont'd)

(a)	<u>Entrance Facilities (Cont'd)</u>	<u>USOC</u>	<u>Rate Per Month</u>	
(c)	Facility Mileage - per mile			
	All Pennsylvania Companies#	VG	\$1.69	(C)
	All Pennsylvania Companies#	DS1	\$22.00	(C)
	All Pennsylvania Companies#	DS3	\$215.00	(C)

A list of concurring carriers is on Sheet 17, preceding.

ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.1 Local Transport (Cont'd)

(1)	<u>Dedicated Facilities</u> (Cont'd)	<u>Rate Per Month</u>	
	(d) MUX Service		
(1)	DS3 to DS1	\$1,540.60	(C)
(2)	DS1 to Voice	\$201.05	(C)
(3)	Shared Multiplexing, - Per minute	\$0.00017597	(C)

FRONTIER COMMUNICATIONS
OF PENNSYLVANIA, LLC

Section 6
First Revised Sheet 117
Cancels Original Sheet 117

ACCESS SERVICE

6. Carrier Charge Access Service (Cont'd)

.8 Rates and Charges (Cont'd)

6.8.1 Local Transport (Cont'd)

(2) Tandem Switched

(a)	Tandem Transmission – Fixed	Rate Per Minute <u>Premium</u>	
	Frontier Communications of Breezewood, LLC	\$0.00241772	(C) (D)
	All other Companies *	\$0.00449746	(C)
(b)	Tandem Transmission Facility	Not Available	

* A list of concurring carriers is on Sheet 17 preceding.

(C)

ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.1 Local Transport (Cont'd)

(2) Tandem Switched (Cont'd)

	Rate Per Minute <u>Premium</u>
(c) Tandem Transmission - per mile	\$0.00004
(d) Tandem Switching	\$0.00036500

FRONTIER COMMUNICATIONS
OF PENNSYLVANIA, LLC

Section 6
Third Revised Sheet 119
Cancels Second Sheet 119

ACCESS SERVICE

6. Carrier Charge Access Service (Cont'd)

.8 Rates and Charges (Cont'd)

6.8.1 Local Transport (Cont'd)

(2) Residual Interconnection Charges

	Rate Per Minute Premium	
Basic Interconnection Charge		
Originating Premium	\$0.00000000	
Originating Non-Premium	\$0.00000000	
Terminating Premium	\$0.00000000	
Terminating Non-Premium	\$0.00000000	
Supplemental LEC Transport Charge		
Originating Premium	\$0.00000000	
Originating Non-Premium	\$0.00000000	
Terminating Premium		
Frontier Communications of Breezewood, LLC	\$0.00000000	(C) (D)
All Other Companies *	\$0.00066555	(C)
Terminating Non-Premium	\$0.00000000	

(3) Dedicated Tandem Trunk Ports

DS0 Dedicated Tandem Port, per month	\$6.08
DS1 Dedicated Tandem Port, per month	\$108.29

* A list of concurring carriers is on Sheet 17 preceding.

(C)

ACCESS SERVICE

6. Carrier Charge Access Service (Cont'd).8 Rates and Charges (Cont'd)6.8.2 Reserved for Future Use6.8.3 End Office(A) Local Switching
Per Access Minute

	<u>LS1</u> <u>(FGA and B)</u>	<u>LS2</u> <u>(FGC and D)</u>	
Frontier Communications of PA, LLC	\$0.00896146	\$0.00896146	(D)
Frontier Communications of Breezewood, LLC	\$0.00350000	\$0.00350000	(D) (C)
Frontier Communications of Canton, LLC	\$0.00499055	\$0.00499055	(D)
Frontier Communications of Lakewood, LLC	\$0.00793035	\$0.00793035	(D)
Frontier Communications of Oswayo River, LLC	\$0.01383238	\$0.01383238	(C)

Frontier Communications Commonwealth Telephone Company

ACCESS SERVICE

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

	<u>Rate</u>
Per access line, per month	\$7.00



COMMONWEALTH TELEPHONE COMPANY
Issued: March 22, 2000

PA P.U.C. Tariff No. 26
Effective: April 1, 2000

ACCESS SERVICE

17. Rates and Charges (Cont'd)17.2 Switched Access Service17.2.1 Nonrecurring Charges

	<u>Rate</u>	<u>Tariff Section Reference</u>
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B)(1)
- Voice Grade Two-Wire	\$161.00	
- Voice Grade Four-Wire	\$161.00	
- High Capacity DS1	\$181.00	
- High Capacity DS3	\$499.00	
(B) <u>Interim NXX Translation Per Order</u>		
Per LATA or Market Area	\$ 81.00	6.4.1(B)(2)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>		
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$260.00	6.4.1(B)(3)
(D) <u>Trunk Activation</u>		<u>Per Order</u>
- Per 24 Trunks Activated 6.4.1(B)(1) or Fraction thereof, on a Per Order Basis		\$249.00
(E) <u>Flexible Automatic Number Identification (Flex ANI)</u>		
- Per End Office, Per CIC		None

6.10.1(AA)

COMMONWEALTH TELEPHONE COMPANY

PA P.U.C. Tariff No. 26

Issued: March 22, 2000

Effective: April 1, 2000

ACCESS SERVICE

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u>		
Per Termination		6.1.3(A) (1)
- Voice Grade Two-Wire	\$35.09	
- Voice Grade Four-Wire	\$56.14	
- High Capacity DS1	\$176.82	
- High Capacity DS3	\$2,051.19	
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)
- <u>Direct Trunked Facility</u>		
Per Mile		
- Voice Grade	\$2.50	
- High Capacity DS1	\$19.14	
- High Capacity DS3	\$131.77	
- <u>Direct Trunked Termination</u>		
Per Termination		
- Voice Grade	\$25.11	
- High Capacity DS1	\$94.38	
- High Capacity DS3	\$525.64	
- <u>Multiplexing</u>		6.1.3(A) (5)
Per Arrangement		
- DS3 to DS1	\$474.31	
- DS1 to Voice	\$183.12	
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)
- <u>Tandem Switched Facility</u>	\$.000267	
Per Access Minute Per Mile		
- <u>Tandem Switched Termination</u>	\$.001316	
Per Access Minute Per Termination		
- <u>Tandem Switching</u>	\$.002763	
Per Access Minute Per Tandem		

COMMONWEALTH TELEPHONE COMPANY
Issued: March 22, 2000

PA P.U.C. Tariff No. 26
Effective: April 1, 2000

ACCESS SERVICE

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u> (Cont'd)	<u>Rate</u>	<u>Tariff Section Reference</u>
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Premium Access (Cont'd)

- <u>Transport Interconnection Charge</u>		6.1.3(A)(4)
Per Access Minute	\$.001096	

(D)

Network Blocking Per Blocked Call

Applies to FGD Only	\$.0155	6.8.6
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(A) Common Channel Signaling Network Connection

	<u>Rate</u>	<u>Tariff Section Reference</u>
(1) <u>Signaling Network Access Link</u>		6.9.3(A)
- Signaling Mileage Facility per mile	\$ 3.96	
- Signaling Mileage Termination per Termination	\$39.79	
- Signaling Entrance Facility per Facility	\$ 64.75	<u>Nonrecurring Charge</u> \$177.00
(2) <u>STP Port</u>		
- Per port	\$455.00	

(B) 800 Data Base Access Service Queries 6.10.3

Per Query

Basic	.0048
Vertical Feature	.0054

COMMONWEALTH TELEPHONE COMPANY

PA P.U.C. Tariff No. 26

Issued: December 30, 2003

Effective: December 31, 2003

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u>	
Per Access Minute	\$0.025719

(B) Information Surcharge

- Premium Per 100 Access Minutes	\$0.0173
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* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

Hickory Telephone Company

PENNSYLVANIA
TELEPHONE ASSOCIATION

2nd Revised Page 17-61
Cancels 1st Revised Page 17-61

ACCESS SERVICE

HICKORY TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$9.34	(D)

(D) Indicates Decrease

Issued: December 31, 2003

Effective: January 1, 2004

ACCESS SERVICE

HICKORY TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 Nonrecurring Charges

	<u>Rate</u>	<u>Tariff Section Reference</u>	
(A) <u>Local Transport - Installation</u> <u>Per Entrance Facility</u>		6.4.1(B) (1)	
- Voice Grade Two-Wire	\$230.00		(I)
- Voice Grade Four-Wire	\$230.00		(I)
- High Capacity DS1	\$251.00		(I)
- High Capacity DS3	\$251.00		(D)
(B) <u>Interim NXX Translation Per</u> <u>Order</u>			
Per LATA or Market Area	\$136.00	6.4.1(B) (2)	(I)
(C) <u>FGC and FGD Conversion of</u> <u>Multifrequency Address</u> <u>Signaling to SS7 Signaling</u> <u>or SS7 Signaling to</u> <u>Multifrequency Address</u> <u>Signaling</u>			
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$321.00	6.4.1(B) (3)	(I)
(D) <u>Trunk Activation</u>		<u>Per Order</u>	
- Per 24 Trunks Activated or Fraction thereof, on a Per Order Basis	\$310.00	6.4.1(B) (1)	(I)
(E) <u>Flexible Automatic Number</u> <u>Identification (Flex ANI)</u>			
- Per End Office, Per CIC	None	6.9.1(AA)	

(D) Indicates Decrease (I) Indicates Increase

Issued: December 30, 2003

Effective: December 31, 2003

ACCESS SERVICE

HICKORY TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>	
<u>Premium Access</u>			
- <u>Entrance Facility</u>		6.1.3(A) (1)	
Per Termination			
- Voice Grade Two-Wire	\$41.71		(I)
- Voice Grade Four-Wire	\$66.74		(I)
- High Capacity DS1	\$178.63		(I)
- High Capacity DS3	\$2,072.10		(I)
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)	
- <u>Direct Trunked Facility</u>			
Per Mile			
- Voice Grade	\$2.97		(I)
- High Capacity DS1	\$19.34		(I)
- High Capacity DS3	\$133.12		(I)
- <u>Direct Trunked Termination</u>			
Per Termination			
- Voice Grade	\$29.86		(I)
- High Capacity DS1	\$95.34		(I)
- High Capacity DS3	\$531.00		(I)
- <u>Multiplexing</u>		6.1.3(A) (5)	
Per Arrangement			
- DS3 to DS1	\$474.31		
- DS1 to Voice	\$183.12		
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)	
- <u>Tandem Switched Facility</u>	\$.000169		(D)
Per Access Minute Per Mile			
- <u>Tandem Switched Termination</u>	\$.000833		(D)
Per Access Minute Per Termination			
- <u>Tandem Switching</u>	\$.002743		(D)
Per Access Minute Per Tandem			

(D) Indicates Decrease (I) Indicate Increase

ACCESS SERVICE

HICKORY TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Tariff
Section
Reference

Premium Access (Cont'd)

- Transport Interconnection Charge

6.1.3(A) (4)

Per Access Minute

\$.000000

(D)

Network Blocking Per Blocked Call

Applies to FGD Only

\$.0108

6.8.6

(D)

(A) Common Channel Signaling Network Connection

Rate

Tariff
Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage Facility per mile

\$ 4.30

(I)

- Signaling Mileage Termination per Termination

\$43.16

(I)

- Signaling Entrance Facility per Facility

\$82.66

Nonrecurring
Charge

(I) \$240.00

(I)

(2) STP Port

- Per port

\$455.00

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic

.0054

(I)

Vertical Feature

.0059

(I)

(D) Indicates Decrease (I) Indicates Increase

ACCESS SERVICE

HICKORY TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u> Per Access Minute	.020297	(D)
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(B) Information Surcharge

- Premium Per 100 Access Minutes	\$0.0206	(I)
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* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(D) Indicates Decrease (I) Indicates Increase

Issued: December 30, 2003

Effective: December 31, 2003

Ironton Telephone Company

ACCESS SERVICE

IRONTON TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$17.99	(D)

(D) Indicates Decrease

Issued: December 31, 2003

Effective: January 1, 2004

ACCESS SERVICE

IRONTON TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 Nonrecurring Charges

	<u>Rate</u>	<u>Tariff Section Reference</u>	
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B) (1)	
- Voice Grade Two-Wire	\$230.00		(I)
- Voice Grade Four-Wire	\$230.00		(I)
- High Capacity DS1	\$251.00		(I)
- High Capacity DS3	\$251.00		(D)
(B) <u>Interim NXX Translation Per Order</u>			
Per LATA or Market Area	\$136.00	6.4.1(B) (2)	(I)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>			
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$321.00	6.4.1(B) (3)	(I)
(D) <u>Trunk Activation</u>		<u>Per Order</u>	
- Per 24 Trunks Activated or Fraction thereof, on a Per Order Basis		\$310.00	6.4.1(B) (1)
* * *			(C)
(E) <u>Flexible Automatic Number Identification (Flex ANI)</u>			
- Per End Office, Per CIC		None 6.9.1(AA)	

(C) Indicates Change (I) Indicates Increase (D) Indicates Decrease

PENNSYLVANIA
TELEPHONE ASSOCIATION

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ACCESS SERVICE

IRONTON TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u> Per Termination		6.1.3(A) (1)
- Voice Grade Two-Wire	\$36.96	
- Voice Grade Four-Wire	\$65.96	(I)
- High Capacity DS1	\$176.54	(D)
- High Capacity DS3	\$2,047.81	(D)
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)
- <u>Direct Trunked Facility</u> Per Mile		
- Voice Grade	\$2.94	(I)
- High Capacity DS1	\$19.11	(D)
- High Capacity DS3	\$131.56	(D)
- <u>Direct Trunked Termination</u> Per Termination		
- Voice Grade	\$29.51	(I)
- High Capacity DS1	\$94.22	(D)
- High Capacity DS3	\$524.77	(D)
- <u>Multiplexing</u> Per Arrangement		6.1.3(A) (5)
- DS3 to DS1	\$429.46	(D)
- DS1 to Voice	\$165.81	(D)
- <u>Tandem Switched Transport</u> - <u>Tandem Switched Facility</u> Per Access Minute Per Mile	\$.000363	6.1.3(A) (3)
- <u>Tandem Switched Termination</u> Per Access Minute Per Termination	\$.001780	
- <u>Tandem Switching</u> Per Access Minute Per Tandem	N/A	

(D) Indicates Decrease (I) Indicates Increase

ACCESS SERVICE

IRONTON TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Tariff
Section
Reference

Premium Access (Cont'd)

- Transport Interconnection Charge

6.1.3(A) (4)

Per Access Minute

\$0.00

(D)

Network Blocking Per Blocked Call

Applies to FGD Only

\$.0124

6.8.6

(D)

(A) Common Channel Signaling Network Connection

Rate

Tariff
Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage Facility per mile

\$ 4.83

- Signaling Mileage Termination per Termination

\$48.52

- Signaling Entrance Facility per Facility

\$ 62.70

Nonrecurring Charge

\$221.00

(2) STP Port

- Per port

\$455.00

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic

.0054

Vertical Feature

.0059

(D) Indicates Decrease

ACCESS SERVICE

IRONTON TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u> Per Access Minute	\$0.010016	(D)
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(B) Information Surcharge

- Premium Per 100 Access Minutes	\$0.0166
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* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(D) Indicates Decrease

Issued: November 26, 2003

Effective: December 1, 2003

Lackawaxen Telecommunications Services

ACCESS SERVICE

LACKAWAXEN TELECOMMUNICATIONS SERVICES

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$7.38	(D)

(D) Indicates Decrease

ACCESS SERVICE

LACKAWAXEN TELECOMMUNICATIONS SERVICES

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 Nonrecurring Charges

Rate Tariff
Section
Reference

(A)	<u>Local Transport - Installation</u> <u>Per Entrance Facility</u>		6.4.1(B)(1)	
-	Voice Grade Two-Wire	\$230.00		(I)
-	Voice Grade Four-Wire	\$230.00		(I)
-	High Capacity DS1	\$251.00		(I)
-	High Capacity DS3	\$251.00		(D)
(B)	<u>Interim NXX Translation Per</u> <u>Order</u>			
	Per LATA or Market Area	\$136.00	6.4.1(B)(2)	(I)
(C)	<u>FGC and FGD Conversion of</u> <u>Multifrequency Address</u> <u>Signaling to SS7 Signaling</u> <u>or SS7 Signaling to</u> <u>Multifrequency Address</u> <u>Signaling</u>			
-	Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$321.00	6.4.1(B)(3)	(I)
(D)	<u>Trunk Activation</u>		<u>Per Order</u>	
-	Per 24 Trunks Activated 6.4.1(B)(1) (I) or Fraction thereof, on a Per Order Basis		\$310.00	
(E)	<u>Flexible Automatic Number</u> <u>Identification (Flex ANI)</u>			
-	Per End Office, Per CIC		None	

6.9.1(AA)

(D) Indicates Decrease (I) Indicates Increase

ACCESS SERVICE

LACKAWAXEN TELECOMMUNICATIONS SERVICES

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u>		
Per Termination		6.1.3(A)(1)
- Voice Grade Two-Wire	\$41.71	
- Voice Grade Four-Wire	\$66.74	
- High Capacity DS1	\$178.63	
- High Capacity DS3	\$2,072.10	
- <u>Direct Trunked Transport</u>		6.1.3(A)(2)
- <u>Direct Trunked Facility</u>		
Per Mile		
- Voice Grade	\$2.97	
- High Capacity DS1	\$19.34	
- High Capacity DS3	\$133.12	
- <u>Direct Trunked Termination</u>		
Per Termination		
- Voice Grade	\$29.86	
- High Capacity DS1	\$95.34	
- High Capacity DS3	\$531.00	
- <u>Multiplexing</u>		6.1.3(A)(5)
Per Arrangement		
- DS3 to DS1	\$474.31	
- DS1 to Voice	\$183.12	
- <u>Tandem Switched Transport</u>		6.1.3(A)(3)
- <u>Tandem Switched Facility</u>	\$.000130	(D)
Per Access Minute Per Mile		
- <u>Tandem Switched Termination</u>	\$.000750	(D)
Per Access Minute Per Termination		
- <u>Tandem Switching</u>	\$.002743	
Per Access Minute Per Tandem		

(D) Indicates Decrease

ACCESS SERVICE

LACKAWAXEN TELECOMMUNICATIONS SERVICES

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Tariff
Section
Reference

Premium Access (Cont'd)

- Transport Interconnection Charge

6.1.3(A)(4)

Per Access Minute

\$0.00

(D)
(C)

* * *

Network Blocking Per Blocked Call

Applies to FGD Only

\$.0108

6.8.6

(D)

(A) Common Channel Signaling Network Connection

Rate

Tariff
Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage Facility per mile

\$ 4.30

(I)

- Signaling Mileage Termination per Termination

\$43.16

(I)

- Signaling Entrance Facility per Facility

\$82.66 (I)

Nonrecurring Charge

\$240.00

(I)

(2) STP Port

- Per port

\$455.00

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic

.0054

(I)

Vertical Feature

.0059

(I)

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

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ACCESS SERVICE

LACKAWAXEN TELECOMMUNICATIONS SERVICES

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u>		
Per Access Minute	\$0.010500	(D)

* * *

(B) Information Surcharge

- Premium Per 100 Access Minutes \$0.0206

* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(D) Indicates Decrease

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Laurel Highland Telephone Company

ACCESS SERVICE

LAUREL HIGHLAND TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$8.07	(D)

(D) Indicates Decrease

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ACCESS SERVICE

LAUREL HIGHLAND TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

<u>17.2.1 Nonrecurring Charges</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B) (1)
- Voice Grade Two-Wire	\$161.00	
- Voice Grade Four-Wire	\$161.00	
- High Capacity DS1	\$181.00	
- High Capacity DS3	\$499.00	
(B) <u>Interim NXX Translation Per Order</u>		
Per LATA or Market Area	\$ 81.00	6.4.1(B) (2)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>		
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$260.00	6.4.1(B) (3)
(D) <u>Trunk Activation</u>		<u>Per Order</u>
- Per 24 Trunks Activated 6.4.1(B) (1) or Fraction thereof, on a Per Order Basis		\$249.00
(E) <u>Flexible Automatic Number Identification (Flex ANI)</u>		
- Per End Office, Per CIC		None

6.9.1(AA)

ACCESS SERVICE

LAUREL HIGHLAND TELEPHONE COMPANY

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)

17.2.2	<u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
	<u>Premium Access</u>		
-	<u>Entrance Facility</u>		
	Per Termination		6.1.3(A) (1)
	- Voice Grade Two-Wire	\$35.09	
	- Voice Grade Four-Wire	\$56.14	
	- High Capacity DS1	\$176.82	
	- High Capacity DS3	\$2,051.19	
-	<u>Direct Trunked Transport</u>		6.1.3(A) (2)
	- <u>Direct Trunked Facility</u>		
	Per Mile		
	- Voice Grade	\$2.50	
	- High Capacity DS1	\$19.14	
	- High Capacity DS3	\$131.77	
-	<u>Direct Trunked Termination</u>		
	Per Termination		
	- Voice Grade	\$25.11	
	- High Capacity DS1	\$94.38	
	- High Capacity DS3	\$525.64	
-	<u>Multiplexing</u>		6.1.3(A) (5)
	Per Arrangement		
	- DS3 to DS1	\$474.31	
	- DS1 to Voice	\$183.12	
-	<u>Tandem Switched Transport</u>		6.1.3(A) (3)
	- <u>Tandem Switched Facility</u>	\$.000169	(D)
	Per Access Minute Per Mile		
-	<u>Tandem Switched Termination</u>	\$.000833	(D)
	Per Access Minute Per Termination		
-	<u>Tandem Switching</u>	\$.002743	(D)
	Per Access Minute Per Tandem		

