

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

**In the Matter of** )  
 )  
**July 3, 2001** )  
**Annual Access Tariff Filings** )

**Reply of  
the Citizens Communications Companies**

Pursuant to the procedures established by the Federal Communications Commission (ACommission@),<sup>1</sup> the Citizens Communications Companies (ACitizens@) hereby file this reply to the June 25, 2001 APetition of AT&T Corp.@ (APetition@) filed in the above-captioned proceeding. In the Petition, AT&T Corp. (AAT&T@) requests that the Commission Asuspend and investigate<sup>2</sup> Citizens= June 18, 2001 tariff filing (the ATariff Filing@) because: (1) Citizens used a lower formula exogenous cost adjustment (ALFA@) for property it recently acquired from Qwest;<sup>3</sup> and (2) Citizens failed properly to account for meet-point and other jointly-provided traffic within its transport rates.<sup>4</sup> AT&T has provided no specific facts or sustainable foundation to support or justify the relief it requests. Accordingly, Citizens respectfully requests that the Commission deny

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<sup>1</sup> See In the Matter of July 3, 2001 Annual Access Charge Tariff Filings, Order, CCB/CPD 01-08, DA 01-838, released April 6, 2001.

<sup>2</sup> Petition at 2.

<sup>3</sup> See id. at 2, 9-12.

<sup>4</sup> See id. at 4, 20-24. While AT&T makes this broad allegation against all price cap Local Exchange Carriers (ALECs@), no specific reference is made by AT&T to Citizens=s filing. The only reference provided by AT&T is to a work paper from Qwest that mentions ACitizens MPB.@ See

the Petition and permit the Citizens Tariff Filing to go into effect as filed on July 3, 2001. In support thereof, the following is shown:

The Commission's rules contain specific elements that AT&T must meet to sustain its request that Citizens Tariff Filing be suspended.<sup>5</sup> AT&T has failed to address these specific elements required by the Commission's rules and its Petition is, therefore, clearly defective. As such, the Petition should be rejected and Citizens Tariff Filing should be permitted to go into effect, as filed, on July 3, 2001.

Notwithstanding AT&T's failure to comply with applicable Commission rules, AT&T's claims regarding why Citizens Tariff Filing should be suspended and investigated are unpersuasive.

First, AT&T is wrong to suggest that Citizens cannot avail itself of an LFA for its North Dakota properties.<sup>6</sup> Contrary to AT&T's suggestion, Citizens respectfully submits that it may seek an LFA based on the conservative methodology it used and a base year which properly reflects Citizens ownership of its North Dakota properties (ACTC-North Dakota@). The FCC has indicated that

Under the low-end adjustment mechanism, if the earnings of a LEC fall below 10.25 percent in a base year, the LEC may raise its PCI, and consequently its rates, in the following year to target earnings at 10.25 percent, using the base period to compute the amount of the adjustment to the PCI. The low-end adjustment mechanism operates as a one-time adjustment to a single year's rates, "in keeping with the one-year

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*id.* at 23. Out of an abundance of caution, however, Citizens replies to this baseless allegation.

<sup>5</sup> See 47 C.F.R. ' 1.773(a)(1)(iv).

<sup>6</sup> See, e.g., Petition at 10-12.

adjustments made to effect sharing.<sup>7</sup>

Since Citizens only owned CTC-North Dakota for two months in calendar year 2000, Citizens reasonably applied this period as its base year for the LFA, and calculated the return for that base period. The revenues were then increased only for the two month base period to bring the return up to 10.25%. This resulted in Citizens seeking \$110,839 as an LFA. If Citizens had annualized this amount or used a full 12 months as its base period, the result would have been six times the proposed LFA. AT&T has not demonstrated that this application of the Commission's Report and Order is improper. Moreover, AT&T has failed to explain how its view can be reconciled with the inequities of forcing a LEC with a partial year of operations to forego proper cost recovery associated with its operation, when the adjustment being requested is made only for the limited period of operation. Accordingly, the Commission should reject AT&T's allegations regarding Citizens' LFA and permit the Tariff Filing to go into effect as filed on July 3, 2001.

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<sup>7</sup> In the Matter of Price Cap Regulation of Local Exchange Carriers, Rate-of-Return Sharing and Lower Formula Adjustment, Report and Order, 10 FCC Rcd 5656 (1995) (Report and Order) at 5658 (para.9)(footnotes omitted).

Second, the Commission should also reject outright AT&T's suggestion that all of the Price Cap LECs have failed properly to account for meet-point and other jointly-provided traffic. AT&T claims that all the Price Cap LECs have generally failed to properly account for meet-point and other jointly-provided traffic in calculating their average per minute transport rates by counting each minute of meet-point traffic as a full transport minute.<sup>8</sup> Notwithstanding AT&T's overly broad assertion, Citizens submits that it has properly accounted for its transport costs and has properly developed its rates, and no specific facts have been alleged by AT&T to concluded otherwise. Moreover, AT&T's position defies reality in that minutes of use are determined by either utilization of an end office or tandem switch, a use that is independent of the meet point used for proper recovery of the costs of the transport facilities between two LECs. If an end office switch or tandem is included in a meet-point network configuration, the switch or tandem processes each and every minute that passes through the switch B not a portion of the minutes as AT&T presumably contends. In any event, AT&T's concern regarding recovery is resolved by the proper utilization of the meet point billing percentages for the transport facility being used, and no suggestion has been made that Citizens did not properly reflect these percentages in its rates.

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<sup>8</sup> See, e.g., Petition at 21-22.

Further, Citizens notes that the relief AT&T claims should be granted here is the same as that requested in the 2000 access charge tariff filing. AT&T's final paragraph in Section V in 2000 stated: "Accordingly, the Commission should require the LECs to fully document their calculations of transport minutes and to apply appropriate meet-point percentages to their meet-point billed and other jointly-provided traffic."<sup>9</sup> This compares to AT&T's final paragraph in Section VI in 2001: "For these reasons, the Commission should require the LECs to fully document their calculations of transport minutes and to apply appropriate meet-point percentages to their meet-point billed and other jointly-provided traffic."<sup>10</sup> As it did last year, the Commission should simply allow the rates to go into effect that were based on the methodology claimed by AT&T to be insufficient. Accordingly, AT&T's second claim against Citizens' Tariff Filing should be rejected and the Commission should permit Citizens' Tariff Filing to become effective as filed on July 3, 2001.

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<sup>9</sup> See Petition of AT&T Corp. In the Matter of 2000 Annual Access Tariff Filings, June 22, 2000, page 14.

<sup>10</sup> See Petition at 24.

For the reasons stated, Citizens respectfully requests that the Commission deny AT&T's Petition and permit Citizens June 18, 2001 tariff filing to become effective as filed on July 3, 2001.

Respectfully submitted,

**The Citizens Communications Companies**

By:

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June 29, 2001

CERTIFICATE OF SERVICE

I, Michael Giles, of Citizens Communications hereby certify that a copy of the foregoing Reply of the Citizens Communications Companies was served this 29<sup>th</sup> day of June, 2001, by facsimile and U.S. Mail, postage pre-paid, to the following parties:

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