Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554

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| In the Matter of | ) | |
| | ) | |
| December 17, 2001 MAG Access Charge Tariff Filings | ) | CCB/CPD 01-23 |
| | ) | |
| Beehive Telephone Company, Inc. Beehive Telephone Co. Inc. Nevada | ) | Transmittal No. 22 |
| | ) | |
| Tariff F.C.C. No. 1 | ) | |

REPLY OF THE BEEHIVE TELEPHONE
COMPANIES TO PETITION OF AT&T CORP.

Beehive Telephone Company, Inc. and Beehive Telephone Co. Inc. Nevada (collectively "Beehive"), by their attorney and pursuant to §1.773(b)(1)(iii) of the Commission's Rules ("Rules") and the Order (DA 01-2748) of the Competitive Pricing Division released November 26, 2001, hereby reply to the Petition of AT&T Corp. ("Petition") by which AT&T Corp. ("AT&T") asks the Commission to suspend and investigate their above-captioned tariff filing.

AT&T points out that Beehive did not apply the Commission's 30 percent safe harbor to its local switching revenue requirement as developed in its last tariff filing (Transmittal No. 21). *See* Petition, at 4. Rather, as it explained in §§ 3 and 5 of the description and justification portion of its tariff filing, Beehive calculated its line port costs as 30 percent of the local switching revenue requirement developed by NECA's cost study. Beehive believed that the use of the local switching revenue requirement determined by NECA would serve as the most reasonable proxy for its line port costs.

As the Commission recognized in its MAG Order, the line port costs of rate-of-return carriers "may vary greatly." *See Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap ILECs and IXCs*, FCC 01-304, at 43 (Nov. 8, 2001) (¶ 94). In Beehive's case, its line port costs represent significantly less than 30 percent of its local switching revenue requirement that supported its Transmittal No. 21, simply because its local switching costs were extraordinarily high ($2,434,166) due to expenses not associated with its line port costs. Because those expenses were excluded from NECA's cost study, Beehive believed that application of the 30 percent default allocator to the local switching revenue requirement calculated by NECA would more accurately reflect its line port costs and still comply with the MAG Order.

AT&T also contends that Beehive improperly computed its local switching costs, because it allegedly did not exclude the "approximately $100,000" it received in local switching support. *See* Petition at 4 n.5. However, NECA excluded any local switching support when it calculated Beehive's local switching revenue requirement. Hence, Beehive complies with § 69.106(b) of the Rules.

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For all the foregoing reasons, Beehive respectfully requests the Commission to deny the Petition.

Respectfully submitted,

BEEHIVE TELEPHONE CO., INC. and
BEEHIVE TELEPHONE CO. INC. NEVADA

By ________________________________
Russell D. Lukas
Their Attorney

LUKAS, NACE, GUTIERREZ & SACHS, Chartered
1111 19th Street, N.W., Suite 1200
Washington, D.C. 20036
(202) 857-3500

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