(D) Indicates Decrease

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

LAUREL HIGHLAND TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

Tariff
Section
Reference

17.2.2 Local Transport (Cont'd)

Rate

Premium Access (Cont'd)

- Transport Interconnection Charge

6.1.3(A)(4)

Per Access Minute

\$0.00

(D)

* * *

(C)

Network Blocking Per Blocked Call

Applies to FGD Only

\$0.0155

6.8.6

(A) Common Channel Signaling Network Connection

Rate

Tariff
Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage Facility per mile

\$ 3.96

- Signaling Mileage Termination per Termination

\$39.79

- Signaling Entrance Facility per Facility

\$ 64.75

Nonrecurring Charge

\$177.00

(2) STP Port

- Per port

\$455.00

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic

.0048

Vertical Feature

.0054

(C) Indicates Change (D) Indicates Decrease

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Marianna & Scenery Hill

ACCESS SERVICE

MARIANNA & SCENERY HILL TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$16.50	(D)

(D) Indicates Decrease

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

MARIANNA & SCENERY HILL TELEPHONE COMPANY17. Rates and Charges (Cont'd)17.2 Switched Access Service

17.2.1 <u>Nonrecurring Charges</u>	<u>Rate</u>	<u>Tariff Section Reference</u>	
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B)(1)	
- Voice Grade Two-Wire	\$230.00		(I)
- Voice Grade Four-Wire	\$230.00		(I)
- High Capacity DS1	\$251.00		(I)
- High Capacity DS3	\$251.00		(D)
(B) <u>Interim NXX Translation Per Order</u>			
Per LATA or Market Area	\$136.00	6.4.1(B)(2)	(I)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>			
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$321.00	6.4.1(B)(3)	(I)
(D) <u>Trunk Activation</u>		<u>Per Order</u>	
- Per 24 Trunks Activated 6.4.1(B)(1) (I) or Fraction thereof, on a Per Order Basis		\$310.00	
(E) <u>Flexible Automatic Number Identification (Flex ANI)</u>			
- Per End Office, Per CIC		None	

6.9.1(AA)

(D) Indicates Decrease (I) Indicates Increase

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ACCESS SERVICE

MARIANNA & SCENERY HILL TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>	
<u>Premium Access</u>			
- <u>Entrance Facility</u>		6.1.3(A) (1)	
Per Termination			
- Voice Grade Two-Wire	\$41.71		(I)
- Voice Grade Four-Wire	\$66.74		(I)
- High Capacity DS1	\$178.63		(I)
- High Capacity DS3	\$2,072.10		(I)
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)	
- <u>Direct Trunked Facility</u>			
Per Mile			
- Voice Grade	\$2.97		(I)
- High Capacity DS1	\$19.34		(I)
- High Capacity DS3	\$133.12		(I)
- <u>Direct Trunked Termination</u>			
Per Termination			
- Voice Grade	\$29.86		(I)
- High Capacity DS1	\$95.34		(I)
- High Capacity DS3	\$531.00		(I)
- <u>Multiplexing</u>		6.1.3(A) (5)	
Per Arrangement			
- DS3 to DS1	\$474.31		
- DS1 to Voice	\$183.12		
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)	
- <u>Tandem Switched Facility</u>	\$.000169		(D)
Per Access Minute Per Mile			
- <u>Tandem Switched Termination</u>	\$.000833		(D)
Per Access Minute Per Termination			
- <u>Tandem Switching</u>	\$.002743		(D)
Per Access Minute Per Tandem			

(D) Indicates Decrease (I) Indicates Increase

ACCESS SERVICE

MARIANNA & SCENERY HILL TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Tariff
Section
Reference

Premium Access (Cont'd)

- Transport Interconnection
Charge

6.1.3(A)(4)

Per Access Minute \$0.00

(D)
(C)

* * *

Network Blocking Per Blocked Call

Applies to FGD Only \$0.0108

6.8.6

(D)

(A) Common Channel Signaling Network Connection

Rate

Tariff
Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage
Facility per mile

\$ 4.30

(I)

- Signaling Mileage
Termination
per Termination

\$43.16

(I)

- Signaling Entrance
Facility
per Facility

\$82.66 (I)

Nonrecurring
Charge

\$240.00

(2) STP Port

- Per port

\$455.00

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic .0054

(I)

Vertical Feature .0059

(I)

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

MARIANNA & SCENERY HILL TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

Premium

Per Access Minute

\$0.012178

(D)

* * *

(C)

(B) Information Surcharge

- Premium Per 100 Access Minutes

\$0.0206

(I)

* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

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The North-Eastern Pennsylvania Telephone Company

ACCESS SERVICE

NORTH-EASTERN PA TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$7.88	(D)

(D) Indicates Decrease

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ACCESS SERVICE

NORTH-EASTERN PA TELEPHONE COMPANY

17. Rates and Charges (Cont'd)17.2 Switched Access Service

17.2.1 <u>Nonrecurring Charges</u>	<u>Rate</u>	<u>Tariff Section Reference</u>	
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B) (1)	
- Voice Grade Two-Wire	\$230.00		(I)
- Voice Grade Four-Wire	\$230.00		(I)
- High Capacity DS1	\$251.00		(I)
- High Capacity DS3	\$251.00		(D)
(B) <u>Interim NXX Translation Per Order</u>			
Per LATA or Market Area	\$136.00	6.4.1(B) (2)	(I)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>			
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$321.00	6.4.1(B) (3)	(I)
(D) <u>Trunk Activation</u>		<u>Per Order</u>	
- Per 24 Trunks Activated or Fraction thereof, on a Per Order Basis	\$310.00	6.4.1(B) (1)	(I)
(E) <u>Flexible Automatic Number Identification (Flex ANI)</u>			
- Per End Office, Per CIC	None	6.9.1(AA)	

(D) Indicates Decrease (I) Indicates Increase

Issued: December 30, 2003

Effective: December 31, 2003

ACCESS SERVICE

NORTH-EASTERN PA TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u>		
Per Termination		6.1.3(A)(1)
- Voice Grade Two-Wire	\$69.29	
- Voice Grade Four-Wire	\$69.29	
- High Capacity DS1	\$185.47	
- High Capacity DS3	\$2,051.19	
- <u>Direct Trunked Transport</u>		6.1.3(A)(2)
- <u>Direct Trunked Facility</u>		
Per Mile		
- Voice Grade	\$3.08	
- High Capacity DS1	\$20.08	
- High Capacity DS3	\$131.77	
- <u>Direct Trunked Termination</u>		
Per Termination		
- Voice Grade	\$31.00	
- High Capacity DS1	\$98.99	
- High Capacity DS3	\$525.64	
- <u>Multiplexing</u>		6.1.3(A)(5)
Per Arrangement		
- DS3 to DS1	\$474.31	
- DS1 to Voice	\$183.12	
- <u>Tandem Switched Transport</u>		6.1.3(A)(3)
- <u>Tandem Switched Facility</u>	\$.000023	
Per Access Minute Per Mile		
- <u>Tandem Switched Termination</u>	\$.000243	
Per Access Minute Per Termination		
- <u>Tandem Switching</u>	\$.002956	(D)
Per Access Minute Per Tandem		

(D) Indicates Decrease

ACCESS SERVICE

NORTH-EASTERN PA TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2	<u>Local Transport</u> (Cont'd)	<u>Rate</u>	<u>Tariff Section Reference</u>
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Premium Access (Cont'd)

-	<u>Transport Interconnection Charge</u>		6.1.3(A) (4)
	Per Access Minute	\$.000000	(D)

	<u>Network Blocking Per Blocked Call</u>		
	Applies to FGD Only	\$.0155	6.8.6

(A) Common Channel Signaling Network Connection

		<u>Rate</u>	<u>Tariff Section Reference</u>
(1)	<u>Signaling Network Access Link</u>		6.9.3(A)
	- Signaling Mileage Facility per mile	\$ 3.96	
	- Signaling Mileage Termination per Termination	\$39.79	
	- Signaling Entrance Facility per Facility	\$ 64.75	<u>Nonrecurring Charge</u> \$177.00
(2)	<u>STP Port</u>		
	- Per port	\$455.00	

(B) 800 Data Base Access Service Queries 6.9.3(D)

	Per Query		
	Basic	.0054	(I)
	Vertical Feature	.0060	(I)

(D) Indicates Decrease (I) Indicates Increase

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ACCESS SERVICE

NORTH-EASTERN PA TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u> Per Access Minute	\$0.010856	(D)
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(B) Information Surcharge

- Premium Per 100 Access Minutes	\$0.0211	(D)
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* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(D) Indicates Decrease

Issued: December 30, 2004

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North Penn Telephone Company

ACCESS SERVICE

NORTH PENN TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$5.23	(D)

(D) Indicates Decrease

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ACCESS SERVICE

NORTH PENN TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 Nonrecurring Charges

Rate

Tariff
Section
Reference

(A) Local Transport - Installation
Per Entrance Facility

6.4.1(B)(1)

- Voice Grade Two-Wire \$230.00 (I)
- Voice Grade Four-Wire \$230.00 (I)
- High Capacity DS1 \$251.00 (I)
- High Capacity DS3 \$251.00 (D)

(B) Interim NXX Translation Per
Order

Per LATA or Market Area \$136.00 6.4.1(B)(2) (I)

(C) FGC and FGD Conversion of
Multifrequency Address
Signaling to SS7 Signaling
or SS7 Signaling to
Multifrequency Address
Signaling

- Per 24 Trunks Converted
or Fraction thereof on
a Per Order Basis \$321.00 6.4.1(B)(3) (I)

(D) Trunk Activation

Per Order

- Per 24 Trunks Activated
6.4.1(B)(1) (I)
or Fraction thereof, on
a Per Order Basis \$310.00

(E) Flexible Automatic Number
Identification (Flex ANI)

- Per End Office, Per CIC None

6.9.1(AA)

(D) Indicates Decrease (I) Indicates Increase

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ACCESS SERVICE

NORTH PENN TELEPHONE COMPANY

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u>		
Per Termination		6.1.3(A) (1)
- Voice Grade Two-Wire	\$41.71	
- Voice Grade Four-Wire	\$66.74	
- High Capacity DS1	\$178.63	
- High Capacity DS3	\$2,072.10	
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)
- <u>Direct Trunked Facility</u>		
Per Mile		
- Voice Grade	\$2.97	
- High Capacity DS1	\$19.34	
- High Capacity DS3	\$133.12	
- <u>Direct Trunked Termination</u>		
Per Termination		
- Voice Grade	\$29.86	
- High Capacity DS1	\$95.34	
- High Capacity DS3	\$531.00	
- <u>Multiplexing</u>		6.1.3(A) (5)
Per Arrangement		
- DS3 to DS1	\$474.31	
- DS1 to Voice	\$183.12	
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)
- <u>Tandem Switched Facility</u>	\$.000140	(D)
Per Access Minute Per Mile		
- <u>Tandem Switched Termination</u>	\$.000800	(D)
Per Access Minute Per Termination		
- <u>Tandem Switching</u>	\$.002743	
Per Access Minute Per Tandem		

(D) Indicates Decrease

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

NORTH PENN TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Tariff
Section
Reference

Premium Access (Cont'd)

- Transport Interconnection Charge

6.1.3(A) (4)

Per Access Minute

\$0.00

(D)
(C)

* * *

Network Blocking Per Blocked Call

Applies to FGD Only

\$0.0155

6.8.6

(A) Common Channel Signaling Network Connection

Rate

Tariff
Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage Facility per mile

\$ 4.30

(I)

- Signaling Mileage Termination per Termination

\$43.16

(I)

- Signaling Entrance Facility per Facility

\$82.66

Nonrecurring
Charge

(I) \$240.00 (I)

(2) STP Port

- Per port

\$455.00

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic

.0054

(I)

Vertical Feature

.0059

(I)

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

NORTH PENN TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u> Per Access Minute	\$.010060	(D)
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(B) Information Surcharge

- Premium Per 100 Access Minutes	\$0.0200	(D)
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* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(D) Indicates Decrease

Issued: December 30, 2004

Effective: December 31, 2004

North Pittsburgh Telephone Company

Supplement No. 10

NORTH PITTSBURGH TELEPHONE COMPANY

PA P.U.C. Tariff No. 12
Fourth Revised Page 17-1
Canceling Third Revised Page 17-1

ACCESS SERVICE

17. Rates and Charges

This section contains rates for all access services except Billing and Collection Services. See Sections for Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

	<u>Rate</u>	
Per access line, per month *	\$6.507	(D)

- * The Carrier Charge is tariffed on a per line basis and is assessed on all intrastate toll carriers based on each toll carrier's intrastate toll minutes that are originated and terminated in the Telephone Company's territory relative to the total intrastate toll minutes that are originated and terminated in the Telephone Company's territory.

The Telephone Company, at its sole discretion, may convert the Carrier Charge per line to an equivalent rate per minute. Should the Telephone Company choose to use an equivalent rate per minute, the Carrier Charge revenue will be reviewed and the Carrier Charge adjusted as necessary to ensure the appropriate recovery.

(D) Indicates Decrease

Issued: December 30, 2004

Effective: January 10, 2005

ACCESS SERVICE

17. Rates and Charges (Cont'd)17.2 Switched Access Service

			Tariff Section
17.2.1	<u>Nonrecurring Charges</u>	<u>Rate Reference</u>	
(A)	<u>Local Transport - Installation</u> <u>Per Entrance Facility</u>		6.4.1(B) (1)
	- Voice Grade Two-Wire	\$161.00	
	- Voice Grade Four-Wire	\$161.00	
	- High Capacity DS1	\$181.00	
	- High Capacity DS3	\$499.00	
(B)	<u>Interim NXX Translation Per</u> <u>Order</u>		
	Per LATA or Market Area	\$ 81.00	6.4.1(B) (2)
(C)	<u>FGC and FGD Conversion of</u> <u>Multifrequency Address</u> <u>Signaling to SS7 Signaling</u> <u>or SS7 Signaling to</u> <u>Multifrequency Address</u> <u>Signaling</u>		
	- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$260.00	6.4.1(B) (3)
(D)	<u>Trunk Activation</u>		<u>Per Order</u>
	- Per 24 Trunks Activated or Fraction thereof, on a Per Order Basis	\$249.00	6.4.1(B) (1)
(E)	<u>Flexible Automatic Number</u> <u>Identification (Flex ANI)</u>		
	- Per End Office, Per CIC	None	6.9.1(AA)

Issued: March 22, 2000

Effective: April 1, 2000

Supplement No. 9

NORTH PITTSBURGH TELEPHONE COMPANY

PA P.U.C. Tariff No. 12
 First Revised Page 17-3
 Canceling Original Page 17-3

ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport	<u>Rate</u>	<u>Tariff Section Reference</u>	
<u>Premium Access</u>			
- <u>Entrance Facility</u> Per Termination		6.1.3(A) (1)	
- Voice Grade Two-Wire	\$35.09		
- Voice Grade Four-Wire	\$56.14		
- High Capacity DS1	\$176.82		
- High Capacity DS3	\$2,051.19		
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)	
- <u>Direct Trunked Facility</u> Per Mile			
- Voice Grade	\$2.50		
- High Capacity DS1	\$19.14		
- High Capacity DS3	\$131.77		
- <u>Direct Trunked Termination</u> Per Termination			
- Voice Grade	\$25.11		
- High Capacity DS1	\$94.38		
- High Capacity DS3	\$525.64		
- <u>Multiplexing</u> Per Arrangement		6.1.3(A) (5)	
- DS3 to DS1	\$474.31		
- DS1 to Voice	\$183.12		
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)	
- <u>Tandem Switched Facility</u> Per Access Minute Per Mile	\$0.000169		(D)
- <u>Tandem Switched Termination</u> Per Access Minute Per Termination	\$0.000833		(D)
- <u>Tandem Switching</u> Per Access Minute Per Tandem	\$0.002743		(D)

(D) Indicates Decrease

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Supplement No. 9

NORTH PITTSBURGH TELEPHONE COMPANY

PA P.U.C. Tariff No. 12
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ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd) Rate Tariff Section Reference

Premium Access (Cont'd)

- Transport Interconnection Charge 6.1.3(A) (4)
 Per Access Minute \$0.000000 (D)

Network Blocking Per Blocked Call
 Applies to FGD Only \$.0155 6.8.6

(A) Common Channel Signaling Network Connection

	<u>Rate</u>	<u>Tariff Section Reference</u>
(1) <u>Signaling Network Access Link</u>		6.9.3(C)
- Signaling Mileage Facility per mile	\$ 3.96	
- Signaling Mileage Termination per Termination	\$39.79	
- Signaling Entrance Facility per Facility	\$ 64.75	<u>Nonrecurring Charge</u> \$177.00
(2) <u>STP Port</u>		
- Per port	\$455.00	

(B) 800 Data Base Access Service Queries 6.9.3(D)

Per Query
 Basic .0048
 Vertical Feature .0054

(D) Indicates Decrease

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Supplement No. 9

NORTH PITTSBURGH TELEPHONE COMPANY

PA P.U.C. Tariff No. 12
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ACCESS SERVICE

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

Premium

Per Access Minute

\$0.02029700

(D)

(B) Information Surcharge

- Premium Per 100 Access Minutes

\$0.0206

(I)

* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(I) Indicates Increase

(D) Indicates Decrease

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Palmerton Telephone Company

PENNSYLVANIA
TELEPHONE ASSOCIATION

3rd Revised Page 17-166
Cancels 2nd Revised Page 17-166

ACCESS SERVICE

PALMERTON TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$10.03	(D)

(D) Indicates Decrease

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ACCESS SERVICE

PALMERTON TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 Nonrecurring Charges

	<u>Rate</u>	<u>Tariff Section Reference</u>	
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B) (1)	
- Voice Grade Two-Wire	\$230.00		(I)
- Voice Grade Four-Wire	\$230.00		(I)
- High Capacity DS1	\$251.00		(I)
- High Capacity DS3	\$251.00		(D)
(B) <u>Interim NXX Translation Per Order</u>			
Per LATA or Market Area	\$136.00	6.4.1(B) (2)	(I)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>			
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$321.00	6.4.1(B) (3)	(I)
(D) <u>Trunk Activation</u>		<u>Per Order</u>	
- Per 24 Trunks Activated or Fraction thereof, on a Per Order Basis	\$310.00	6.4.1(B) (1)	(I)
* * *			(C) (D)
(E) <u>Flexible Automatic Number Identification (Flex ANI)</u>			(C)
- Per End Office, Per CIC		None 6.9.1(AA)	

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

Issued: December 19, 2003

Effective: December 21, 2003

ACCESS SERVICE

PALMERTON TELEPHONE COMPANY

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u>		6.1.3(A) (1)
Per Termination		
- Voice Grade Two-Wire	\$36.96	
- Voice Grade Four-Wire	\$65.63	(I)
- High Capacity DS1	\$192.24	
- High Capacity DS3	\$2,230.19	
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)
- <u>Direct Trunked Facility</u>		
Per Mile		
- Voice Grade	\$2.92	(I)
- High Capacity DS1	\$22.70	
- High Capacity DS3	\$203.67	
- <u>Direct Trunked Termination</u>		
Per Termination		
- Voice Grade	\$29.36	(I)
- High Capacity DS1	\$111.27	
- High Capacity DS3	\$593.33	
- <u>Multiplexing</u>		6.1.3(A) (5)
Per Arrangement		
- DS3 to DS1	\$524.23	
- DS1 to Voice	\$202.40	
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)
- <u>Tandem Switched Facility</u>	\$.000161	(D)
Per Access Minute Per Mile		
- <u>Tandem Switched Termination</u>	\$.000781	(D)
Per Access Minute Per Termination		
- <u>Tandem Switching</u>	N/A	
Per Access Minute Per Tandem		

(D) Indicates Decrease (I) Indicates Increase

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Effective: December 21, 2003

ACCESS SERVICE

PALMERTON TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Tariff
Section
Reference

Premium Access (Cont'd)

- Transport Interconnection Charge

6.1.3(A)(4)

Per Access Minute

\$.000000

(D)

Network Blocking Per Blocked Call

Applies to FGD Only

\$.0124

6.8.6

(D)

(A) Common Channel Signaling Network Connection

Rate

Tariff
Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage Facility per mile

\$ 4.83

- Signaling Mileage Termination per Termination

\$48.52

- Signaling Entrance Facility per Facility

\$ 62.70

Nonrecurring Charge

\$221.00

(2) STP Port

- Per port

\$455.00

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic

.0054

Vertical Feature

.0059

(D) Indicates Decrease

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

PALMERTON TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u> Per Access Minute	\$0.010546	(D)
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(B) Information Surcharge

- Premium Per 100 Access Minutes	\$0.0236	(I)
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* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(D) Indicates Decrease (I) Indicates Increase

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Pennsylvania Telephone Company

PENNSYLVANIA
TELEPHONE ASSOCIATION

1st Revised Page 17-181
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ACCESS SERVICE

PENNSYLVANIA TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$7.16	(D)

