

**Before the
Federal Communications Commission
Washington, D.C. 20554**

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In the Matter of)	
)	
July 1, 2009)	WCP/Pricing 09-02
Annual Access Charge Tariff Filings)	
)	
Embarq Local Operating Companies)	Transmittal No. 72
Tariff F.C.C. No. 1)	
)	
Verizon Telephone Companies)	Transmittal No. 1022
Tariff F.C.C. No. 1)	
)	

PETITION OF AT&T CORP. TO SUSPEND AND INVESTIGATE

Pursuant to Section 1.773 of the Commission's Rules, 47 C.F.R. § 1.773, and the Commission's Order, DA 09-683, released Mar. 26, 2009,¹ AT&T Corp. ("AT&T") respectfully requests that the Commission suspend for one day, investigate and issue an accounting order for the interstate access tariff filed by above captioned local exchange carriers ("LECs").²

Through cross-basket revenue shifts that it wrongly contends are necessary to maintain its average traffic sensitive ("ATS") rate at current levels, Embarq has tariffed unjust and unreasonable rate increases that total more than \$700,000. Specifically, Embarq has reduced the Price Cap Index ("PCI") for its traffic sensitive basket by \$1,000,353, and increased the PCI for its trunking basket by \$1,730,653 through a "Targeted Revenue Differential or Change"

¹ Order, *July 1, 2009 Annual Access Charge Filings*, WCB/Pricing File No. 09-02, DA 09-683 (rel. Mar. 26, 2009) (setting procedures and filing dates for the 2009 annual access charge filings).

² See *Embarq Local Operating Companies*, Transmittal No. 72, Tariff F.C.C. No. 1 (filed June 16, 2009); *Verizon Telephone Companies*, Tariff No. 1, Transmittal No. 1022 (filed June 16, 2009).

adjustment in its PCI calculations.³ Verizon has also inappropriately adjusted the PCI for its traffic sensitive basket by nearly \$5.3 million, and made an slightly larger increase in the PCI for its trunking basket through a Targeted Revenue Differential adjustment.⁴

By their plain terms, the Commission's price cap rules do not permit price cap LECs to use the Targeted Revenue Differential or Change line in this fashion. The Commission's price cap rules generally prohibit shifts between baskets, and the sole purpose of the Targeted Revenue Differential adjustment was as a *transition* mechanism to ATS Target Rates under the Calls Plan. The price cap rules expressly state that "[t]he Targeted Revenue Differential shall be applied *only* to the trunking and traffic sensitive baskets to the extent *necessary* to reduce the ATS charge to the Target Rate as set forth in section 61.3(qq), and shall not be applied to reduce the PCIs in any other basket or to reduce Average Price Cap CMT Revenue per Line month, except as provided in section 61.45(i)(4)."⁵ Embarq and Verizon achieved their ATS targets long ago, and they thus have no legitimate basis for including the Targeted Revenue Differential adjustment in PCI calculations. Indeed, the rules define the Targeted Revenue Differential as Revenue multiplied by GDP-PI-X, a product which is necessarily *zero* once the ATS target is attained and, under the rules, the X-Factor *equals* GDP-PI.⁶

³ Embarq 2009 Annual Access Filing, Transmittal No. 71, TRP Chart SUM-1, column E lines 170 and 220; Embarq TRP Chart PCI-1, columns B and C line 950. Embarq's TRP chart TGT-1 line 460 shows its current "ATS Revenue per MOU" as \$.006979 and line 1120 shows its "Proposed ATS Rate" as \$.006979.

⁴ Verizon 2009 Annual Access Filing, Transmittal No. 1021, TRP Chart SUM-1, column E lines 170 and 220; Embarq 2009 Annual Access Filing, Transmittal No. 71, TRP Chart SUM-1, column E lines 170 and 220.

⁵ 47 CFR 61.45(i)(1) (emphasis added).

⁶ *Id.*

Embarq and Verizon may contend that 47 C.F.R. § 61.45(i)(3) authorizes the Targeted Revenue Differential adjustments they propose, but that rule contains no reference at all to the Targeted Revenue Differential, much less any guidance on how it could reasonably be determined when $X = \text{GDP-PI}$. And Embarq's contention that a Targeted Revenue Differential Adjustment is necessary here to maintain its ATS rates at current levels is simply wrong. If that is Embarq's goal, it could and should have achieved that goal in a revenue neutral manner by shifting revenues *within* the traffic sensitive basket, *e.g.*, from local switching to switching trunk ports. But Embarq has offered no explanation how it could be just and reasonable to employ cross-basket revenue shifts in a manner that results in substantial rate *increases*.

CONCLUSION

For the reasons stated above, the Commission should suspend for one day and investigate the tariffs filed by the above-captioned LECs and impose an accounting order.

Respectfully submitted,

AT&T Corp.

/s/ M. Robert Sutherland

Gary L. Phillips

M. Robert Sutherland

AT&T Inc.

1120 20th Street, N.W.

Washington, D.C. 20036

(202) 457-2057

David L. Lawson
Christopher T. Shenk
Sidley Austin LLP
1501 K St., N.W.
Washington, D.C. 20005
(202) 736-8000

Attorney's for AT&T Corp.

Please Send and Fax Replies To:

Safir Rammah
Director-Finance, AT&T
Room B-J16.21
3033 Chain Bridge Road
Oakton, VA, 22185
Phone: 703-691-6186
Fax: 908-234-4529

June 23, 2009

CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of June 2008, I caused true and correct copies of the foregoing Petition of AT&T Corp. To Suspend And Investigate to be served on all parties as shown on the attached Service List.

Dated: June 23, 2009
Washington, D.C.

/s/ Christopher T. Shenk

SERVICE LIST

Raj Kannan
Pricing Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, SW, Room 5-A221
Washington, D.C. 20554
Raj.Kannan@fcc.gov
(3 paper copies and 1 e-mail copy)

Pamela Arluk
Chief, Pricing Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, SW, Room 5-A225
Washington, D.C. 20554
Pamela.Arluk@fcc.gov
(1 paper copy and 1 e-mail copy)

Best Copy and Printing, Inc.
Portals II
445 12th Street, SW, Room CY-B402
Washington, D.C. 20554
fcc@bcpiweb.com
(1 email copy)

Frederick Moacdieh
Verizon Telephone Companies
Executive Director, Federal Regulatory Affairs
1300 I Street, N.W., Suite 400
Washington, D.C. 20005
Fax. (202) 336-7922
Tel. (202) 515-2590

Gary Kepley
Embarq Corporation
Director, Regulatory Systems
5454 West 110th Street
Mailstop KSOPKJ0502-508
Overland Park, Kansas 66211
Tel. (913) 345-7572
Fax. (913) 345-6756