(D) Indicates Decrease

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ACCESS SERVICE

PENNSYLVANIA TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 <u>Nonrecurring Charges</u>	<u>Rate</u>	<u>Tariff Section Reference</u>	
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B)(1)	
- Voice Grade Two-Wire	\$230.00		(I)
- Voice Grade Four-Wire	\$230.00		(I)
- High Capacity DS1	\$251.00		(I)
- High Capacity DS3	\$251.00		(D)
(B) <u>Interim NXX Translation Per Order</u>			
Per LATA or Market Area	\$136.00	6.4.1(B)(2)	(I)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>			
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$321.00	6.4.1(B)(3)	(I)
(D) <u>Trunk Activation</u>		<u>Per Order</u>	
- Per 24 Trunks Activated 6.4.1(B)(1) (I) or Fraction thereof, on a Per Order Basis		\$310.00	
(E) <u>Flexible Automatic Number Identification (Flex ANI)</u>			
- Per End Office, Per CIC		None	6.9.1(AA)

(D) Indicates Decrease (I) Indicates Increase

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

PENNSYLVANIA TELEPHONE COMPANY

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>	
<u>Premium Access</u>			
- <u>Entrance Facility</u>		6.1.3(A)(1)	
Per Termination			
- Voice Grade Two-Wire	\$41.71		(I)
- Voice Grade Four-Wire	\$66.74		(I)
- High Capacity DS1	\$178.63		(I)
- High Capacity DS3	\$2,072.10		(I)
- <u>Direct Trunked Transport</u>		6.1.3(A)(2)	
- <u>Direct Trunked Facility</u>			
Per Mile			
- Voice Grade	\$2.97		(I)
- High Capacity DS1	\$19.34		(I)
- High Capacity DS3	\$133.12		(I)
- <u>Direct Trunked Termination</u>			
Per Termination			
- Voice Grade	\$29.86		(I)
- High Capacity DS1	\$95.34		(I)
- High Capacity DS3	\$531.00		(I)
- <u>Multiplexing</u>		6.1.3(A)(5)	
Per Arrangement			
- DS3 to DS1	\$474.31		
- DS1 to Voice	\$183.12		
- <u>Tandem Switched Transport</u>		6.1.3(A)(3)	
- <u>Tandem Switched Facility</u>	\$.000169		(D)
Per Access Minute Per Mile			
- <u>Tandem Switched Termination</u>	\$.000833		(D)
Per Access Minute Per Termination			
- <u>Tandem Switching</u>	\$.002743		(D)
Per Access Minute Per Tandem			

(D) Indicates Decrease (I) Indicates Increase

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ACCESS SERVICE

PENNSYLVANIA TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Tariff
Section
Reference

Premium Access (Cont'd)

- Transport Interconnection Charge

6.1.3(A)(4)

Per Access Minute

\$0.00

(D)

* * *

(C)

Network Blocking Per Blocked Call

Applies to FGD Only

\$0.0108

6.8.6

(D)

(A) Common Channel Signaling Network Connection

Rate

Tariff
Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage Facility per mile

\$ 4.30

(I)

- Signaling Mileage Termination per Termination

\$43.16

(I)

- Signaling Entrance Facility per Facility

\$82.66 (I)

Nonrecurring Charge

\$240.00 (I)

(2) STP Port

- Per port

\$455.00

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic

.0054

(I)

Vertical Feature

.0059

(I)

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

PENNSYLVANIA
TELEPHONE ASSOCIATION

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ACCESS SERVICE

PENNSYLVANIA TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u>			
Per Access Minute	\$.020297		(D)

* * * (C)

(B) Information Surcharge

- Premium Per 100 Access Minutes	\$0.0206		(I)
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* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

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Pymatuning Independent Telephone Company

ACCESS SERVICE

PYMATUNING INDEPENDENT TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$8.46	(D)

(D) Indicates Decrease

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ACCESS SERVICE

PYMATUNING INDEPENDENT TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 <u>Nonrecurring Charges</u>	<u>Rate</u>	<u>Tariff Section Reference</u>	
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B)(1)	
- Voice Grade Two-Wire	\$230.00		(I)
- Voice Grade Four-Wire	\$230.00		(I)
- High Capacity DS1	\$251.00		(I)
- High Capacity DS3	\$251.00		(I)
(B) <u>Interim NXX Translation Per Order</u>			
Per LATA or Market Area	\$136.00	6.4.1(B)(2)	(I)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>			
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$321.00	6.4.1(B)(3)	(I)
(D) <u>Trunk Activation</u>		<u>Per Order</u>	
- Per 24 Trunks Activated 6.4.1(B)(1) (I) or Fraction thereof, on a Per Order Basis		\$310.00	
(E) <u>Flexible Automatic Number Identification (Flex ANI)</u>			
- Per End Office, Per CIC		None	
6.9.1(AA)			

(I) Indicates Increase

ACCESS SERVICE

PYMATUNING INDEPENDENT TELEPHONE COMPANY17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>	
<u>Premium Access</u>			
- <u>Entrance Facility</u>		6.1.3(A) (1)	
Per Termination			
- Voice Grade Two-Wire	\$41.71		(I)
- Voice Grade Four-Wire	\$66.74		(I)
- High Capacity DS1	\$178.63		(I)
- High Capacity DS3	\$2,072.10		(I)
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)	
- <u>Direct Trunked Facility</u>			
Per Mile			
- Voice Grade	\$2.97		(I)
- High Capacity DS1	\$19.34		(I)
- High Capacity DS3	\$131.12		(I)
- <u>Direct Trunked Termination</u>			
Per Termination			
- Voice Grade	\$29.86		(I)
- High Capacity DS1	\$95.34		(I)
- High Capacity DS3	\$531.00		(I)
- <u>Multiplexing</u>		6.1.3(A) (5)	
Per Arrangement			
- DS3 to DS1	\$474.31		
- DS1 to Voice	\$183.12		
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)	
- <u>Tandem Switched Facility</u>	\$.000169		(D)
Per Access Minute Per Mile			
- <u>Tandem Switched Termination</u>	\$.000833		(D)
Per Access Minute Per Termination			
- <u>Tandem Switching</u>	\$.002743		(D)
Per Access Minute Per Tandem			

(D) Indicates Decrease (I) Indicates Increase

ACCESS SERVICE

PYMATUNING INDEPENDENT TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Tariff
Section
Reference

Premium Access (Cont'd)

- Transport Interconnection
Charge

6.1.3(A)(4)

Per Access Minute

None

(D)

* * *

(C)

Network Blocking Per Blocked Call

Applies to FGD Only

\$.0108

6.8.6

(D)

(A) Common Channel Signaling Network Connection

Rate

Tariff
Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage
Facility per mile

\$ 4.30

(I)

- Signaling Mileage
Termination
per Termination

\$43.16

(I)

- Signaling Entrance
Facility
per Facility

\$82.66 (I)

Nonrecurring
Charge

\$240.00

(I)

(2) STP Port

- Per port

\$455.00

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic

.0054

(I)

Vertical Feature

.0059

(I)

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

ACCESS SERVICE

PYMATUNING INDEPENDENT TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u> Per Access Minute	\$0.016238	(D)
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* * * (C)

(B) Information Surcharge

- Premium Per 100 Access Minutes	\$0.0206	(I)
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* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

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South Canaan Telephone Company

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TELEPHONE ASSOCIATION

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Cancels 1st Revised Page 17-211

ACCESS SERVICE

SOUTH CANAAN TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$11.02	(D)

(D) Indicates Decrease

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

SOUTH CANAAN TELEPHONE COMPANY17. Rates and Charges (Cont'd)17.2 Switched Access Service

17.2.1 <u>Nonrecurring Charges</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B)(1)
- Voice Grade Two-Wire	\$161.00	
- Voice Grade Four-Wire	\$161.00	
- High Capacity DS1	\$181.00	
- High Capacity DS3	\$499.00	
(B) <u>Interim NXX Translation Per Order</u>		
Per LATA or Market Area	\$ 81.00	6.4.1(B)(2)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>		
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$260.00	6.4.1(B)(3)
(D) <u>Trunk Activation</u>		<u>Per Order</u>
- Per 24 Trunks Activated 6.4.1(B)(1) or Fraction thereof, on a Per Order Basis		\$249.00
(E) <u>Local Transport - Installation Per Entrance Facility</u>	\$220.00	6.4.1 (B)(1)
(F) <u>Flexible Automatic Number Identification (Flex ANI)</u>		
- Per End Office, Per CIC		None 6.9.1(AA)

ACCESS SERVICE

SOUTH CANAAN TELEPHONE COMPANY

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u>		
Per Termination		6.1.3(A)(1)
- Voice Grade Two-Wire	\$36.96	
- Voice Grade Four-Wire	\$59.15	
- High Capacity DS1	\$192.24	
- High Capacity DS3	\$2,230.19	
- <u>Direct Trunked Transport</u>		6.1.3(A)(2)
- <u>Direct Trunked Facility</u>		
Per Mile		
- Voice Grade	\$2.64	
- High Capacity DS1	\$22.70	
- High Capacity DS3	\$203.67	
- <u>Direct Trunked Termination</u>		
Per Termination		
- Voice Grade	\$26.46	
- High Capacity DS1	\$111.27	
- High Capacity DS3	\$593.33	
- <u>Multiplexing</u>		6.1.3(A)(5)
Per Arrangement		
- DS3 to DS1	\$524.23	
- DS1 to Voice	\$202.40	
- <u>Tandem Switched Transport</u>		6.1.3(A)(3)
- <u>Tandem Switched Facility</u>	\$.000165	(D)
Per Access Minute Per Mile		
- <u>Tandem Switched Termination</u>	\$.000816	(D)
Per Access Minute Per Termination		
- <u>Tandem Switching</u>	\$.002743	
Per Access Minute Per Tandem		

(D) Indicates Decrease

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

SOUTH CANAAN TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Tariff
Section
Reference

Premium Access (Cont'd)

- Transport Interconnection Charge

6.1.3(A)(4)

Per Access Minute

\$0.00

(D)

Network Blocking Per Blocked Call

Applies to FGD Only

\$.0332

6.8.6

(A) Common Channel Signaling Network Connection

Rate

Tariff
Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage Facility per mile

ICB

- Signaling Mileage Termination per Termination

ICB

- Signaling Entrance Facility per Facility

ICB

Nonrecurring Charge

ICB

(2) STP Port

- Per port

ICB

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic

.0054

Vertical Feature

.0059

(D) Indicates Decrease

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Effective: December 1, 2003

ACCESS SERVICE

SOUTH CANAAN TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u> Per Access Minute	\$.015462	(D)
-------------------------------------	------------	-----

(B) Information Surcharge

- Per Access Minute	\$0.000211	(I)
---------------------	------------	-----

* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(D) Indicates Decrease (I) Indicates Increase

Issued: December 30, 2004

Effective: December 31, 2004

Mahanoy & Mahantango Telephone Company

ACCESS SERVICE

TDS TELECOM/MAHANoy & MAHANTANGO TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$4.78	(D)

(D) Indicates Decrease

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

TDS TELECOM/MAHANAY & MAHANTANGO TELEPHONE COMPANY

17. Rates and Charges (Cont'd)17.2 Switched Access Service

<u>17.2.1 Nonrecurring Charges</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
(A) <u>Local Transport - Installation Per Entrance Facility</u>		6.4.1(B)(1)
- Voice Grade Two-Wire	\$161.00	
- Voice Grade Four-Wire	\$161.00	
- High Capacity DS1	\$181.00	
- High Capacity DS3	\$499.00	
(B) <u>Interim NXX Translation Per Order</u>		
Per LATA or Market Area	\$ 81.00	6.4.1(B)(2)
(C) <u>FGC and FGD Conversion of Multifrequency Address Signaling to SS7 Signaling or SS7 Signaling to Multifrequency Address Signaling</u>		
- Per 24 Trunks Converted or Fraction thereof on a Per Order Basis	\$260.00	6.4.1(B)(3)
(D) <u>Trunk Activation</u>		<u>Per Order</u>
- Per 24 Trunks Activated 6.4.1(B)(1) or Fraction thereof, on a Per Order Basis		\$249.00
(E) <u>Flexible Automatic Number Identification (Flex ANI)</u>		
- Per End Office, Per CIC		None

6.9.1(AA)

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

TDS TELECOM/MAHANAY & MAHANTANGO TELEPHONE COMPANY

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u>		
Per Termination		6.1.3(A) (1)
- Voice Grade Two-Wire	\$35.09	
- Voice Grade Four-Wire	\$56.14	
- High Capacity DS1	\$176.82	
- High Capacity DS3	\$2,051.19	
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)
- <u>Direct Trunked Facility</u>		
Per Mile		
- Voice Grade	\$2.50	
- High Capacity DS1	\$19.14	
- High Capacity DS3	\$131.77	
- <u>Direct Trunked Termination</u>		
Per Termination		
- Voice Grade	\$25.11	
- High Capacity DS1	\$94.38	
- High Capacity DS3	\$525.64	
- <u>Multiplexing</u>		6.1.3(A) (5)
Per Arrangement		
- DS3 to DS1	\$474.31	
- DS1 to Voice	\$183.12	
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)
- <u>Tandem Switched Facility</u>	\$.000267	
Per Access Minute Per Mile		
- <u>Tandem Switched Termination</u>	\$.001316	
Per Access Minute Per Termination		
- <u>Tandem Switching</u>	\$.002763	
Per Access Minute Per Tandem		

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ACCESS SERVICE

TDS TELECOM/MAHANAY & MAHANTANGO TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Tariff
Section
Reference

Premium Access (Cont'd)

- Transport Interconnection Charge

6.1.3(A) (4)

Per Access Minute \$.008242

(C)
(C)

* * *

Network Blocking Per Blocked Call

Applies to FGD Only \$.0155

6.8.6

(A) Common Channel Signaling Network Connection

Rate

Tariff
Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage Facility per mile

\$ 3.96

- Signaling Mileage Termination per Termination

\$39.79

- Signaling Entrance Facility per Facility

\$ 64.75

Nonrecurring Charge

\$177.00

(2) STP Port

- Per port

\$455.00

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic .0048

Vertical Feature .0054

(C) Indicates Change

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

TDS TELECOM/MAHANAY & MAHANTANGO TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

Premium

Per Access Minute

\$.015431

(C)

* * *

(C)

(B) Information Surcharge

- Premium Per 100 Access Minutes

\$0.0173

* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(C) Indicates Change

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Sugar Valley Telephone Company

ACCESS SERVICE

TDS TELECOM/SUGAR VALLEY TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$4.63	(D)

(D) Indicates Decrease

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ACCESS SERVICE

TDS TELECOM/SUGAR VALLEY TELEPHONE COMPANY17. Rates and Charges (Cont'd)17.2 Switched Access Service17.2.1 Nonrecurring ChargesRateTariff
Section
Reference(A) Local Transport - Installation
Per Entrance Facility

6.4.1(B)(1)

- Voice Grade Two-Wire \$161.00
- Voice Grade Four-Wire \$161.00
- High Capacity DS1 \$181.00
- High Capacity DS3 \$499.00

(B) Interim NXX Translation Per
Order

Per LATA or Market Area \$ 81.00 6.4.1(B)(2)

(C) FGC and FGD Conversion of
Multifrequency Address
Signaling to SS7 Signaling
or SS7 Signaling to
Multifrequency Address
Signaling

- Per 24 Trunks Converted
or Fraction thereof on
a Per Order Basis \$260.00 6.4.1(B)(3)

(D) Trunk ActivationPer Order

- Per 24 Trunks Activated
6.4.1(B)(1)
or Fraction thereof, on
a Per Order Basis \$249.00

(E) Flexible Automatic Number
Identification (Flex ANI)

- Per End Office, Per CIC None

6.9.1(AA)

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

TDS TELECOM/SUGAR VALLEY TELEPHONE COMPANY

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u>		
Per Termination		6.1.3(A) (1)
- Voice Grade Two-Wire	\$35.09	
- Voice Grade Four-Wire	\$56.14	
- High Capacity DS1	\$176.82	
- High Capacity DS3	\$2,051.19	
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)
- <u>Direct Trunked Facility</u>		
Per Mile		
- Voice Grade	\$2.50	
- High Capacity DS1	\$19.14	
- High Capacity DS3	\$131.77	
- <u>Direct Trunked Termination</u>		
Per Termination		
- Voice Grade	\$25.11	
- High Capacity DS1	\$94.38	
- High Capacity DS3	\$525.64	
- <u>Multiplexing</u>		6.1.3(A) (5)
Per Arrangement		
- DS3 to DS1	\$474.31	
- DS1 to Voice	\$183.12	
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)
- <u>Tandem Switched Facility</u>	\$.000267	
Per Access Minute Per Mile		
- <u>Tandem Switched Termination</u>	\$.001316	
Per Access Minute Per Termination		
- <u>Tandem Switching</u>	\$.002763	
Per Access Minute Per Tandem		

ACCESS SERVICE

TDS TELECOM/SUGAR VALLEY TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2	<u>Local Transport</u> (Cont'd)	<u>Rate</u>	<u>Tariff</u> <u>Section</u> <u>Reference</u>
--------	---------------------------------	-------------	---

Premium Access (Cont'd)

-	<u>Transport Interconnection</u> <u>Charge</u>		6.1.3(A)(4)
---	---	--	-------------

	Per Access Minute	\$.008242	
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* * *

(C)
(C)

	<u>Network Blocking Per Blocked Call</u> Applies to FGD Only	\$.0155	6.8.6
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(A) Common Channel Signaling Network Connection

		<u>Rate</u>	<u>Tariff</u> <u>Section</u> <u>Reference</u>
(1)	<u>Signaling Network Access Link</u>		6.9.3(A)

-	Signaling Mileage Facility per mile	\$ 3.96	
---	--	---------	--

-	Signaling Mileage Termination per Termination	\$39.79	
---	---	---------	--

-	Signaling Entrance Facility per Facility	\$ 64.75	<u>Nonrecurring</u> <u>Charge</u> \$177.00
---	--	----------	--

(2)	<u>STP Port</u> - Per port	\$455.00	
-----	-------------------------------	----------	--

(B) 800 Data Base Access Service Queries 6.9.3(D)

	Per Query		
	Basic	.0048	
	Vertical Feature	.0054	

(C) Indicates Change

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

TDS TELECOM/SUGAR VALLEY TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

Premium		
Per Access Minute	\$.018003	(C)
* * *		(C)

(B) Information Surcharge

- Premium Per 100 Access Minutes \$0.0173

* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(C) Indicates Change

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**The United Telephone Company of Pennsylvania d/b/a Embarq
Pennsylvania**

ACCESS SERVICE

3. Carrier Common Line Access Service (Cont'd)

3.8 Carrier Charge

The Telephone Company will implement access reform, as directed by the Pennsylvania Public Utility Commission (Docket Nos. P-00991648 and P-00991649 entered September 30, 1999) through the introduction of a Carrier Charge.

- (A) The Carrier Charge represents a dollar amount per access line/trunk that the Telephone Company will assess to all toll providers. The total Carrier Charge is \$8.20. Based on intrastate minutes of use, the Carrier Charge is apportioned among toll provider segments. The Carrier Charge will be multiplied by the current number of access lines/trunks in service each month. (D)
- (B) The Switched Access customer's portion of the Carrier Charge is a monthly rate multiplied by access lines/trunks in service. The resulting revenue is then apportioned to each switched access customer who has purchased FGB and FGD. The apportionment is determined monthly by calculating each customer's market share of the total FGB and FGD Local Switching minutes of use.

3.9 Rates and Charges

3.9.1 Carrier Charge

Applicable to IXC's Monthly Rate, Per Line/Trunk*	\$7.19	(D)
--	--------	-----

* The total Carrier Charge is \$8.20 (D) per access line/trunk. The \$7.19 (D) is the switched access customer's portion of the total Carrier Charge.

(D) Indicates Decrease

The United Telephone
 Company of Pennsylvania

ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges

6.8.1 Switched Transport

(A) Entrance Facilities

(1) Voice Grade

- Per Point of Termination

	<u>Monthly Rate</u>	<u>Nonrecurring Charge</u>
(a) Two Wire	\$40.00	\$134.25
(b) Four Wire	55.00 (I)	134.25

(2) DS1

- Per DS1 104.00 (D) 309.00

(3) DS3

- Per Point of Termination

<u>Within CO</u>	<u>Monthly Rate</u>		<u>Nonrecurring Installation Charge</u>	<u>Nonrecurring Rearrangement Charge</u>
	<u>0-3 Miles</u>	<u>Over 3 Miles</u>		
	\$1,150.70 (D)	\$1,412.10 (D)	\$1,900.00 (D)	\$342.00
				\$171.00

(I) Indicates Increase
 (D) Indicates Decrease

The United Telephone
 Company of Pennsylvania

ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.1 Switched Transport (Cont'd)

(A) Entrance Facilities (Cont'd)

(4) OptiPoint-3 With Telephone Company Provided Terminal Equipment

(a) One Year Commitment Rates

- Per Point of Termination

Within CO	Monthly Rate		Nonrecurring Installation Charge
	0-3 Miles	Over 3 Miles	
\$2,363.00	\$3,250.00	\$5,344.00	\$5,470.00

(b) Three Year Commitment Rates

- Per Point of Termination

Monthly Rates		
Within CO	0 - 3 Miles	Over 3 Miles
\$1,890.00	\$2,600.00	\$4,275.00

(c) Five Year Commitment Rates

- Per Point of Termination

Monthly Rates		
Within CO	0 - 3 Miles	Over 3 Miles
\$1,700.00	\$2,335.00	\$3,850.00

(C)

(C)

The United Telephone
Company of Pennsylvania

ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.1 Switched Transport (Cont'd)

(A) Entrance Facilities (Cont'd)

(5) OptiPoint-3 Without Telephone Company Provided Terminal Equipment

(a) One Year Commitment Rates

- Per Point of Termination

Within CO	Monthly Rate		Nonrecurring Installation Charge
	0-3 Miles	Over 3 Miles	
\$1,400.00	\$2,463.00	\$4,538.00	\$4,210.00

(b) Three Year Commitment Rates

- Per Point of Termination

Within CO	Monthly Rates	
	0 - 3 Miles	Over 3 Miles
\$1,120.00	\$1,970.00	\$3,630.00

(c) Five Year Commitment Rates

- Per Point of Termination

Within CO	Monthly Rates	
	0 - 3 Miles	Over 3 Miles
\$1,010.00	\$1,770.00	\$3,270.00

(C)

(C)

The United Telephone
 Company of Pennsylvania

ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.1 Switched Transport (Cont'd)

(A) Entrance Facilities (Cont'd)

(6) OptiPoint-12 With Telephone Company Provided Terminal Equipment

(a) One Year Commitment Rates

- Per Point of Termination

Within CO	Monthly Rate		Nonrecurring Installation Charge
	0-3 Miles	Over 3 Miles	
\$2,938.00	\$3,613.00	\$5,694.00	\$13,460.00

(b) Three Year Commitment Rates

- Per Point of Termination

Within CO	Monthly Rates	
	0 - 3 Miles	Over 3 Miles
\$2,350.00	\$2,890.00	\$4,555.00

(c) Five Year Commitment Rates

- Per Point of Termination

Within CO	Monthly Rates	
	0 - 3 Miles	Over 3 Miles
\$2,100.00	\$2,600.00	\$4,100.00

(C)

(C)

ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.1 Switched Transport (Cont'd)

(A) Entrance Facilities (Cont'd)

(7) OptiPoint-12 Without Telephone Company Provided Terminal Equipment

(a) One Year Commitment Rates

- Per Point of Termination

Within CO	Monthly Rate		Nonrecurring Installation Charge
	0-3 Miles	Over 3 Miles	
\$1,813.00	\$2,750.00	\$4,831.00	\$10,100.00

(b) Three Year Commitment Rates

- Per Point of Termination

Within CO	Monthly Rates	
	0 - 3 Miles	Over 3 Miles
\$1,450.00	\$2,200.00	\$3,865.00

(c) Five Year Commitment Rates

- Per Point of Termination

Within CO	Monthly Rates	
	0 - 3 Miles	Over 3 Miles
\$1,295.00	\$1,980.00	\$3,480.00

(C)

(C)

The United Telephone
 Company of Pennsylvania

ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.1 Switched Transport (Cont'd)

(A) Entrance Facilities (Cont'd)

(8) OptiPoint-48 With Telephone Company Provided Terminal Equipment

(a) Three Year Commitment Rates

- Per Point of Termination

<u>Monthly Rates</u>		
<u>Within</u> <u>CO</u>	<u>0 - 3</u> <u>Miles</u>	<u>Over 3</u> <u>Miles</u>
\$7,980.00 (I)	\$9,870.00 (I)	\$13,900.00

(b) Five Year Commitment Rates

- Per Point of Termination

<u>Monthly Rates</u>		
<u>Within</u> <u>CO</u>	<u>0 - 3</u> <u>Miles</u>	<u>Over 3</u> <u>Miles</u>
\$7,140.00 (I)	\$8,925.00 (I)	\$13,200.00

(I) Indicates Increase

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ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.1 Switched Transport (Cont'd)

(A) Entrance Facilities (Cont'd)

(9) OptiPoint-48 Without Telephone Company Provided Terminal Equipment

(a) Three Year Commitment Rates

- Per Point of Termination

Monthly Rates		
Within CO	0 - 3 Miles	Over 3 Miles
\$4,700.00	\$6,800.00	\$10,600.00

(b) Five Year Commitment Rates

- Per Point of Termination

Monthly Rates		
Within CO	0 - 3 Miles	Over 3 Miles
\$4,200.00	\$6,300.00	\$10,000.00

(10) STS1 (51.84 Mbps)

- Per Point of Termination

Monthly Rates		
Within CO	0 - 3 Miles	Over 3 Miles
\$1,285.00	\$1,775.00	\$2,635.00
Nonrecurring Installation Charge		Nonrecurring Rearrangement Charge
\$300.00		\$150.00

(C)

(C) Indicates Change

The United Telephone
Company of Pennsylvania

ACCESS SERVICE

6. Switched Access Service (Cont'd)6.8 Rates and Charges (Cont'd)6.8.1 Switched Transport (Cont'd)(B) Direct-Trunked Transport (Cont'd)

		Monthly Rate		
		Termination (Fixed)	Facility (Per Mile)	
(1)	Voice Grade - Per Channel	\$ 30.00	\$ 0.81	
(2)	DS1 - Per DS1	70.00	2.00	
(3)	DS3 - Per DS3	375.70	65.20	
(4)	OptiPoint-3			
(a)	One Year Commitment	2,693.00	219.00	(C)
(b)	Three Year Commitment	2,154.00	175.00	
(c)	Five Year Commitment	1,937.00	160.00	
(5)	OptiPoint 12			
(a)	One Year Commitment	7,500.00	488.00	(C)
(b)	Three Year Commitment	6,000.00	390.00	
(c)	Five Year Commitment	5,850.00	350.00	
(6)	OptiPoint-48			
(a)	Three Year Commitment	14,000.00	820.00	
(b)	Five Year Commitment	12,600.00	800.00	
(7)	STS1 (51.84 Mbps)			
	- Per STS	11,285.00	304.00	

(C) Indicates Change

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Company of Pennsylvania
The United Telephone

ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.1 Switched Transport (Cont'd)

(C) Tandem-Switched Transport (Cont'd)

(1) Tandem Switched Transmission

<u>Termination (Fixed)</u>	<u>Facility (Per Mile)</u>
<u>Per Access Minute, Fixed</u>	<u>Per Access Minute, Per Mile</u>
\$0.000449 (I)	\$0.000022 (D)

(2) Tandem-Switching

<u>Rate Per Access Minute</u>
\$0.001438 (D)

(3) Common Transport Multiplexing

<u>Rate Per Access Minute</u>
\$0.000469 (D)

(4) Common Trunk Port

<u>Rate Per Access Minute</u>
\$0.000490 (D)

(5) Dedicated Trunk Port

Monthly Rate

(a) Per DS0	\$ 3.83 (D)
(b) Per DS1	98.56 (D)

(I) Indicates Increase
(D) Indicates Decrease

Issued: September 3, 2002

Effective: November 2, 2002

ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.1 Switched Transport (Cont'd)

(C)

(D) Optional Features

(1) Provision of Other than Telephone Company Selected Traffic Routing
(available with FGB and FGD)

	<u>Monthly Rate</u>	<u>Nonrecurring Charge</u>
(a) Direct Trunking in lieu of Tandem Trunking	ICB	ICB
(b) Tandem Trunking in lieu of Direct Trunking	ICB	ICB

Certain material on this page formerly appeared on Page 215.1

(C) Indicates Change

The United Telephone
Company of Pennsylvania

ACCESS SERVICE

6. Switched Access Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.2 Local Switching

	<u>Rate</u> <u>Per Access Minute</u>	
LS1 - Originating and Terminating Feature Group A and Feature Group B	\$0.003892	(D)
LS2 - Originating and Terminating Feature Group D	\$0.003892	(D)

(D) Indicates Decrease

Issued: September 3, 2002

Effective: November 2, 2002

Venus Telephone Corporation

ACCESS SERVICE

VENUS TELEPHONE CORPORATION

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$7.59	(D)

(D) Indicates Decrease

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ACCESS SERVICE

VENUS TELEPHONE CORPORATION

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 Nonrecurring Charges

Rate

Tariff
Section
Reference

(A) Local Transport - Installation
Per Entrance Facility

6.4.1(B)(1)

- Voice Grade Two-Wire \$230.00 (I)
- Voice Grade Four-Wire \$230.00 (I)
- High Capacity DS1 \$251.00 (I)
- High Capacity DS3 \$251.00 (D)

(B) Interim NXX Translation Per
Order

Per LATA or Market Area \$136.00 6.4.1(B)(2) (I)

(C) FGC and FGD Conversion of
Multifrequency Address
Signaling to SS7 Signaling
or SS7 Signaling to
Multifrequency Address
Signaling

- Per 24 Trunks Converted
or Fraction thereof on
a Per Order Basis \$321.00 6.4.1(B)(3) (I)

(D) Trunk Activation

Per Order

- Per 24 Trunks Activated
6.4.1(B)(1) (I)
or Fraction thereof, on
a Per Order Basis \$310.00

(E) Flexible Automatic Number
Identification (Flex ANI)

- Per End Office, Per CIC None

6.9.1(AA)

(D) Indicates Decrease (I) Indicates Increase

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ACCESS SERVICE

VENUS TELEPHONE CORPORATION

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>	
<u>Premium Access</u>			
- <u>Entrance Facility</u>		6.1.3(A) (1)	
Per Termination			
- Voice Grade Two-Wire	\$41.71		(I)
- Voice Grade Four-Wire	\$66.74		(I)
- High Capacity DS1	\$178.63		(I)
- High Capacity DS3	\$2,072.10		(I)
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)	
- <u>Direct Trunked Facility</u>			
Per Mile			
- Voice Grade	\$2.97		(I)
- High Capacity DS1	\$19.34		(I)
- High Capacity DS3	\$133.12		(I)
- <u>Direct Trunked Termination</u>			
Per Termination			
- Voice Grade	\$29.86		(I)
- High Capacity DS1	\$95.34		(I)
- High Capacity DS3	\$531.00		(I)
- <u>Multiplexing</u>		6.1.3(A) (5)	
Per Arrangement			
- DS3 to DS1	\$474.31		
- DS1 to Voice	\$183.12		
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)	
- <u>Tandem Switched Facility</u>	\$.000169		(D)
Per Access Minute Per Mile			
- <u>Tandem Switched Termination</u>	\$.000833		(D)
Per Access Minute Per Termination			
- <u>Tandem Switching</u>	\$.002743		(D)
Per Access Minute Per Tandem			

(D) Indicates Decrease (I) Indicates Increase

Issued: November 26, 2003

Effective: December 1, 2003

PENNSYLVANIA
TELEPHONE ASSOCIATION

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ACCESS SERVICE

VENUS TELEPHONE CORPORATION

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)17.2.2 Local Transport (Cont'd)RateTariff
Section
ReferencePremium Access (Cont'd)- Transport Interconnection
Charge

6.1.3(A) (4)

Per Access Minute

\$0.00

(D)

* * *

(C)

Network Blocking Per Blocked Call

Applies to FGD Only

\$0.0108

6.8.6

(D)

(A) Common Channel Signaling Network ConnectionRateTariff
Section
Reference(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage
Facility per mile

\$ 4.30

(I)

- Signaling Mileage
Termination
per Termination

\$43.16

(I)

- Signaling Entrance
Facility
per Facility

\$82.66 (I)

Nonrecurring
Charge

\$240.00 (I)

(2) STP Port

- Per port

\$455.00

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic

.0054

(I)

Vertical Feature

.0059

(I)

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

Issued: November 26, 2003

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PENNSYLVANIA
TELEPHONE ASSOCIATION

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ACCESS SERVICE

VENUS TELEPHONE CORPORATION

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u>		
Per Access Minute	\$.018267	(D)
* * *		(C)

(B) Information Surcharge

- Premium Per 100 Access Minutes	\$0.0206	(I)
----------------------------------	----------	-----

* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

Issued: November 26, 2003

Effective: December 1, 2003

Windstream Pennsylvania, Inc. f/k/a ALLTEL Pennsylvania, Inc.

INTRASTATE ACCESS SERVICES TARIFF

17. Rates and Charges

17.1 Service Order and Switched Access Installation Charges

	<u>Rate</u>
17.1.1 <u>Direct Trunked Transport Activated</u>	\$115.00
17.1.2 <u>Trunk Group Conversion Charge</u>	\$115.00
17.1.3 <u>Access Order – New Switched Access</u>	\$71.00
17.1.4 <u>Service Date Change Charge</u>	
- Switched Access	\$21.00
- Special Access	\$26.21
17.1.5 <u>Design Change Charge</u>	
- Switched Access	\$21.00
- Special Access	\$26.21
17.1.6 <u>Reserved</u>	
17.1.7 <u>Interim NXX Translation Charge</u>	\$71.00

17.2 Switched Access

17.2.1 Carrier Common Line Charge (CC)

Per access line, per month	\$4.88
----------------------------	--------

INTRASTATE ACCESS SERVICES TARIFF

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport

	<u>Monthly Rate</u>	<u>Nonrecurring Charge</u>
<u>Premium Access</u>		
- <u>Entrance Facility</u>		
Per Termination		
- Voice Grade Two-Wire	\$ 18.63	\$218.00
- Voice Grade Four-Wire	\$ 29.81	\$218.00
- High Capacity DS1	\$ 167.66	\$340.00
- High Capacity DS3	\$1,769.75	\$370.00
<u>Direct Trunked Transport</u>		
- <u>Direct Trunked Facility</u>		
Per Mile		
- Voice Grade	\$ 0.92	
- High Capacity DS1	\$ 12.25	
- High Capacity DS3	\$124.61	
- <u>Direct Trunked Termination</u>		
Per Termination		
- Voice Grade	\$ 13.34	
- High Capacity DS1	\$ 41.54	
- High Capacity DS3	\$623.04	
<u>Multiplexing</u>		
Per Arrangement		
- DS3 to DS1	\$304.22	
- DS1 to Voice	\$151.10	
<u>Carrier Identification Parameter (CIP)</u>		
- Voice Grade	\$ 4.08	
- DS1	\$ 97.92	
- DS3	\$2,741.76	
<u>Tandem Switched Transport</u>		
- Tandem Switched Facility	\$0.000225	
Per Access Minute Per Mile		
- Tandem Switched Termination	\$0.000772	
Per Access Minute Per Termination		
- Tandem Switching	\$0.000996	
Per Access Minute Per Tandem		
<u>Residual Interconnection Charge</u>		
Per Access Minute	\$0.001518	

ISSUED: July 13, 2006

EFFECTIVE: July 17, 2006

INTRASTATE ACCESS SERVICES TARIFF

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

	<u>Rate</u>
<u>Non Premium Access</u>	
- <u>Residual Interconnection Charge</u> Per Access Minute	\$0.000683
<u>Network Blocking Per Blocked Call</u> Applies to FGD only	\$0.0076
<u>Common Channel Signaling Network Connection</u>	
<u>Signaling Network Access Link</u>	
- Signaling Mileage Facility per Mile	\$ 1.98
- Signaling Mileage Termination per Termination	\$19.32
- Signaling Entrance Facility per Facility	\$46.92
<u>800 Data Base Access Service Queries</u>	
Per Completed Query	
Basic	\$0.0010
Vertical Feature	\$0.0012

ISSUED: July 13, 2006

EFFECTIVE: July 17, 2006

INTRASTATE ACCESS SERVICES TARIFF

17. Rates and Charges (Cont'd)

17.2 Switched Access

17.2.3 End Office

(A) Local Switching

Premium

	<u>Rate</u>
- Local Switching 1, per minute	\$0.008116
- Local Switching 2, per minute	\$0.008116

Non-Premium

- Local Switching 1, per minute	\$0.003652
- Local Switching 2, per minute	\$0.003652

(B) Information Surcharge

Premium

- Per minute	\$0.00063
--------------	-----------

Non-Premium

- Per minute	\$0.000284
--------------	------------

Yukon-Waltz Telephone Company

ACCESS SERVICE

YUKON-WALTZ TELEPHONE COMPANY

17. Rates and Charges

This section contains rates for all access services except Special Access and Billing and Collection Services. See Sections 7 and 8 for Special Access and Billing and Collection Services and Rates.

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Regulations concerning Carrier Common Line Access Service are set forth in Section 3. preceding.

The rate for Carrier Common Line Access Service is as follows.

	<u>Rate</u>	
Per access line, per month	\$11.45	(D)

(D) Indicates Decrease

Issued: December 31, 2003

Effective: January 1, 2004

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TELEPHONE ASSOCIATION

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ACCESS SERVICE

YUKON-WALTZ TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 Nonrecurring Charges

Rate

Tariff
Section
Reference

(A) Local Transport - Installation
Per Entrance Facility

6.4.1(B)(1)

- | | | | | |
|---|-----------------------|----------|--|-----|
| - | Voice Grade Two-Wire | \$230.00 | | (I) |
| - | Voice Grade Four-Wire | \$230.00 | | (I) |
| - | High Capacity DS1 | \$251.00 | | (I) |
| - | High Capacity DS3 | \$251.00 | | (D) |

(B) Interim NXX Translation Per
Order

Per LATA or Market Area \$136.00 6.4.1(B)(2) (I)

(C) FGC and FGD Conversion of
Multifrequency Address
Signaling to SS7 Signaling
or SS7 Signaling to
Multifrequency Address
Signaling

- | | | | | |
|---|--|----------|-------------|-----|
| - | Per 24 Trunks Converted
or Fraction thereof on
a Per Order Basis | \$321.00 | 6.4.1(B)(3) | (I) |
|---|--|----------|-------------|-----|

(D) Trunk Activation

Per Order

- | | | | | |
|---|--|----------|--|--|
| - | Per 24 Trunks Activated
6.4.1(B)(1) (I)
or Fraction thereof, on
a Per Order Basis | \$310.00 | | |
|---|--|----------|--|--|

(E) Flexible Automatic Number
Identification (Flex ANI)

- | | | | | |
|---|-------------------------|--|------|--|
| - | Per End Office, Per CIC | | None | |
|---|-------------------------|--|------|--|

6.9.1(AA)

(D) Indicates Decrease (I) Indicates Increase

ACCESS SERVICE

YUKON-WALTZ TELEPHONE COMPANY

17. Rates and Charges (Cont'd)17.2 Switched Access Service (Cont'd)

17.2.2 <u>Local Transport</u>	<u>Rate</u>	<u>Tariff Section Reference</u>	
<u>Premium Access</u>			
- <u>Entrance Facility</u>		6.1.3(A) (1)	
Per Termination			
- Voice Grade Two-Wire	\$41.71		(I)
- Voice Grade Four-Wire	\$66.74		(I)
- High Capacity DS1	\$178.63		(I)
- High Capacity DS3	\$2,072.10		(I)
- <u>Direct Trunked Transport</u>		6.1.3(A) (2)	
- <u>Direct Trunked Facility</u>			
Per Mile			
- Voice Grade	\$2.97		(I)
- High Capacity DS1	\$19.34		(I)
- High Capacity DS3	\$133.12		(I)
- <u>Direct Trunked Termination</u>			
Per Termination			
- Voice Grade	\$29.86		(I)
- High Capacity DS1	\$95.34		(I)
- High Capacity DS3	\$531.00		(I)
- <u>Multiplexing</u>		6.1.3(A) (5)	
Per Arrangement			
- DS3 to DS1	\$474.31		
- DS1 to Voice	\$183.12		
- <u>Tandem Switched Transport</u>		6.1.3(A) (3)	
- <u>Tandem Switched Facility</u>	\$.000169		(D)
Per Access Minute Per Mile			
- <u>Tandem Switched Termination</u>	\$.000833		(D)
Per Access Minute Per Termination			
- <u>Tandem Switching</u>	\$.002743		(D)
Per Access Minute Per Tandem			

(D) Indicates Decrease (I) Indicates Increase

ACCESS SERVICE

YUKON-WALTZ TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.2 Local Transport (Cont'd)

Rate

Tariff
Section
Reference

Premium Access (Cont'd)

- Transport Interconnection
Charge

6.1.3(A)(4)

Per Access Minute . \$0.00

(D)
(C)

* * *

Network Blocking Per Blocked Call

Applies to FGD Only \$0.0108

6.8.6

(D)

(A) Common Channel Signaling Network Connection

Rate Tariff
Section
Reference

(1) Signaling Network Access Link

6.9.3(A)

- Signaling Mileage
Facility per mile

\$ 4.30

(I)

- Signaling Mileage
Termination
per Termination

\$43.16

(I)

- Signaling Entrance
Facility
per Facility

\$ 82.66 (I) Nonrecurring
Charge \$240.00 (I)

(2) STP Port

- Per port

\$455.00

(B) 800 Data Base Access Service Queries

6.9.3(D)

Per Query

Basic

.0054

(I)

Vertical Feature

.0059

(I)

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

PENNSYLVANIA
TELEPHONE ASSOCIATION

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ACCESS SERVICE

YUKON-WALTZ TELEPHONE COMPANY

17. Rates and Charges (Cont'd)

17.2 Switched Access Service (Cont'd)

17.2.3 End Office

(A) Local Switching

<u>Premium</u>		
Per Access Minute	\$.020297	(D)

* * * (C)

(B) Information Surcharge

- Premium Per 100 Access Minutes	\$0.0206	(I)
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* Local Switching 1 when applied to Feature Group B with an ADA is multiplied by the ADA rate factor listed in 17.2.4 following.

(C) Indicates Change (D) Indicates Decrease (I) Indicates Increase

Issued: November 26, 2003

Effective: December 1, 2003

VERIZON
STATEMENT NO. 1.1

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, ETC.

v.

ARMSTRONG TELEPHONE
COMPANY – PENNSYLVANIA, ETC.

DOCKET NOS.
C-2009-2098380, etc.

VERIZON

STATEMENT NO. 1.1
(REBUTTAL TESTIMONY)

WITNESS: Don Price

DATED: March 10, 2010

RECEIVED

APR 20 2010

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

EXPURGATED VERSION

Verizon Stmt. 1.1
I-00040105
C-2009-2098380
4-14-10
Harrisburg JS

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1 **I. INTRODUCTION AND WITNESS IDENTIFICATION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Don Price. My business address is 701 Brazos, Suite 600, Austin, TX,
4 78701.

5 **Q. ARE YOU THE SAME DON PRICE WHO SUBMITTED DIRECT**
6 **TESTIMONY ON BEHALF OF THE VERIZON COMPANIES IN DOCKETS**
7 **C-2009-2098380, ETC., ON JULY 2, 2009?**

8 A. Yes.

9 **Q. HAS YOUR TITLE CHANGED SINCE THE FILING OF YOUR EARLIER**
10 **TESTIMONY?**

11 A. Yes. As a result of an internal reorganization in late 2009, I am now Director – State
12 Public Policy for Verizon Communications. Notwithstanding this change, my
13 responsibilities remain essentially the same.

14 **II. PURPOSE AND SUMMARY OF TESTIMONY**

15 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

16 A. The purpose of this testimony is to respond to certain statements made in the direct
17 testimony submitted on January 20, 2010. In particular, I respond to the testimony
18 submitted by Robert Loube on behalf of the Office of Consumer Advocate (“OCA”),
19 Gary M. Zingaretti on behalf of the Pennsylvania Telephone Association (“PTA”),
20 Joseph Kubas on behalf of the Office of Trial Staff (“OTS”), John W. Wilson on
21 behalf of the Office of Small Business Advocate (“OSBA”) and David F. Bonsik,

1 Jeffrey L. Lindsey, Mark D. Harper and Brian K. Staihr on behalf of the United
2 Telephone Company of Pennsylvania LLC d/b/a CenturyLink (“CenturyLink”).¹

3 **Q. WHAT DO THESE PARTIES RECOMMEND THAT THE COMMISSION**
4 **SHOULD DO AS A RESULT OF THIS PROCEEDING?**

5 A. Their recommendations as to how the Commission should resolve this investigation
6 and complaint case vary. OTS, OSBA, PTA and CenturyLink argue that the
7 Commission should do nothing, and should leave the RLECs’ access rates at their
8 current levels to maintain the “status quo.” OCA, by contrast, recognizes that the
9 RLECs’ current access rates are too high and are harmful to competition (and therefore
10 ultimately harmful to consumers), and should be reduced.

11 The PTA, CenturyLink and OCA argue that, to the extent RLEC access rates
12 are reduced, the Commission should not allow the RLECs to rebalance all of the
13 revenue to regulated rates charged to their end-users, but instead should create a
14 mechanism that expands the carrier-funded state universal service fund (“USF”) to
15 force other carriers to continue to finance the RLECs’ operating costs. These parties
16 would vastly expand the USF as a permanent revenue replacement and guarantee
17 mechanism, so that the RLECs are ensured of always receiving each year the same
18 level of revenue currently received through their access rates, funded by other carriers
19 through the USF. OSBA, by contrast, vehemently opposes any expansion of the USF,
20 recognizing that it would be inefficient and counterproductive, and ultimately harmful
21 to competition and consumers, to require the customers of other carriers to fund the

¹ CenturyLink and the PTA companies are referred to collectively herein as the rural incumbent local exchange carriers, or “RLECs.”

1 RLECs' operations in this manner, and instead argues only for maintenance of the
2 status quo with regard to the RLECs' current access rates.

3 All of these parties resist allowing the RLECs to rebalance access revenues
4 through retail end user rate increases, although OCA would accept a modest degree of
5 retail rate increases.

6 **Q. COULD YOU SUMMARIZE YOUR RESPONSE TO THE TESTIMONY**
7 **SUBMITTED BY THESE PARTIES?**

8 A. Yes. Nothing in the other parties' testimony alters my position, stated in my direct
9 testimony, that the Commission should reduce the RLECs' switched access rates, and
10 that the most efficient way to do so is to move them toward a uniform benchmark level
11 measured by the lower rate that Verizon PA charges for the same switched access
12 services. The evidence submitted by the RLECs and OCA demonstrates that most of
13 the RLECs charge intrastate switched access rates that are multiples higher than
14 Verizon's intrastate rates for identical functions in Pennsylvania, and that even among
15 the RLECs themselves there is wide variation in intrastate switched access rates. In
16 contrast to Verizon's rate of 1.7 cents per minute, (Price Direct at 19), the weighted
17 average rate per minute charged by the PTA companies for intrastate switched access
18 is more than 300% higher, at 5.2 cents per minute for the very same service, and
19 several of the PTA companies charge more than 10 cents per minute. (Price Rebuttal
20 Table One, *infra*). CenturyLink charges 5 cents per minute. (Price Rebuttal Table
21 Two, *infra*).

22 These rates should be reduced because, as a general rule, these companies
23 should recover most of their costs primarily from their own end users, rather than from

1 other carriers through high switched access charges (or carrier-funded subsidy
2 mechanisms such as the state USF). RLECs that charge unreasonably high switched
3 access rates prejudice their competitors and create economic distortions that reduce the
4 efficiency of Pennsylvania's communications markets, to the detriment of consumers –
5 a fact that the OCA concedes. (Loubé Direct at 6-8). In short, RLEC access rates need
6 to be reduced to eliminate the disparity between those rates and the rates Verizon and
7 other carriers charge for the same service, with the opportunity for the RLECs to
8 rebalance this revenue to their retail rates. It is no longer supportable in today's
9 environment for RLECs to depend on other carriers for such a large portion of their
10 operating revenue.

11 I would like to be clear, however, that I am not saying that the RLECs should
12 be prohibited from recovering this revenue; the only issue is the source. They should
13 recover the revenue from their own end-users and not from other carriers. The RLECs
14 should be given the opportunity and flexibility to rebalance that revenue to rates from
15 other noncompetitive services, as contemplated and required by the alternative form of
16 regulation of Chapter 30 of the Public Utility Code, under which most of them are
17 regulated.

18 The RLECs and OCA, however, argue that the RLECs either cannot or should
19 not be required to increase their basic regulated rates to rebalance this revenue,
20 claiming that the Commission's only option is to require other carriers to keep funding
21 the RLECs' operations, either by keeping access rates at the same high levels or by
22 replacing the access revenue with increased subsidies from the carrier-funded state
23 USF. But the RLECs and OCA have failed to prove the central assumptions of their

1 argument – that they either cannot increase regulated retail rates due to competitive
2 pressures or that they should not do so for policy reasons. In any event, however,
3 under no circumstances should the carrier-funded state USF be expanded to serve as an
4 insurance policy or guaranteed revenue replacement mechanism for the RLECs. This
5 shifting of the revenue from one carrier-funded source to another does nothing to solve
6 the fundamental problem, which is that the RLECs are collecting too large a portion of
7 their operating revenues from other carriers instead of their own retail end-users.
8 Moreover, in view of RLECs’ admission that both access revenues and access lines are
9 declining, shifting the revenue to the USF would actually provide a windfall to the
10 RLECs because they would be guaranteed a constant revenue stream each year to
11 replace funding sources that are declining due to the transformation of the
12 telecommunications marketplace. Worse yet, the companies that would be forced to
13 fund this revenue guarantee for the RLECs are subject to their own regulatory burdens,
14 line loss and market pressures, and yet would be forced to divert substantial funds from
15 their own operations to the RLECs each year. This “tax” to support RLEC operations
16 would be harmful to customers of the contributing carriers and would discourage
17 telecommunications investment in Pennsylvania. In short, expanding the USF to fund
18 RLEC access reductions would do nothing but recreate, and in fact exacerbate, the
19 same problem that exists with the RLECs’ current access charges, but under a different
20 name.

21 **Q. DO YOU HAVE ANY ADDITIONAL INTRODUCTORY COMMENTS?**

22 A. Yes. I believe it is important for the Commission to recognize the unique industry
23 perspective that Verizon provides to this case. The Verizon family of companies

1 operates in Pennsylvania two incumbent LECs, a competitive LEC, a provider of
2 wireless services and interexchange carriers (“IXC”). Verizon both pays switched
3 access rates and charges its own switched access rates, and its incumbent LECs operate
4 under the same alternative form of regulation that governs the RLECs. Verizon also
5 provides service to over one million access lines in rural portions of Pennsylvania. For
6 all these reasons, Verizon has not taken – and indeed cannot take – parochial positions
7 on the crucial public policy issues implicated by access charge reform.

8 **III. STATUTORY BACKGROUND**

9 **Q. WHAT IS THE RELEVANT REGULATORY AND STATUTORY** 10 **BACKGROUND FOR THIS CASE?**

11 A. I understand that most of the RLECs have chosen alternative regulation under Chapter
12 30 of the Public Utility Code.² Although I am not an attorney, for those carriers, it is
13 my understanding as a matter of policy that the rebalancing of revenue away from
14 intrastate switched access rates in order to reduce those rates is governed in the first
15 instance by Chapter 30 and the alternative regulation plans adopted under that statute.

16 **Q. HOW ARE RATES ESTABLISHED UNDER CHAPTER 30 ALTERNATIVE** 17 **REGULATION?**

18 A. As a matter of state policy, under alternative regulation, the Commission no longer
19 reviews or sets rates based on rate-of-return or underlying costs and the Commission is

² I understand from the testimony of Mr. Laffey on behalf of the RLECs in the earlier phase of this investigation that the majority of the RLECs, including all the larger ones, have chosen to be governed under the alternative form of regulation authorized by Chapter 30 of the Public Utility Code. Mr. Laffey noted that some of the RLECs operate under a Simplified Ratemaking Plan, where their allowable rates are determined by their return on common equity, but he did not identify which ones. (Laffey Direct, Phase I, 12/10/08, at 18).

1 no longer privy to the RLEC's costs or profits. For an alternatively regulated RLEC,
2 rates are generally divided into two categories – rates for “competitive” services and
3 rates for “noncompetitive” services. The Commission's regulation of rates differs for
4 each category.

5 For services declared or deemed “competitive,” the RLEC operating under
6 alternative regulation has full pricing flexibility. The Commission does not regulate
7 these rates and the RLEC is free to increase them or decrease them. This regulatory
8 mechanism is predicated on the notion that the rates for “competitive” services are
9 constrained by competition. For services that continue to be categorized as “non-
10 competitive,” rates may be increased each year only if the inflation-based formula in
11 the company's price stability mechanism allows for an overall increase to
12 noncompetitive revenue. The RLEC has discretion to decide which noncompetitive
13 service rates to increase, or whether to exercise or bank its opportunity to increase
14 rates, subject to Commission review. The Commission retains the authority to ensure
15 that rates for individual noncompetitive services remain just and reasonable and that
16 the RLEC's pricing actions are consistent with its alternative regulation plan.³
17 Revenue may also be rebalanced among noncompetitive rates on a neutral basis so that
18 rates for one service are reduced and rates for another service or services increased,
19 which is the option that is relevant to this proceeding.

20 Generally for all alternative regulation RLECs in Pennsylvania, switched access
21 and basic stand-alone residential and business dial tone services remain categorized as

³ *Buffalo Valley Tel. Co. v. PUC*, No. 847 C.D. 2008 (Commw. Ct., December 15, 2009), slip op. at 21.

1 “noncompetitive” services. Other services may also remain as noncompetitive for an
2 individual ILEC, and those may vary among the carriers.

3 **Q. DOES CHAPTER 30 HAVE A SPECIFIC PROVISION REGARDING**
4 **REBALANCING REVENUE FROM SWITCHED ACCESS RATES?**

5 A. Yes. Under 66 Pa. C.S. § 3017(a), “the commission may not require a local exchange
6 telecommunications company to reduce access rates except on a revenue-neutral
7 basis.”

8 **Q. DOES CHAPTER 30 REFER TO A STATE UNIVERSAL SERVICE FUND AS**
9 **A SOURCE OF REVENUE TO REPLACE ACCESS REVENUE FOR A**
10 **COMPANY OPERATING UNDER ALTERNATIVE REGULATION?**

11 A. No. The statute does not refer to a state universal service fund at all.

12 **Q. IF AN RLEC IS UNABLE TO SUSTAIN ITS BUSINESS UNDER THE RATE-**
13 **SETTING PARAMETERS OF CHAPTER 30 ALTERNATIVE**
14 **REGULATION, IS IT REQUIRED TO CONTINUE TO OPERATE UNDER**
15 **ALTERNATIVE REGULATION?**

16 A. No. Alternative regulation is a choice that is available to the RLEC, but it is not
17 mandatory. If an RLEC believes that its business is no longer viable under the terms
18 of its alternative regulation plan, my understanding is that it could elect to return to
19 rate-of-return regulation, where the Commission can conduct a full rate base, rate-of-
20 return analysis for all regulated services and ensure that rates are set to recover relevant
21 and appropriate costs. I am certainly not advocating that any carrier should be forced
22 to operate the regulated portions of its business at a loss, without being provided an
23 opportunity to recover the costs of its regulated business from its regulated rates. But

1 an RLEC should not be permitted to enjoy the benefits of alternative regulation (in the
2 form of full pricing flexibility for competitive services and no examination of costs and
3 rates) while at the same time claiming the protections of rate-of-return regulation (in
4 the form of a guaranteed rate of return provided through a fixed subsidy source such as
5 the state USF).

6 **Q. IS THE ISSUE HERE WHETHER OR NOT THE RLECS SHOULD BE**
7 **PERMITTED TO RECOVER THIS REVENUE?**

8 A. No. My testimony does not question whether the RLECs can recover this revenue, but
9 rather how to prevent the RLECs from imposing excessive costs on other carriers, who
10 have no choice but to deliver traffic to and from the RLECs' end users. To be clear, I
11 am not saying that any RLEC should be deprived of the opportunity to recover its
12 costs. I am simply saying that it must do so without depending on other carriers to
13 provide an excessive portion of its operating revenues.

14 **IV. THE RLECS' EXCESSIVE ACCESS RATES ARE HARMFUL TO**
15 **CONSUMERS AND TO COMPETITION AND SHOULD BE REDUCED**

16 A. **The Record Shows That The RLECs' Access Rates Are Unreasonably**
17 **High**

18
19 **Q. WHAT DOES THE RECORD SHOW ABOUT THE LEVEL OF THE RLECS'**
20 **ACCESS RATES?**

21 A. The record shows that for the most part the RLECs' intrastate switched access rates are
22 very high in comparison to what Verizon charges for the same intrastate switched
23 access service. The tables below, taken from the RLECs' own discovery responses,
24 show the average rate per minute being charged by each RLEC for intrastate switched
25 access.

1
2
3
4
5
6

PRICE REBUTTAL TABLE ONE
PTA COMPANIES INTRASTATE SWITCHED ACCESS
AVERAGE RATE PER MINUTE
From AT&T-PTA-4-1

[BEGIN PROPRIETARY]

7
8

[END PROPRIETARY]

1
2 **PRICE REBUTTAL TABLE TWO**
3 **CENTURYLINK PENNSYLVANIA INTRASTATE**
4 **SWITCHED ACCESS AVERAGE RATE PER MINUTE –**
5 **From CenturyLink OCA 1-2**
6

7 **[BEGIN PROPRIETARY]**

8
9 **[END PROPRIETARY]**

10 As depicted in more detail above, the RLECs' weighted average rate per minute is
11 about 5 cents – which is more than 300% higher than the 1.7 cents per minute charged
12 by Verizon PA for the same service. Some of the RLECs are charging more than 10
13 cents a minute for the same service.

14 In addition to looking at the average rate per minute, an examination of the
15 carrier charge rate element being charged by the RLECs demonstrates the excessive
16 level of these rates. (See Price Direct at 13 for explanation of carrier charge rate
17 element). According to PTA's exhibit GMZ-12, the PTA companies' average carrier
18 charge is \$5.87 per line, per month, with a number of them charging over \$10 per line
19 per month.⁴ CenturyLink's carrier charge is \$7.19. In contrast, Verizon's carrier
20 charge is 58 cents per line per month.⁵ This illustrates the stark difference between the

⁴ According to Mr. Zingaretti's exhibit GMZ-12, Armstrong PA charges \$12.44, Citizens of Kecksberg charges \$11.18, Ironton charges \$17.99, Mariana and Scenery Hill charges \$16.50, Palmerton charges \$10.03, South Canaan charges \$11.02 and Yukon Waltz charges \$11.45.

⁵ Mr. Zingaretti's exhibit GMZ-12 shows a carrier charge of 88 cents per month for Verizon. As explained in Verizon's tariffs, the switched access customer's portion of the carrier charge is \$0.58. See, e.g., Verizon PA Pa. P.U.C. No. 302, Section 6.9.7, 11th Revised Sheet 247.

1 switched access rates of the RLECs and Verizon's rates for the same service, as well as
2 the considerable variation even among the RLECs themselves.

3 **Q. DO ALL OF THE RLECS CHARGE SWITCHED ACCESS RATES HIGHER**
4 **THAN VERIZON'S ON AN AVERAGE RATE PER MINUTE BASIS?**

5 A. No. The RLECs' discovery responses, as depicted on Table One above, show that the
6 following carriers' average intrastate switched access rate per minute is already
7 approximately equal to or below Verizon's: Armstrong North, Frontier Breezewood,
8 Frontier Canton, Frontier Lakewood and Frontier PA. As far as I am concerned, those
9 RLECs could be dismissed from this investigation at this time because they are already
10 charging rates at or below the benchmark Verizon is recommending.

11 **B. Allowing The RLECs To Continue To Charge Excessive Access Rates Is**
12 **Harmful To Consumers And To Competition**

13
14 **Q. DO THE PARTIES DENY THAT RLEC ACCESS RATES ARE TOO HIGH**
15 **AND NEED TO BE REDUCED?**

16 A. For the most part, no. Certainly the parties that must pay the RLECs' high access rates
17 (AT&T, Sprint, Comcast, Qwest and Verizon) are unanimous in stating that the
18 RLECs' rates must be reduced. OCA also agrees that the RLECs' access rates are
19 anti-competitive and must be reduced, which I believe is a change from the OCA's
20 past position on this issue. According to Dr. Loubé, he "reluctantly" recommends that
21 the RLECs' access rates be reduced to address what he acknowledges are "unfair
22 discrimination" and "arbitrage incentives" caused by permitting the RLECs to charge
23 access rates at these high levels. (Loubé Direct at 48). Even the PTA companies
24 "remain supportive of intrastate access reductions that balance the various affected

1 public interests” and “do not oppose further intrastate access reform.” (Zingaretti
2 Direct at 3, 55). Mr. Zingaretti admits that this Commission has for nearly 15 years
3 been set on a policy of reducing the RLECs’ switched access rates, (*id.* at 7-9) and that
4 the FCC has been similarly set on a policy to reduce the interstate access rates within
5 its jurisdiction by moving “implicit subsidies” to the SLC charged to end users “to
6 better match prices with the manner in which costs are incurred while making implicit
7 support explicit.” (*Id.* at 11-12). While access charges have not historically been cost-
8 based, both federal and state-level regulators have taken steps to move access charges
9 toward more economically-based rates since 1997. As the FCC itself has recently
10 pointed out, “[t]hese [reductions to interstate access rates] for the rate-of-return
11 carriers were designed to align the interstate access rate structure more closely with the
12 manner in which costs are incurred by driving per-minute access charges towards
13 lower, more cost-based levels.”⁶

14 **Q. IS THERE ANY REASONABLE DOUBT THAT MORE EFFICIENT**
15 **PRICING IN PENNSYLVANIA WILL RESULT IN NET CONSUMER**
16 **BENEFITS?**

17 A. No. It is one thing to argue that legacy subsidy policies need to be taken into account
18 when reforming access charges, but it is a different matter to try to claim that there
19 would be no consumer benefits from a more efficient pricing structure. In the wake of
20 the Telecommunication Act’s unequivocal call to embrace competition, the FCC noted
21 that the “patchwork quilt of implicit and explicit subsidies generates inefficient and

⁶ “Trends in Telephone Service,” Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission, August 2008, at 1-2.

1 undesirable economic behavior.”⁷ The FCC moved to reduce interstate switched
2 access charges for major local exchange companies and then singled out rural carriers’
3 high access charges, noting that “higher rates and implicit subsidies may discourage
4 efficient local and long distance competition in rural areas and limit consumer
5 choice.”⁸ It went on to say that:

6 By artificially inflating long distance per-minute rates, such rate structure
7 inefficiencies suppress demand for interstate long distance services, and create
8 implicit subsidies from high-volume to low-volume users of interstate long
9 distance service. Implicit subsidies have a disruptive effect on competition in
10 the market for local exchange and exchange access services. In addition, by
11 contributing to rate disparities between rate-of-return and price cap carriers,
12 rate structure inefficiencies may increase the burden of compliance with toll
13 rate averaging requirements and discourage interexchange carriers from
14 competing in rural and high-cost areas, thus limiting consumer choice in those
15 areas.⁹

16
17
18 The FCC also recognized the anticompetitive impact of allowing some carriers
19 to charge higher access rates than others, and thus imposed a benchmark requirement
20 moving CLECs’ interstate access rates to no higher than the level of the corresponding
21 ILEC interstate access rates. As the FCC explained, “[w]e are concerned that the
22 higher CLEC rates may shift an inappropriate share of the carriers’ costs onto the IXCs

⁷ *First Report and Order*, CC Docket No. 96-262 (released: May 16, 1997) ¶ 30.

⁸ *Multi-Association (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, Second Report & Order and Further Notice of Proposed Rulemaking, CC Docket No. 00-256, Fifteenth Report & Order in CC Docket No. 96-45, and Report & Order in CC Docket Nos. 98-77 and 98-166, 16 FCC Rcd 19613, ¶ 6 (Rel. Nov. 8, 2001) (“*MAG Order*”).

⁹ *Id.*, ¶ 18.

1 and, through them, the long distance market in general.”¹⁰ The FCC went on to state
2 that:

3 Permitting CLECs to tariff any rate that they choose may allow some
4 CLECs inappropriately to shift onto the long distance market in general a
5 substantial portion of the CLECs’ start-up and network build-out costs.
6 Such cost shifting is inconsistent with the competitive market that we seek
7 to encourage for access service. Rather, it may promote economically
8 inefficient entry into the local markets and may distort the long distance
9 market. While we seek to promote competition among local-service
10 providers, we also seek to eliminate from our rules opportunities for
11 arbitrage and incentives for inefficient market entry.¹¹
12

13 The result of federal and state regulators’ efforts to move toward more rational
14 access pricing has been a pronounced decline in typical access charge rates, with the
15 FCC reporting that interstate switched access charges declined from more than 17
16 cents per minute in 1984 to 1.71 cents per minute in 2008.¹²

17 **Q. WHAT SPECIFIC DISTORTIONS TO ECONOMIC EFFICIENCY HAVE**
18 **BEEN IDENTIFIED WITH HIGH ACCESS CHARGES?**

19 A. Economists often discuss the effects of prices that are set too high or too low using the
20 term “economic distortions.” For example, when the price of a particular good or
21 service is set too high, demand for the good or service is suppressed, meaning that
22 consumers purchase less of the good or service than they would if the price were set at
23 the optimal level. The opposite situation – where the price of the good or service is too
24 low – results in consumers purchasing more of the good or service than they would at

¹⁰ *In the Matter of Access Charge Reform; Reform of Access Charges Imposed by Competitive Local Exchange Carriers*, Seventh Report And Order And Further Notice Of Proposed Rulemaking, CC Docket No. 96-262, 16 FCC Rcd 9923; 2001 FCC LEXIS 2336, ¶22 (FCC Rel. April 27, 2001).

¹¹ *Id.* ¶ 33.

¹² See “Trends in Telephone Service,” Industry Analysis and Technology Division, Wireline Competition Bureau, Federal Communications Commission, August 2008, Table 1.2. (Exhibit Price Rebuttal 1).

1 the optimal price. Both situations are seen by economists as market distortions and
2 economically inefficient, because consumers' purchasing decisions are being skewed
3 by incorrect pricing signals; prices that are too high or too low. Excessive access
4 charges create economic distortions and inefficiencies by suppressing demand for
5 usage-based services (access and toll). Elevated access charges drive up the price of
6 wireline long-distance services and, consequently, discourage consumers from making
7 such calls. The effect of excess access charges is that consumers receive distorted
8 pricing signals regarding wireline versus wireless-based long-distance services. (*See,*
9 *e.g., Loubé Direct at 8*). This distortion can and should be remedied by reducing the
10 excessive access charges paid by wireline long distance carriers.

11 Additionally, as I discuss above, to the extent that excessive access charges
12 provide a mechanism for subsidizing local exchange services to a disproportionate
13 degree, the result is an additional distortion that artificially slows the emergence of
14 local exchange competition. Specifically, if the price of local exchange service is
15 artificially depressed because the RLEC recovers a disproportionate amount of its
16 revenues through access charges, then potential entrants simply will not enter to
17 compete for consumers' business.

18 **Q. SOME OF THE PARTIES ARGUE THAT THE MONEY SAVED FROM**
19 **REDUCING RLEC ACCESS RATES WILL ONLY BE USED TO INCREASE**
20 **THE "PROFITS" OF THE CARRIERS THAT PAY ACCESS RATES.**
21 **(LINDSEY AND HARPER DIRECT AT 14; WILSON DIRECT AT 14). WHAT**
22 **IS YOUR RESPONSE?**

1 A. It is irrational to suggest that companies like Verizon simply have extra money that
2 they are obligated to use to support the RLECs' operations and that otherwise would
3 go into "corporate coffers" or excess "profit" if Verizon were no longer required to pay
4 the RLECs' excessive rates. In a competitive market, companies must invest in their
5 networks and their customers if they wish to remain competitive and stay in business –
6 and they cannot afford merely to profit-take savings from access charge reductions.
7 Moreover, the RLECs proceed from the assumption that they have some entitlement to
8 take money from the customers and networks of other carriers to support their own
9 operations, but they do not. While Mr. Lindsey and Mr. Harper accuse Verizon and
10 CenturyLink's other carrier access customers of "placing their profit seeking motives
11 above consumers' interests," (Harper and Lindsey at 14), in fact it is in the best
12 interests of all consumers to move to a more efficient rate structure for RLEC rates in
13 Pennsylvania.

14 **Q. OTS ARGUES THAT THE IXC PARTIES IN THIS CASE WISH TO BE**
15 **RELIEVED OF THEIR "BURDEN OF PAYING FOR NETWORK COSTS."**
16 **(KUBAS DIRECT AT 6; SEE ALSO LOUBE DIRECT AT 3). IS THIS AN**
17 **ACCURATE ASSESSMENT?**

18 A. OCA and OTS miss the point. While the carriers pay the RLECs' high access rates in
19 the first instance, it is ultimately the customers that have been shouldering the
20 "burden," in the form of higher toll rates and less innovation because carriers paying
21 excessive access rates are less able to improve their products or services when they are
22 required to divert revenue to the RLECs. It is not economically efficient to foist those
23 burdens on other carriers' customers instead of the RLECs' own customers.

1 Moreover, as I describe in more detail below, the benchmark Verizon proposes is
2 above the economic cost of providing switched access service. So even if RLEC rates
3 are reduced to the level Verizon proposes, access revenue from other carriers will still
4 be “paying for network costs,” albeit at a reduced level.

5 **Q. SEVERAL PARTIES SUGGEST THAT THERE CAN BE NO CONSUMER**
6 **BENEFIT FROM REDUCING SWITCHED ACCESS RATES UNLESS**
7 **THERE IS A DIRECT SHOWING OF DECREASES IN TOLL RATES. (E.G.,**
8 **LOUBE DIRECT AT 9). DO YOU AGREE?**

9 A. No. This argument is shortsighted and simplistic. As an initial matter, toll service is
10 statutorily recognized as a competitive service and the Commission cannot regulate its
11 rates. 66 Pa. C.S. § 3018(a) and (b). The interexchange market has been highly
12 competitive for two decades, and competition will ensure that retail long distance rates
13 include the effects of any access cost savings that result from this proceeding. This is
14 because of the simple truth that in a competitive market, carriers that refuse to pass
15 along the benefits of cost savings will lose customers to those who do. Cost savings
16 may be reflected in reduced rates, or rates that stay the same because the savings have
17 offset other cost increases, or a smaller rate increase than would have otherwise been
18 implemented. Also, competitors in the long distance market may choose to invest the
19 savings in advanced technology, improved service quality or customer service, or they
20 could introduce new services or features, thereby bringing tangible benefits to
21 consumers in other ways. Competition will ensure that such benefits are passed along
22 to consumers in one way or another, which is why the Legislature appropriately
23 minimized regulatory intervention in the interexchange market through Chapter 30.

1 **Q. THE OTHER PARTIES SUGGEST THAT ONLY IXCS PAY THE RLECS'**
2 **SWITCHED ACCESS RATES. IS THAT CORRECT?**

3 A. No. Other ILECs and CLECs also pay these rates when they terminate intraLATA toll
4 traffic to RLEC customers. For example, in 2008 Verizon PA and Verizon North, the
5 Verizon ILEC entities, themselves paid **[BEGIN PROPRIETARY]**
6 **[END PROPRIETARY]** in switched access charges to the RLECs.

7 **Q. THE RLECS REFER TO THEIR OWN LINE LOSS AND TO THE**
8 **EXISTENCE OF COMPETITION IN THEIR TERRITORIES IN AN**
9 **ATTEMPT TO CLAIM ENTITLEMENT TO CHARGE HIGHER ACCESS**
10 **RATES TO SECURE REVENUE SUPPORT FROM OTHER CARRIERS.**
11 **ARE THE RLECS THE ONLY ONES SUBJECT TO THESE PRESSURES?**

12 A. No. The RLECs refer to their own line loss and pressures from competition, but the
13 carriers that the RLECs expect to subsidize their operating costs also face their own
14 competitive pressures. For example Mr. Zingaretti argues that the PTA companies
15 have experienced 17% line loss since 2005. (Zingaretti Direct at 20). Mr. Harper and
16 Mr. Lindsey contend that CenturyLink has experienced 28% line loss since 2000.
17 (Harper and Lindsey Direct at 28). But the Verizon ILECs – which both pay the
18 RLECs' access charges and contribute to the state USF – operate in markets that are
19 even more competitive than the RLECs' territory. Since 1999, through 2009, the
20 Verizon ILECs have experienced line loss of **[BEGIN PROPRIETARY]** **[END**
21 **PROPRIETARY]**, and since 2000 the line loss has been **[BEGIN PROPRIETARY]**
22 **[END PROPRIETARY]**. It is no longer tenable for Verizon and its customers
23 to be expected to support the RLECs' operations through access charges that are higher

1 than Verizon and other carriers charge for the same service, and/or through the state
2 USF, to the same degree that they had been before the explosion of competition in the
3 communications market. This is no longer supportable in today's market and is bad
4 for customers.

5 **Q. MR. ZINGARETTI CONTENDS THAT THE VERIZON ILECS SERVE 83%**
6 **OF TOTAL ILEC WORKING LOOPS IN PENNSYLVANIA. (ZINGARETTI**
7 **DIRECT AT 31). LATER HE ASSERTS THAT "VERIZON REPRESENTS**
8 **APPROXIMATELY 85% OF THE ACCESS LINES IN PENNSYLVANIA."**
9 **(ID. AT 56). IS EITHER STATEMENT AN ACCURATE PORTRAYAL OF**
10 **THE TELECOMMUNICATIONS MARKET IN PENNSYLVANIA TODAY?**

11 **A.** No, and it is telling that Mr. Zingaretti does not provide a source for either statement.
12 To the extent Mr. Zingaretti is simply comparing the number of access lines served by
13 the Verizon ILECs to the number of access lines served by the RLECs, this does not
14 provide an accurate or relevant picture of the market as a whole or of the Verizon
15 ILECs' place in that market. According to FCC statistics, as of June 30, 2008 there
16 were 6,917,011 LEC access lines in Pennsylvania (CLECs and ILECs combined).¹³
17 Of these, **[BEGIN PROPRIETARY]** **[END PROPRIETARY]**
18 were reported by the Verizon LECs (Verizon PA, Verizon North and MCIMetro). The
19 remaining **[BEGIN PROPRIETARY]** **[END PROPRIETARY]** were served
20 by the RLECs and other CLECs. It is well-known that competition from cable
21 telephony is rapidly expanding. While the FCC does not report cable telephone access
22 lines, information is available from which one could estimate that as of the same time

¹³ FCC Local Telephone Competition: Status as of June 30, 2008, Table 7. (Exhibit Price Rebuttal 2).

1 period there were also at least 800,000 cable telephony customers in Pennsylvania – a
2 number that is rapidly growing.¹⁴ Adding in the lines served by cable telephony, the
3 carriers other than the Verizon LECs served [BEGIN PROPRIETARY] [END
4 PROPRIETARY] of the wireline access lines in Pennsylvania as of June 2008 – a
5 percentage that is expected to be even larger today, more than eighteen months later,
6 considering the rapid growth in cable subscribership depicted by the FCC’s high-speed
7 connections statistics. And of course looking at the relative percentage of wireline
8 access lines does not even begin to account for wireless service. The FCC also
9 reported that as of June 30, 2008, wireless carriers served 9,894,870 telephone
10 subscribers in Pennsylvania.¹⁵ In short, Mr. Zingaretti’s assertion that the Verizon
11 ILECs serve 85% of the lines in Pennsylvania is unsupported and unsupportable.

12 **Q. MR. ZINGARETTI ASSERTS THAT VERIZON’S “BUSINESS MODEL[]**
13 **DO[ES] NOT INCLUDE MAINTAINING THE RURAL WIRELINE**
14 **NETWORK,” SUGGESTING THAT VERIZON SHOULD THEREFORE BE**
15 **FORCED TO SUBSIDIZE RLEC OPERATIONS. (ZINGARETTI DIRECT**
16 **AT 24). WHAT IS YOUR RESPONSE?**

17 A. Mr. Zingaretti apparently assumes that the only way Verizon can support the “rural
18 wireline network” is to continue to subsidize the RLECs’ operations. But he fails to
19 acknowledge the fact that the Verizon ILECs actually serve more rural access lines in

¹⁴ The FCC reports the number of cable modem high-speed connections by state. As of June 30, 2008, there were 1,492,000 high-speed cable connections in Pennsylvania (a number that grew to 1,807,000 by year-end 2008). FCC High Speed Services For Internet Access: Status as of December 31, 2008, Table 17. (Exhibit Price Rebuttal 3). Statistics published by the National Cable & Telecommunications Association indicate that on a nationwide basis the number of cable telephony customers is about 53% of the number of cable high-speed connections. (Exhibit Price Rebuttal 4).

¹⁵ FCC Local Telephone Competition: Status as of June 30, 2008, Table 14. (Exhibit Price Rebuttal 2).

1 Pennsylvania than all of the RLECs put together.¹⁶ While Mr. Zingaretti broadly
2 contends that Verizon is “selling off” its rural operations, he fails to note that Verizon
3 recently sought and obtained Commission approval to allow it to keep its Verizon
4 North operations in Pennsylvania when properties in other states are transferred to
5 Frontier. Moreover, Verizon has committed to provide broadband availability under
6 Chapter 30 to 100% of its access lines by 2015, and as of year-end 2008 had achieved
7 broadband availability to 79% of its rural access lines and 86% of its total access lines.
8 Further, Verizon provides regulated stand alone basic service and Lifeline service
9 throughout its territory, in addition to providing its customers with a broad array of
10 competitive and deregulated services. All the while, Verizon is subject to intense
11 competitive pressure in its territory from cable providers and other carriers seeking to
12 serve the customer base.

13 In the same vein, I take particular issue with the CenturyLink panel’s assertion
14 that the carriers paying these access charges are exempt from the “regulatory burdens”
15 of being an incumbent LEC or having to serve rural areas. (Harper and Lindsey Direct
16 at 18). Clearly with regard to Verizon that statement is untrue, for the reasons
17 discussed above.

¹⁶ According to Verizon’s most recent biennial update to its network modernization plan, as of December 31, 2006, Verizon PA and Verizon North together served over 1.1 million rural access lines in Pennsylvania based on the PUC’s classification of exchanges as rural for network modernization purposes.

1 **C. The Commission Should Benchmark The RLECs' Intrastate Access Rates**
2 **To Verizon PA's Intrastate Access Rates**

3
4 **Q. WHAT IS VERIZON'S PROPOSAL IN THIS CASE TO ADDRESS THE**
5 **RLECS' SWITCHED ACCESS RATES?**

6 A. Until comprehensive access reform can be achieved at the national level (or until
7 carriers can negotiate their own intercarrier compensation agreements), the
8 Commission should benchmark all RLECs' intrastate switched access rates to Verizon
9 PA's rate (as is already the case for CLEC rates in Verizon territory under 66 Pa. C.S.
10 § 3017(c)). A benchmark at the level of Verizon PA's rates would be a simple and
11 effective means to quickly move excessive switched access rates in Pennsylvania to
12 more efficient levels. This benchmark will promote equity and competitive parity and
13 reduce market distortions by prompting carriers with the highest access rates to recover
14 more of their network costs from their own customers, rather than from other carriers
15 and their customers through access rates. Verizon PA's current average-rate-per-
16 minute for switched access is approximately 1.7 cents. (Price Direct at 19).¹⁷

17 **Q. WHY IS IT APPROPRIATE TO SET A BENCHMARK ACCESS RATE?**

18 A. As I noted in my direct testimony, the RLECs' switched access rates are not
19 disciplined by competition. Carriers that must pay switched access rates have no
20 choice but to terminate calls that their end users place to the RLECs' customers, and
21 cannot move to a competitive alternative if they do not like the price. Because the
22 market will not set a "competitive" rate, the benchmark rate should serve as a proxy for

¹⁷ I am not proposing to dictate the precise rate elements the RLECs should charge so long as the average rate meets the applicable benchmark, considering the specific switched access functions the RLEC performs and the relevant miles of transport. (Price Direct at 21).

1 the “competitive” rate that the RLECs, like other market participants, should be
2 required to accept.

3 **Q. HOW DOES YOUR PROPOSAL COMPARE TO THE PROPOSAL OF AT&T**
4 **AND SOME OF THE OTHER PARTIES TO MOVE THE RLECS’ RATES TO**
5 **MATCH THEIR INTERSTATE ACCESS RATES?**

6 A. AT&T recommends that each RLEC’s intrastate switched access rates should be
7 reduced to mirror their own interstate switched access rates (which, like the intrastate
8 rates, vary), while I am recommending setting a uniform benchmark rate based on the
9 Verizon PA intrastate rates.

10 **Q. HAVE THE RLECS PROVIDED INFORMATION ON THE ^{Revenue} FINANCIAL**
11 **IMPACT OF EACH PROPOSAL?**

12 A. Yes. The PTA companies contend that to reduce all of the PTA companies’ rates to
13 interstate levels would require them to rebalance a total of [BEGIN
14 PROPRIETARY] [END PROPRIETARY] (Zingaretti Direct, Exhibit
15 GMZ-10), while matching Verizon PA’s rates would require them to rebalance a total
16 of [BEGIN PROPRIETARY] [END PROPRIETARY] (Zingaretti
17 Direct, Exhibit GMZ-12). These exhibits provide a break-down of the RLECs’
18 calculated revenue effect for each company. A comparison of GMZ-10 and GMZ-12
19 at the individual carrier level shows that for some carriers it would require more
20 revenue to reduce their rates to interstate levels than it would to match Verizon PA’s
21 rates (*i.e.*, Windstream), while for others the result is the opposite. In other words, for
22 some carriers their interstate rates are higher than Verizon’s proposed benchmark,
23 while for others their interstate rates are lower than Verizon’s proposed benchmark.

1 CenturyLink is an example of the latter category, reporting that it would have to
2 rebalance **[BEGIN PROPRIETARY]** **[END PROPRIETARY]** to
3 match interstate rates, versus **[BEGIN PROPRIETARY]** **[END**
4 **PROPRIETARY]** to match Verizon PA's rates.¹⁸

5 Verizon's approach would produce RLEC rates that in some instances are
6 below the RLECs' interstate switched access rates that AT&T is recommending for the
7 state jurisdiction. In other instances (CenturyLink and Windstream, for example),
8 Verizon's approach would result in higher rates than AT&T's approach. Verizon's
9 approach is preferable because it would result in a uniform benchmark rate for all
10 carriers. As I acknowledged in my direct testimony, however, if the Commission is
11 reluctant to move a particular carrier's rates below its own interstate levels at this time,
12 it could, as an interim measure, move the rates to the carrier's own higher interstate
13 rates as AT&T has recommended. But the longer term objective should be a common
14 benchmark rate that puts all carriers on equal competitive footing, and that common
15 benchmark should be Verizon PA's intrastate access rates. (Price Direct at 22).

¹⁸ I note that OCA's witness, Dr. Loube, also provided an estimate of the revenue impact to the RLECs of reducing their rates to interstate levels, but his estimates are generally lower than the estimates provided by the RLECs themselves. He estimates that the PTA companies would have to rebalance **[BEGIN PROPRIETARY]** **[END PROPRIETARY]** to reduce their rates to interstate levels and that CenturyLink would have to rebalance **[BEGIN PROPRIETARY]** **[END PROPRIETARY]** to reduce its rates to interstate levels. (See Loube Direct, Exhibit RL-4).

1 **Q. OTS'S WITNESS MR. KUBAS TAKES ISSUE WITH THE FACT THAT IN**
2 **YOUR DIRECT TESTIMONY YOU DID NOT ADVOCATE INCREASING**
3 **THE RLEC ACCESS RATES THAT WERE LOWER THAN VERIZON'S**
4 **PROPOSED BENCHMARK. (KUBAS DIRECT AT 18). WHAT IS YOUR**
5 **RESPONSE?**

6 A. I do not understand that any of the RLECs are proposing to increase their switched
7 access rates in this case, and it is not appropriate for any carrier to do so. But if such a
8 filing is made, the Commission can review it in due course, consistent with the
9 regulatory parameters that apply to that particular carrier's rates. Moreover, the fact
10 that some RLECs are charging access rates at or below Verizon's benchmark level is
11 instructive, in that it demonstrates that it is possible for an RLEC to operate with low
12 access rates, contrary to the dire predictions of CenturyLink and the PTA companies.

13 **Q. OCA CONTENDS THAT VERIZON'S ARGUMENTS ARE INCONSISTENT**
14 **BECAUSE VERIZON OPPOSED "BENCHMARKING" THE RLECS'**
15 **RESIDENTIAL RATES TO VERIZON'S RESIDENTIAL RATES. (LOUBE**
16 **DIRECT AT 33). WHAT IS YOUR RESPONSE?**

17 A. The two arguments are not comparable. The "benchmarking" argument that OCA
18 made for retail rates in phase one of this investigation was that Verizon's retail rates
19 should serve as an upper boundary for the RLECs' rates for stand-alone basic
20 residential service, and that Verizon and other carriers should subsidize the RLECs to
21 the extent their alternative regulation plans entitled them to additional revenues. In
22 other words, the purpose of the OCA's benchmark was twofold: 1) to set an upper
23 limit on the revenues the RLECs would obtain from their customers, and 2) to establish

1 a bright line mechanism to shift recovery of additional revenues under the RLECs'
2 alternative regulation plans to the USF.

3 Verizon responded that there was no legal or factual basis to limit RLEC retail
4 rates in this manner and that Verizon's regulated retail rates, which have been kept
5 artificially low through years of regulation, do not define an affordable RLEC rate.
6 Verizon has no problem with an RLEC choosing to "benchmark" its retail rates to
7 Verizon's, so long as Verizon is not expected to subsidize the RLEC to replace any
8 revenue it chose to forgo by charging lower rates. For example, suppose hypothetical
9 RLEC A's alternative regulation plan would allow it an additional \$500,000, but
10 limiting its rates to a level tied to Verizon's retail local service rates would generate
11 only \$200,000 in additional revenue. Under the OCA/RLEC proposal in phase one,
12 the \$300,000 difference would be shifted into the USF for recovery from Verizon and
13 other carriers. Verizon objects to that application of a retail "benchmark." On the
14 other hand, if the RLEC deemed Verizon's retail rates to be a reasonable "benchmark"
15 but was willing to bank or recover the additional revenues from other services, such an
16 application of the "benchmark" is not objectionable. Each carrier should make that
17 decision based on its own financials, but in no event should a carrier have a "right" to
18 use a local retail rate benchmark as a means to shift costs to other carriers (*i.e.*, through
19 expanded USF payments).

20 **Q. OSBA SUGGESTS THAT VERIZON IS SEEKING TO REDUCE THE**
21 **RLECS' SWITCHED ACCESS RATES TO "INCREMENTAL COST."**
22 **(WILSON DIRECT AT 9). IS OSBA CORRECT?**

1 A. No. The “incremental cost” is generally the price floor below which a service should
2 not be priced. It is the additional cost of providing a service (in this case access
3 service) presuming that the company is already providing all other services. Thus, by
4 definition, incremental cost would not include any contribution to loop costs.
5 Verizon’s access rates are still above the incremental cost of providing access service,
6 thus providing a contribution to overall operating costs (or loop costs, if that
7 terminology is preferred). For example, Verizon PA still charges a carrier charge,
8 which as I discuss in my direct testimony is a rate element designed to recover loop
9 costs, and the RLECs, too, would still be able to have a carrier charge under Verizon’s
10 proposal.

11 **Q. OCA ENGAGES IN A LENGTHY ARGUMENT SEEKING TO ESTABLISH**
12 **THAT THE COST OF THE LOCAL LOOP IS A “JOINT COST.” IS THIS**
13 **ARGUMENT RELEVANT IN THE PRESENT CONTEXT?**

14 A. No. The issue discussed by OCA as to whether the loop is a “joint cost” of providing
15 both local and access service is really a question of ratemaking policy, specifically how
16 high above incremental cost the rates for switched access should be priced in order to
17 include recovery of some portion of the cost of the local loop. In this case, even if
18 RLEC access rates are reduced, they would still be priced above economic or
19 incremental cost under any of the proposals before the Commission and therefore those
20 rates would continue to contribute to the cost of the local loop. Additionally, Verizon
21 does not claim that the RLECs should not recover their loop costs; rather, that it would
22 simply be more appropriate and more economically efficient, and more conducive to
23 the development of efficient competition, if a larger portion of these costs were

1 recovered from end user customers. This is the reason that the FCC reduced carrier
2 access rates and instead moved the recovery of loop costs to the subscriber line charge
3 imposed on retail end users. This economic principle was explained by the FCC in its
4 *MTS and WATS Market Structure* Order.

5 Thus, one should not ask whether costs are caused by carriers or users. One
6 should ask whether particular costs are caused by a particular user or class of
7 users. The cost of a common line is attributable to the user who has that line,
8 which is dedicated to his use and which remains available for his exclusive use
9 in sending or receiving any telecommunication that can be transmitted through
10 the local dial switch. For this reason the imposition of a flat charge upon a
11 subscriber who has a common line to recover some part of the fixed costs
12 associated with that common line burdens that customer with no costs that the
13 customer did not cause.

14 *See MTS and WATS Market Structure*, 97 F.C.C.2d 682, 688-689 (1983).

15 I agree that the historical practice of recovering loop costs in access rates was
16 the result of a policy decision for revenue support and subsidy, as described by Dr.
17 Loube, but it has no economic meaning in terms of cost causation, and it is an
18 inefficient cost recovery mechanism. And the mere fact that subsidies were once used
19 in setting access rates is not a justification for their continued use in today's
20 competitive environment.

21 **Q. SEVERAL PARTIES ARGUE THAT VERIZON'S ACCESS RATES SHOULD**
22 **BE LOWER THAN THE RLECS' ACCESS RATES BECAUSE THE**
23 **VERIZON ILECS ARE LARGER, SERVE SOME URBAN AREAS, AND THE**
24 **LIKE. (ZINGARETTI DIRECT AT 27-28; LOUBE DIRECT AT 34; WILSON**
25 **DIRECT AT 14). WHAT IS YOUR RESPONSE?**

26 A. The RLECs appeal to their purportedly higher costs when it is convenient to them to
27 do so, but it is notable that they do not want to be regulated on a rate-base, rate of

1 return basis and they submit no concrete proof that their excessive rates are actually
2 necessary to recover specific costs. The RLECs should not make theoretical assertions
3 about cost without any real proof. In any event, the cost of providing the actual service
4 of switched access should not differ among the RLECs and Verizon. As
5 CenturyLink's witnesses admitted, the functionality used to provide switched access is
6 essentially the same, regardless of what carrier is providing it. (Harper and Lindsey
7 Direct at 34). This argument about higher "costs" is simply another way for the
8 RLECs to argue that they should be provided greater contribution to operating costs
9 through access rates than Verizon is provided through its own access rates.

10 **Q. THE PTA CONTENDS THAT THERE SHOULD BE NO RLEC ACCESS**
11 **REDUCTIONS WITHOUT FURTHER VERIZON ACCESS REDUCTIONS.**
12 **(ZINGARETTI DIRECT AT 56). WHAT IS YOUR RESPONSE?**

13 A. Mr. Zingaretti provides no basis to conclude that Verizon's access rates – which the
14 OCA's witness asserts are already "unreasonably low" (Loube Direct at 33) – should
15 be further reduced before the RLECs reduce their own much higher access rates. This
16 course of action would just exacerbate the already large gap between what the RLECs
17 charge and what Verizon charges for the exact same functionality. The Commission
18 should first move all carriers' rates to a uniform benchmark, and then address future
19 reductions in the benchmark equally for all carriers.

20 **Q. CENTURYLINK CONTENDS THAT VERIZON LAGS BEHIND THE RLECS**
21 **IN ACCESS REFORM. (BONSICK DIRECT AT 6; HARPER AND LINDSEY**
22 **DIRECT AT 13). WHAT IS YOUR RESPONSE?**

1 A. The Commission need look no further than the parties' actual rates to demonstrate the
2 falseness of this claim. The Verizon ILECs presently charge 1.7 cents per minute or
3 less, while CenturyLink charges 5 cents a minute for what it concedes is the exact
4 same functionality.

5 **V. THE RLECS SHOULD BE PROVIDED THE OPPORTUNITY TO**
6 **REBALANCE THE REVENUE TO RATES FROM OTHER**
7 **NONCOMPETITIVE SERVICES**

8 **Q. DO YOU AGREE THAT THE RLECS SHOULD BE PROVIDED THE**
9 **OPPORTUNITY TO INCREASE RATES FOR OTHER NONCOMPETITIVE**
10 **SERVICES TO RECOVER REVENUE THAT IS REBALANCED AWAY**
11 **FROM ACCESS CHARGES?**

12 A. Yes. Not only do I agree, but I believe this result is required by 66 Pa. C.S. § 3017(a)
13 for those RLECs that have chosen to be regulated under Chapter 30's alternative form
14 of regulation. The RLECs should not be forced to increase their rates for other
15 noncompetitive services, but should be provided the opportunity to do so. Further, the
16 Commission should allow each RLEC leeway to design its own increases (or to choose
17 to forego some or all of the increase or to bank it).

18 **Q. DO YOU AGREE WITH THOSE PARTIES WHO ASSERT THAT THE**
19 **STATUTORY REVENUE NEUTRALITY REQUIREMENT COULD BE**
20 **SATISFIED SIMPLY BY TELLING THE RLECS THAT THEY MAY**
21 **INCREASE RATES FOR COMPETITIVE OR UNREGULATED SERVICES?**

22 A. No. On this point I agree with the RLECs. The only reasonable reading of the statute
23 is that the company must be given the opportunity to rebalance revenue to other
24 regulated rates within the noncompetitive basket of services, as this would keep the

1 rate changes revenue neutral within the set of those services for which the Commission
2 has authority to regulate rates. The Commission has no authority to direct the RLECs
3 to increase rates for competitive or deregulated services. Further, in a competitive
4 market a company cannot be expected to maintain competitive service prices at levels
5 designed to generate contribution for rate regulated services. Competitive market
6 prices are not likely to tolerate such inefficiency. Thus, rate-regulated services must
7 cover their total cost. In this case, under alternative regulation the RLECs are not
8 required to demonstrate the costs of their regulated business, but the statute provides
9 for revenue neutrality within the regulated basket of services to ensure that those
10 services continue to cover their costs (presuming they covered their costs when
11 alternative regulation was elected).

12 **Q. DO YOU AGREE THAT IT IS NOT A VIABLE OPTION FOR THE RLECS**
13 **TO INCREASE RATES FOR OTHER NONCOMPETITIVE SERVICES TO**
14 **PROVIDE A REVENUE NEUTRAL OFFSET?**

15 A. No. I disagree with the RLECs' premise that providing them the opportunity to
16 increase other regulated rates would not satisfy the revenue neutrality mandate of
17 Chapter 30. And as a factual matter, I disagree with the RLECs' claim that it is not a
18 "viable option" for them to increase regulated retail rates. The record does not support
19 the conclusion that the RLECs cannot increase retail rates to rebalance the revenue.

20 **Q. THE OCA CONTENDS THAT THE RLECS SHOULD NOT BE PERMITTED**
21 **TO INCREASE THEIR RESIDENTIAL RATES ABOVE \$17.09 TO**
22 **REBALANCE ACCESS REVENUE AND THAT ANY INCREASES TO**
23 **BUSINESS RATES SHOULD BE LIMITED TO THE SAME DOLLAR**

1 **AMOUNT PER LINE OF THE RESIDENTIAL RATE INCREASES. (LOUBE**
2 **DIRECT AT 13). DOES THE RECORD SUPPORT THIS ASSERTION?**

3 A. No. Dr. Loube’s limitation, that no RLEC residential rate should exceed \$17.09, is
4 simply intended to set a very low floor after which the RLECs would claim revenue
5 from other carriers through USF subsidies. It is based on the same arguments he
6 advanced in the first phase of this investigation – that RLEC rates must be suppressed
7 to keep them “comparable” to Verizon PA’s statewide average rates and “affordable.”

8 Verizon explained at length in the first phase of this proceeding why Dr.
9 Loube’s arguments are flawed and wrong. In the first phase, Dr. Loube advanced two
10 arguments in favor of capping the RLEC residential retail rates at \$18 – affordability
11 and comparability.¹⁹ On affordability, OCA’s own witness in the first phase – the only
12 witness providing any testimony on what would be an “affordable” RLEC residential
13 rate – quickly admitted that even under his most conservative analysis the
14 “affordability” level in Pennsylvania is no lower than \$32, and I demonstrated that,
15 with a few simple and reasonable changes to his assumptions, it is actually much
16 higher.²⁰ Subtracting for taxes and fees, the \$32 OCA-advocated “affordable” rate is
17 equivalent to about a \$23 basic rate – not a basic rate of \$17.09 or even \$18. (*See*
18 Loube Direct, Exhibit RL-6, indicating that the typical taxes and fees total about \$9)

19 Because the only record evidence regarding “affordability” does not come
20 close to supporting a rate cap as low as the OCA wishes to assert, and shows that

¹⁹ It is curious that he has now reduced his rate cap level to \$17.09, particularly when his own data shows that some of the RLECs have already exceeded that rate level.

²⁰ Phase I, Tr. at 132; Phase I, OCA St. 2 (Colton Direct) at Schedule RDC-5; Phase I, VZ St. 1.1 (Price Rebuttal) at 24.

1 customers can reasonably afford to pay rates well above \$17.09, OCA attempted in the
2 first phase to skew the number downward by arguing that “comparability” to Verizon’s
3 rates must also be considered. In other words, OCA argues that even if customers’
4 “affordability” level is higher, the RLEC rates should be kept “comparable” with
5 Verizon’s basic regulated rates – which themselves have been artificially depressed
6 due to regulation. OCA based this argument on 47 U.S.C. § 254(b)(3), which lists as
7 one of the governing “principles” for the FCC and the Federal-State Joint Board on
8 Universal Service that “[c]onsumers in all regions of the Nation, including low-income
9 consumers and those in rural, insular, and high cost areas, should have access to
10 telecommunications . . . at rates that are reasonably comparable to rates charged for
11 similar services in urban areas.” 47 U.S.C. § 254(b)(3). But the Public Utility Code
12 does not mandate that RLEC rates must be “reasonably comparable” to any other
13 carrier’s rates, and Section 254(b)(3) is not a mandate to *state* commissions regarding
14 intrastate rates.²¹ OCA has provided no other reason to look at “comparability” to
15 Verizon’s rates. In short, there is no reason to depress RLEC rates to keep them
16 “comparable” to Verizon’s.

17 But even if there were some reasonable basis to limit the RLECs’ rates to a
18 level “reasonably comparable” to some other carrier’s rates – notwithstanding that the
19 OCA conceded in the first phase that customers could afford to pay higher rates – it is
20 unreasonable to use Verizon’s basic rates as the standard upon which to limit the
21 RLECs from increasing their own residential rates. Verizon’s own rates have been kept

²¹ *Buffalo Valley Tel. Co. v. PUC*, No. 847 C.D. 2008 (Commw. Ct., December 15, 2009), slip op. at 34 (accepting this Commission’s argument that Section 254(b) pertains to federal universal service and is not a mandate to state commissions).

1 artificially low by regulation and there has been no determination either that Verizon's
2 current regulated basic residential local service rates define the level of "affordability"
3 today, or that customers could not afford to pay rates higher than Verizon's residential
4 rates. In fact, due to regulation, Verizon's basic residential local service rates have
5 remained relatively unchanged for many years, and were not increased in step with the
6 rate of inflation until very recently. With the enactment of the original Chapter 30 in
7 1993 until the modification of Verizon's alternative regulation plans to comply with
8 the new Chapter 30 in 2004, Verizon PA operated with a large "inflation offset" in its
9 price change formula that had the effect of precluding annual noncompetitive services
10 rate increases. As discussed in the *Global Order*, Verizon PA's rates also were capped
11 for a time.²² Verizon's ability to increase these rates is still limited by the inflation-
12 based terms of its alternative regulation plan and the provisions of Chapter 30.

13 However, even if Verizon's rates were relevant, OCA's "comparability"
14 calculation is flawed because Dr. Loubé does not look to Verizon's "urban" rates –
15 which is the only possible point of reference under 47 U.S.C. § 254(b)(3) (referring to
16 rates that are "reasonably comparable to rates charged for similar services in *urban*
17 areas.") Rather, Dr. Loubé artificially depresses the Verizon rate by purporting to
18 calculate a statewide average, which skews the result downward since Verizon's rural
19 rates are lower. Verizon's "urban" rates are those in Density Cells 1 and 2, only,
20 which as I discuss below are \$16.32 and \$16.62, respectively. A rate 120% of the
21 highest Verizon urban rate is nearly \$20. Further, the record in the first phase

²² *Joint Petition of Nextlink Pa., Inc.*, Docket Nos. P-00991648; P-00991649, 93 Pa. P.U.C. 172 (1999) ("*Global Order*"), slip op. at 185 (Verizon PA rates for "protected" services capped through December 31, 2003).

1 demonstrated that a 120% margin was purely arbitrary and even Dr. Loube admitted
2 that other states that tie rates to other carrier rates in the state look to higher
3 percentages, such as 130% in Wyoming and 150% in California. (Phase One, OCA St.
4 1 (Loube Direct) at 11-12; Phase One, VZ St. 1.1 (Price Rebuttal) at 34-35). Using a
5 150% comparability range would yield a “reasonably comparable” rate of \$24.93.

6 In sum, while Dr. Loube relies primarily on the evidence from the first phase to
7 support his assertion that the RLECs should not be permitted or required to increase
8 residential rates above \$17.09, the record simply does not support that assertion and
9 shows that even under OCA’s own theories and evidence the RLECs could increase
10 their rates to at least \$23, and perhaps as high as \$25.

11 **Q. MR. ZINGARETTI (AT 18, N. 30) QUOTES WHAT HE ASSERTS ARE**
12 **VERIZON PA’S CURRENT RATES FOR BASIC STAND-ALONE**
13 **RESIDENTIAL SERVICE. IS HE CORRECT?**

14 A. No. The table below presents Verizon PA’s current rates for basic stand-alone
15 residential service, as of January 1, 2010, when Verizon PA’s most recent price change
16 opportunity rate increases took effect.

1
2
3
4
5
Price Rebuttal Table Three
Verizon Pennsylvania Inc.
Tariffed Basic Residential Rates as of 1/1/10²³

Cell	Cell 1	Cell 2	Cell 3			Cell 4		
Usage Rate Group	City	City	A	D	F ²⁴	A	D	F
Dial Tone Line	\$7.45	\$7.75	\$8.13	\$8.13	\$8.13	\$8.53	\$8.53	\$8.53
Local Area Unlimited Usage	\$8.87	\$8.87	\$3.82	\$5.22	\$6.87	\$3.82	\$5.22	\$6.87
Sum	\$16.32	\$16.62	\$11.95	\$13.35	\$15.00	\$12.35	\$13.75	\$15.40

6
7 Verizon PA's urban areas are those in Density Cells 1 and 2. Mr. Zingaretti cites rates
8 from 2008 for Density Cells 1 and 2, which are over a dollar lower than the current
9 rates.

10 **Q. IS THERE ANY RECORD SUPPORT FOR THE PROPOSITION THAT THE**
11 **RLECS SHOULD NOT BE PERMITTED TO INCREASE THEIR BUSINESS**
12 **RATES BEYOND THE SAME DOLLAR AMOUNT BY WHICH**
13 **RESIDENTIAL RATES ARE INCREASED?**

14 **A.** None at all, and Dr. Loube does not even attempt to explain why basic business rates
15 could not increase more than residential rates if necessary to absorb an access rate
16 rebalancing – even if one accepted his flawed premise that residential rate increases
17 should be limited. This was the same flaw with the RLEC/OCA position in the first
18 phase, and although Verizon pointed out several times the lack of evidentiary
19 foundation to limit RLEC business rate increases, no one ever produced any actual
20 evidence in support of the proposition, nor did anyone attempt to rebut Verizon's

²³ Verizon PA, Pa. P.U.C. No. 180A – Pennsylvania; Pa. P.U.C. No. 182 – Philadelphia; Pa. P.U.C. No. 182A – Philadelphia Suburban; Pa. P.U.C. No. 185B – Pittsburgh; Pa. P.U.C. No. 185C – Pittsburgh Suburban.

²⁴ The rates for Philadelphia and Pittsburgh Suburban areas in Density Cell 3 are the same as those for Density Cell 3 rate group "F," and thus are not separately depicted.

1 evidence that showed that the RLECs' business rates are relatively low and could be
2 increased without any constraint. The record simply does not contain the evidence to
3 support imposing a business rate cap at all, much less to restrict the RLECs from
4 increasing their business rates to rebalance access revenue and instead requiring other
5 carriers – including their direct competitors – to reimburse them so that they may *avoid*
6 raising their business rates. The PTA's witness in the first phase, Mr. Laffey,
7 conceded that the national average single line business rate was \$36.59 in 2007.²⁵ This
8 2007 national average is *\$10 higher than* CenturyLink's business rate of \$26.23 and
9 even higher than many of the other RLECs' business rates. It would be an absurd
10 result to require other carriers, including direct competitors, to reimburse the RLECs
11 through an expanded USF to allow them to avoid increasing business rates that are
12 presently about \$10 or more below the national average. In this phase, both OCA and
13 the RLECs presume that business rate increases would be no higher, on a dollar per
14 line basis, than the residential increases, an assumption that increases the estimated
15 impact on residential rates from any rebalancing. But this presumption is not
16 supported by the record.

17 **Q. MR. ZINGARETTI STATES THAT “RECOVERED ENTIRELY FROM END**
18 **USE CUSTOMERS, LOCAL RATES WOULD INCREASE BY \$7.32 PER**
19 **LINE ON AVERAGE.” (ZINGARETTI DIRECT AT 18 AND GMZ-13). IS**
20 **THIS THE ONLY POSSIBLE CONCLUSION?**

²⁵ Phase I, PTA St. 1R (Laffey Rebuttal) at 22. *See also* FCC Trends in Telephone Service, August 2008, Table 13.2. (Price Rebuttal Exhibit 1).

1 A. No. Mr. Zingaretti is assuming, as did Dr. Loube, that the increases to the residential
2 and business rates would be equal, and that no other rates for any other noncompetitive
3 services would be increased. But of course that is not necessarily the only way that a
4 revenue neutral offset could be designed.

5 **Q. DOES THE RECORD INDICATE THAT THE RLECS COULD REBALANCE**
6 **THEIR REVENUE TO OTHER NONCOMPETITIVE RATES AND REMAIN**
7 **CONSISTENT WITH THE AFFORDABILITY EVIDENCE FROM PHASE**
8 **ONE OF THIS PROCEEDING?**

9 A. Yes. Neither the RLECs nor the OCA has made any effort to design a rebalancing that
10 would minimize residential rate increases, for instance by allocating more revenue to
11 business rates and/or allocating some of the revenue to other noncompetitive service
12 rates. Because their goal is to argue for expanded USF subsidies, their motive is to
13 make the prospective residential rate increases look as large as possible. But even with
14 that bias in mind, the charts provided by the PTA (Zingaretti Direct, Exhibit GMZ-13)
15 and the OCA (Loube Direct, Exhibit RL-4) reveal that many of the RLECs could
16 rebalance the necessary access revenue while still keeping residential rates below the
17 most conservative \$23 affordability level. With more thought given to rate design,
18 they might be able to keep the residential increases even smaller. The RLECs and
19 OCA are deliberately creating obstacles to a reasonable rebalancing to support their
20 claim for risk-free, carrier-funded USF subsidies (debunked below).

21 And of course this is not an “all or nothing” proposition. While Verizon
22 believes the best result is for all RLECs to match Verizon’s benchmark rates, the PUC
23 should look at the rebalancing on a carrier-by-carrier basis. It is unquestionable that

1 each and every RLEC has room for some access rebalancing if the matter is
2 approached with an open mind to the optimum rate design. In short, Verizon is not
3 asking for any of the RLECs to be left without the opportunity to collect this revenue
4 from their end users – but it is ultimately up to them if they want to use the opportunity
5 or not. In fact, this is the model that the Legislature established via Chapter 30.

6 **Q. DO YOU HAVE ANY COMMENT IN RESPONSE TO THE ARGUMENTS OF**
7 **THE PTA AND CENTURYLINK THAT THEY CANNOT BE REQUIRED TO**
8 **INCREASE BASIC DIAL TONE RATES BEYOND CURRENT LEVELS**
9 **BECAUSE OF COMPETITION FROM OTHER TELECOMMUNICATIONS**
10 **PROVIDERS?**

11 A. I do not suggest that any company should be forced by regulation to operate its
12 business at a loss and if an RLEC came forward with specific evidence to show that it
13 is indeed operating at a loss – which no RLEC has done here – the Commission would
14 have to take appropriate action, including eliminating anachronistic regulatory burdens
15 that do not apply to competitors and therefore do not allow the company to price
16 competitively in the market. This, however, is a theoretical question because the
17 record here shows that the Commission can address the rebalancing of the RLECs’
18 access rates within the parameters of Chapter 30.

19 In addition, the notion that some customers might defect to competitors of
20 CenturyLink or the other RLECs actually *confirms* that universal service would not be
21 jeopardized by an increase in basic exchange rates. If it is true that some customers
22 would switch to RLEC competitors, affordability and universal service concerns do not
23 apply. In fact, some switching to competitors is to be expected in a free market when

1 an incumbent's artificial competitive advantage (the ability to charge local rates well
2 below the market rate because of subsidies) is reduced. When competition has taken
3 hold, it is time to reduce or eliminate the costs imposed by outdated regulatory burdens
4 that prevent the RLECs from meeting the competitive price in the market.

5 **Q. EVEN IF RATE INCREASES CAUSE CUSTOMERS TO REVIEW OPTIONS**
6 **OTHER THAN BASIC LOCAL SERVICE FROM THE RLECS, IS IT**
7 **CORRECT TO PRESUME THAT GOING TO A COMPETITOR OR**
8 **LEAVING THE PUBLIC SWITCHED TELEPHONE NETWORK WOULD**
9 **BE THE CUSTOMERS' ONLY OPTIONS?**

10 A. No. Another option available to customers would be to choose a competitive or
11 unregulated service offered by the RLEC itself. For example, CenturyLink offers
12 bundled packages of local and unlimited long distance calling for a flat rate as
13 competitive services under its informational tariff for competitive services.²⁶ In
14 today's market stand-alone basic local service is not the customer's only choice even if
15 the customer wishes to stay with the RLEC.

16 **Q. MR. ZINGARETTI ARGUES THAT THE RLECS SHOULD BE PROVIDED**
17 **A "REASONABLE TRANSITION PERIOD SO THAT LOCAL VOICE**
18 **SERVICE PROVIDERS MAY ADJUST THEIR BUSINESS PLANS AND**
19 **AVOID CONSUMER RATE SHOCK." (ZINGARETTI DIRECT AT 4). DO**
20 **YOU DISAGREE?**

²⁶ The United Telephone Company of Pennsylvania LLC, d/b/a/ CenturyLink Pennsylvania, Tariff Pa. PUC No. 500, Informational Tariff for Competitive Services, Section 2(C) (Solutions – Residence).

1 A. I don't disagree in theory, but the RLECs have not proposed any plan for rebalancing
2 access revenues to retail rates, much less a "reasonable transition period."

3 **VI. THE COMMISSION SHOULD NOT EXPAND THE USF TO REPLACE**
4 **RLEC ACCESS REVENUE**

5 **Q. DO YOU AGREE WITH THE RLECS' AND OCA'S PROPOSAL TO OFFSET**
6 **ANY ACCESS REDUCTIONS WITH INCREASED SUBSIDIES FROM THE**
7 **STATE USF INSTEAD OF RETAIL RATE INCREASES?**

8 A. No. By their own estimation, OCA's plan would require the USF to increase by \$63
9 million. The RLECs assert that if any access reductions occur, they would claim the
10 entire amount from the USF – as much as \$72 million under Mr. Zingaretti's
11 calculations if the RLECs' access rates were reduced to the Verizon benchmark. In
12 either case, their plans would more than triple the size of the carrier-funded USF that
13 today provides approximately \$30 million per year to the RLECs.

14 But no party has provided any justification for or concrete evidence of a need
15 to expand the state USF to subsidize traditional wireline local telephone service in
16 what these parties themselves admit is a competitive intermodal telecommunications
17 environment. Nor has any party demonstrated why other carriers and their customers
18 should be penalized through USF assessments because of the fact that customers may
19 wish to avail themselves of competitive service alternatives to the RLECs. Rather, the
20 Commission should reduce the RLECs' access rates and allow them to recover the
21 revenue through retail rates.

22 More than tripling the size of the USF to provide further subsidies to the
23 RLECs' operations would be detrimental to both consumers and carriers, because it

1 would encourage the RLECs to continue relying on artificial subsidies rather than
2 becoming more efficient and/or innovative in their operations. This is the exact
3 opposite of the incentive that alternative regulation is intended to provide. Expanding
4 the USF in this manner would simply perpetuate the anticompetitive *status quo* under
5 which one set of providers (the RLECs) recovers network costs from other providers.
6 Such a result is *incompatible with and harmful to the workings of a competitive market*
7 for communications services. Indeed, it would recreate the exact same problem that is
8 inherent in the RLECs' excessive access rates, albeit through a slightly different
9 mechanism. The only way to solve the problem is to have the RLECs reduce their
10 dependence on revenue provided by other carriers and recover that revenue instead
11 from their own end users.

12 Moreover, such expansion of the fund is not needed to spur universal service,
13 and in fact may well have a negative effect. When consumers have access to quality
14 services that are being provided by a number of competing carriers and technologies,
15 at affordable rates (as the RLECs' testimony asserts is the case in Pennsylvania today),
16 the goals of universal service are achieved through the workings of competitive
17 markets, and artificial subsidies – particularly new ones based only on anecdotal
18 evidence – are unnecessary.

19 In Phase One of this investigation ALJ Colwell rejected the argument that the
20 USF should be expanded to serve a different purpose, that of providing new revenues
21 permitted by the inflation-based formula in the RLECs' alternative regulation plans.

22 As ALJ Colwell explained:

1 The PA USF is a fund which exists because the ratepayers of other
2 telecommunications providers have paid the money, unwittingly, as a hidden
3 tax. It is not "free money" to be plundered at will and without concern for its
4 origins or for whether it is the best use of the money. . . . At some point, the
5 market is meant to rely on competition to keep rates affordable.
6 Institutionalizing the PA USF in its present form to provide subsidies to
7 companies who do not have to prove need will not assist the market in reaching
8 its goals and will, instead, provide barriers to entry for new carriers. (Colwell
9 RD at 87).

10
11 **Q. WAS THE USF SETTLEMENT ADOPTED BY THE COMMISSION IN THE**
12 **1999 GLOBAL ORDER INTENDED TO STAY IN EFFECT IN PERPETUITY?**

13 A. No. The USF was a temporary or interim measure, and was not intended to be
14 permanent. To enable RLECs to take a small step in reducing access rates while
15 limiting increases to retail rates, the PUC's 1999 *Global Order* approved a settlement
16 creating for the first time a state USF as a "means to reduce access and toll rates for the
17 benefit of the end-user customer" by having other regulated carriers make payments to
18 the RLECs to reimburse them for the access and toll rate decreases agreed to in the
19 same settlement. The fund would collect its money from all telecommunications
20 providers (excluding wireless carriers) based on their intrastate end-user
21 telecommunications revenues, but only the RLECs would be eligible to collect support
22 from the fund. As the Commission explained, "[a]lthough it is referred to as a fund, it
23 is actually a passthrough mechanism to facilitate the transition from a monopoly
24 environment to a competitive environment – an exchange of revenue between
25 telephone companies which attempts to equalize the revenue deficits occasioned by
26 mandated decreases in their toll and access charges."²⁷ The fund was sized and
27 distributed based only on the specific rate changes contemplated by the *Global Order*

²⁷ *Global Order*, slip op. at 135.

1 settlement. As the PUC stated in the *Global Order*, “[t]he interim funding mechanism
2 that we create through this order will function until December 31, 2003, or until the
3 subsequent . . . investigation develops a new process, whichever occurs first.”²⁸
4 When it initiated the present investigation docket, the Commission in 2004 set out to
5 consider “whether there should be further intrastate access charge reductions” for the
6 RLECs and whether the “interim funding mechanism” of the state USF should be
7 altered or eliminated.²⁹ As ALJ Colwell concluded in Phase One of this investigation,
8 “[l]ooking back over the Commission’s Orders leading up to this Investigation, it is
9 clear that there was no expectation by the Commission that the PA USF would be
10 institutionalized in its present form.” (Colwell RD at 88). She went on to explain that
11 “[t]he parties to [the *Global Order*] litigation, as well as the parties to the Access
12 Charge Investigation were agreeable to settlement because they believed that the
13 Commission would institute *and litigate* an investigation which would address and
14 handle the PA USF and access charge issues in a timely manner.” (*Id.*)

15 **Q. MR. ZINGARETTI CONTENDS THAT “[USF] FUNDING HAS BEEN**
16 **AVAILABLE IN ALL THE PRIOR INSTANCES WHERE ACCESS WAS**
17 **REDUCED ON THE STATE SIDE.” (ZINGARETTI DIRECT AT 21). IS**
18 **THIS AN ACCURATE STATEMENT?**

19 A. No. The current USF was sized specifically based on the RLEC access reductions
20 following the 1999 *Global Order*. When the RLECs reduced access rates through a

²⁸ *Global Order*, slip op. at 146 (emphasis added).

²⁹ *Investigation Regarding Intrastate Access Charges and IntraLATA Toll Rates of Rural Carriers, and the Pennsylvania Universal Service Fund*, Docket No. I-00040105 (Opinion and Order entered Dec. 20, 2004) at 3.

1 settlement again in 2003, the size of the fund was not increased. Instead, the RLECs
2 rebalanced the revenue through retail rate increases and shifted some of the USF
3 receipts among the carriers. Moreover, Verizon has engaged in substantial access rate
4 reductions since the *Global Order* and none of those reductions were off-set with USF
5 funding. Instead, Verizon either rebalanced the revenue to retail rates directly through
6 retail rate increases or indirectly through the use of negative price change opportunities
7 under its alternative regulation plan, opportunities that might otherwise have been used
8 to reduce regulated retail rates.

9 **Q. THE RLECS AND OCA SUGGEST THAT THE COMMISSION CANNOT**
10 **REDUCE RLEC ACCESS RATES UNLESS IT ALSO EXPANDS THE STATE**
11 **USF. IS THIS CONSISTENT WITH THE COMMISSION'S STATEMENTS**
12 **ON THE ISSUE?**

13 A. No. In its December 10, 2009 Order addressing the scope of this phase of the
14 investigation, the Commission made clear that “we would like to remind the Parties
15 who rely on the PaUSF that access charge reform in Pennsylvania may or may not
16 depend upon the continuation of the PaUSF. In this regard, we shall make no
17 determination at this time on any of the substantive issues but clarify that we are not
18 constrained by the PaUSF for access charge reform.” (12/10/09 Order at 23).

19 **Q. YOU MENTIONED IN THE INTRODUCTION TO THIS TESTIMONY THAT**
20 **EXPANDING THE USF TO BE USED IN THIS MANNER WOULD PROVIDE**
21 **A “WINDFALL” TO THE RLECS. COULD YOU EXPLAIN IN MORE**
22 **DETAIL?**

1 A. Yes. First, I will explain how the current ten-year-old USF is providing a windfall to
2 the RLECs. In the first phase of this case the RLECs' witness contended that on
3 average the RLECs have experienced a 20% line loss since the *Global Order*. (Phase
4 One, Laffey Direct at 7).³⁰ CenturyLink asserts that it has lost 28% of lines since the
5 *Global Order*. (Harper and Lindsey Direct at 28). In absolute terms, then, the RLECs
6 are actually profiting from the current USF because, if they had rebalanced the revenue
7 to local service rates or left it in access and toll rates back in 1999-2000, those
8 revenues would have diminished rather than being a constant annual stream of revenue
9 of \$30 million a year for nearly 10 years, as they have been with the USF. If the
10 RLECs had rebalanced their access and toll reductions with basic local service rate
11 increases in 1999-2000, the \$30 million in annual revenue from 1999-2000 would have
12 decreased by at least 20%, to \$24 million, due to the line loss they describe.
13 CenturyLink's share of \$6 million would have declined by 28% to \$4.3 million. Even
14 if the RLECs had not rebalanced the revenue at all and left the toll and access rates the
15 same, given industry trends the RLECs' access and toll minutes-of-use over this time
16 have decreased, which would have reduced the resulting revenue. Using information
17 recently released by the FCC, the volume of intrastate access minutes dropped by at
18 least 22% on an industry-wide basis from 1999 through 2006.³¹ Extrapolating the
19 annual average decline through the end of 2009, the decline would be 31.6%. Yet
20 because they are receiving the replacement revenue from other carriers who cannot

³⁰ The PTA echoes this line loss testimony here. Mr. Zingaretti contends that the PTA companies have experienced 17% line loss since 2005. (Zingaretti Direct at 20).

³¹ See Trends in Telephone Service, August 2008, issued by the FCC's Industry Analysis and Technology Division, Wireline Competition Bureau, Table 10.2. (Price Rebuttal Exhibit 1).

1 choose to stop paying, the RLECs are still receiving \$30 million a year nearly ten years
2 later, even though they would not be receiving that level of revenue in the absence of
3 the USF.³²

4 Because the RLECs concede in this case that both their retail lines and their
5 access minutes are decreasing, a trend that is expected to continue, the same inequity
6 and windfall would occur if the RLECs are guaranteed a constant annual revenue
7 amount based on their foregone access revenue at the time of the rebalancing. They
8 are seeking a guaranteed revenue stream funded by other carriers (who are themselves
9 subject to the risks of competition) to replace a stream of revenue that they concede is
10 declining and at risk.

11 **Q. WHAT WOULD BE THE EFFECT OF REQUIRING OTHER CARRIERS TO**
12 **FUND THIS PERMANENT AND RISK-FREE FLOW OF SUBSIDIES TO**
13 **THE RLECS?**

14 A. For the RLECs, it would be a very good deal, providing them a guaranteed revenue
15 stream without the risks of competition or line loss. For Pennsylvania communications
16 consumers, however, it would not be a good deal. Consumers would lose all around,
17 for several reasons. First, because companies like Verizon, Comcast, AT&T and the
18 others that pay into the USF would have to divert revenue each year to subsidize the
19 RLECs' operations, their customers would be denied the benefits of revenue that
20 otherwise could have been used to improve the companies' products, services, or
21 networks, or even to reduce rates. Some companies might even be required to increase
22 rates in order to carry on their every-day operations and meet their ever-increasing

³² Compounding the inequity of the situation, the contributing base has declined as well over this period.

1 USF burden – particularly as competition impacts their own businesses. Second,
2 because the USF contributions are calculated based on the carriers’ intrastate revenue,
3 communications companies that might otherwise have chosen to invest in
4 Pennsylvania could choose to take their business elsewhere, leaving Pennsylvanians
5 with fewer competitive options.

6 Customers in the RLEC territory will also suffer. Although they will
7 theoretically have access to stand-alone basic service from the RLECs at rates lower
8 than what otherwise might have been charged, their opportunities for competitive
9 alternatives will be diminished because any carriers that wish to come in and compete
10 with the RLEC will have to compete with heavily subsidized operations and either
11 may choose not to do so or may not compete as effectively.³³ These RLEC customers
12 might also be deprived of service, product and network innovation by the RLEC itself,
13 because an RLEC that is guaranteed a constant and risk-free stream of revenue from a
14 source other than its customers, and that also faces a diminished competitive threat,
15 will naturally have less incentive or need to deploy innovative products and services to
16 retain and attract customers.

³³ This anti-competitive effect is exactly the opposite of the goal the Commission wished to achieve when it set out to reform RLEC access rates and created the original USF. *See, e.g.*, 52 Pa. Code § 63.161(3) (purpose of the USF regulations is to “encourage[e] greater competition.”)

1 **Q. THE OTHER PARTIES ASSERT THAT THE COMMISSION CAN**
2 **INCREASE THE SIZE OF THE USF TO SUBSIDIZE RLEC ANNUAL RATE**
3 **INCREASES BY REQUIRING ADDITIONAL CARRIERS SUCH AS**
4 **WIRELESS AND VOICE OVER INTERNET PROTOCOL (“VOIP”)**
5 **PROVIDERS TO CONTRIBUTE. (ZINGARETTI DIRECT AT 56). IS THIS A**
6 **REALISTIC OPTION?**

7 A. First, I note that the same December 10, 2009 Order discussed above also held that
8 “[e]xamination of whether wireless carriers and VoIP service providers should be
9 contributors to the PaUSF” is not a proper issue to be raised in this phase of the
10 investigation because “[e]ngaging in litigation regarding what entities are the
11 appropriate contributors to the PaUSF may unnecessarily distract from the primary
12 focus of the consolidated proceeding on access charge reform.” (12/10/09 Order at
13 24). Therefore, it certainly is not proper to presume that the funding base of the USF
14 will be increased in making the decisions required in this phase of the proceeding. I
15 also note that I am not a lawyer and, to the extent this issue is addressed, Verizon will
16 supply its legal arguments in briefing. However, as a policy matter, by imposing such
17 burdens on the more innovative services this proposal would greatly discourage
18 investment in new technologies in Pennsylvania – the very opposite of the outcome the
19 Commission should be seeking. Burdening these services and technological
20 innovations with unnecessary new fees is the surest way to drive investment dollars
21 away from Pennsylvania.

1 **Q. DO YOU AGREE WITH THE RLECS THAT IT WOULD NOT BE**
2 **APPROPRIATE TO REQUIRE RETROACTIVE REFUNDS IN THIS CASE?**

3 A. Yes, I agree with them. This argument turns on the interpretation of 66 Pa. C.S. §
4 1309, which is a legal issue beyond the scope of my testimony. Verizon has explained
5 its position in legal briefing and will do so again at the appropriate time. While I am
6 not advocating any retroactive refunds, the Commission should act expeditiously to
7 implement the reductions on a forward-going basis.

8 **Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?**

9 A. Yes.