

In the Matter of)
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JULY 2, 2002) WCB/Pricing 02-12
ANNUAL ACCESS CHARGE TARIFF FILINGS)

The Citizens Telecommunications Companies (“CTC”) and Frontier Telephone of Rochester (“FTR”), by their attorney, hereby reply to the Petition of AT&T Corp. (AT&T) filed against the annual price cap filings of CTC and FTR.¹ As shown herein, AT&T’s arguments are without merit and should be dismissed with dispatch. AT&T’s arguments appear to misunderstand both the Commission’s rules and the Tariff Review Plan (TRP) required of price cap carriers.²

AT&T claims that FTR and CTC made administrative errors by filing different rates for some multi-line business (MLB), End User Common Line (EUCL) and Presubscribed Interexchange Carrier Charge (PICC) than are found in the corresponding TRPs. As described below, AT&T misinterprets the Commission's rules and misreads the TRPs.

² See, July 2, 2002 Annual Access Charge Tariff Filings, *Order*, released April 26, 2002, DA 02-970 ("2002 TRP Order"); and Material to be Filed in Support of 2002 Annual Access Tariff Filings, *Tariff Review Plans*, released April 30, 2002, DA 02-990 ("2002 TRP Details Order").

For FTR, AT&T finds fault with Frontier Telephone of Rochester Tariff F.C.C. No. 1 ("FTR FCC #1") Eighth Revised Page 4-21³ and Tenth Revised Page 4-8.⁴ For CTC, AT&T finds fault with Citizens Telecommunications Companies Tariff F.C.C. No. 1 ("CTC FCC #1") 10th Revised Page 819 and 4th Revised Page 963.⁵ On the cited pages, FTR and CTC filed MLB EUCL rates of \$9.20 and MLB PICC rates of \$4.31. AT&T claims that the MLB EUCL rate for the RTNY Company Study Area ("COSA") should be \$4.69⁶; that the MLB PICC rate for the RTNY COSA should be zero⁷; that the MLB PICC rate for COSA RTCS should be \$0.07⁸; and that the MLB PICC rate for COSAs CTC3 and CTC5 should be zero.⁹

AT&T is mistaken in all claims of erroneous rates in the FTR and CTC filings.¹⁰ The Citizens and Frontier Telephone Companies are allowed to recover a portion of the Local Switching revenue reduction mandated in 2000 from the Common Line/Marketing/TIC ("CMT") basket.¹¹ This provision of the *CALLS Order* was codified as Section 61.48(m)(1)(ii) of the Commission's Rules. The Commission recently affirmed this section of the rules in an *Order* in CC Dockets 96-262 and 94-1 released June 5, 2002, FCC 02-161 ("*SLC Cap Order*"). In the

³ See, *AT&T Petition* at fn. 33.

⁴ *Id.*, at fn. 42.

⁵ *Id.*, at fn. 38.

⁶ *Id.*, at fn. 40, citing TRP Form CAP-2.

⁷ *Id.*, at fn. 32, citing TRP Form CAP-1.

⁸ *Id.*, at fn. 35, citing TRP Form CAP-1.

⁹ *Id.*, at fn. 38, citing TRP Form CAP-1.

¹⁰ FTR did file one erroneous rate on Eighth Revised Page 4-21. The Non-Primary Residential PICC rate was mistakenly filed as \$4.31, when it should have remained zero. FTR has since filed Transmittal No. 60 to correct this error.

¹¹ See, *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*, released May 31, 2000, FCC 00-193 ("*CALLS Order*") at ¶147, ¶154.

SLC Cap Order, the Commission clearly highlighted this particular proposition with the finding that,

[N]on-Bell Operating Company price cap carriers that have at least 20 percent of total holding company lines operated by rural telephone companies may elect to shift to the common line basket the switched access usage charges necessary to yield those filing entities' proportionate share of the total reduction in switched access usage charge rates. These carriers would include these amounts in the CMT revenue requirement, and, to the extent they cannot recover all of the revenue requirement within a filing entity, they may increase their multi-line business PICCs and multi-line business EUCLs in other filing entities within the same holding company, up to the amount of the applicable SLC and PCCC cap.¹²

The Commission concluded,

that no party has raised any objection to retaining the rural price cap exception and we are not aware of any problems created by the exception. We believe that the rationale for adopting it in the *CALLS Order* remains, i.e., it is in the public interest to allow rural price cap LECs some ability to recover the switched access usage charge reductions through shifting them to the CMT basket. We therefore retain the exception.¹³

The foregoing aspect of Section 61.48(m)(1)(ii) of the Commission's Rules was made part of the TRP through Forms CAP-4 ("Allocation of Pool Revenues to MLB PCCC & MLB EUCL") and CAP-5 ("Verification of Recovered CMT Revenue"). A more thorough examination of these TRP Forms with the applicable rules in mind reveals that the MLB PCCC rates of \$9.20 and the MLB EUCL rates of \$4.31 are correct in every instance. Further, AT&T ignores TRP Form RTE-1, which shows the MLB EUCL and PCCC rates of \$9.20 and \$4.31, respectively, in all the disputed jurisdictions. AT&T also ignores TRP Form SUM-1, which shows summary revenue numbers consistent with TRP Form RTE-1.

¹² *SLC Cap Order* at ¶53.

¹³ *Id.*, at ¶54.

AT&T also ignores FTR's and CTC's cost support information other than the TRP. For example, on Exhibits H-1 and H-2 of FTR Transmittal No. 60, the derivation of the pooling revenue used for all affiliated ILEC COSAs is clearly displayed. Indeed, much of this information has been available to AT&T since May 1 on Exhibits H-1 and H-2 associated with FTR's or CTC's May 1, 2002 TRP filings. AT&T has had a month and a half to examine this information, and apparently found no problems with it.

The application of Section 61.48(m)(1)(ii) of the Commission's Rules in the manner followed by CTC and FTR is not new. FTR applied pooling revenues pursuant to this section in the annual 2000 and 2001 filings, and AT&T found no fault at that time. AT&T's acquiescence in, by its failure to petition against, the contemporaneously filed price cap filing of Frontier Communications of Minnesota and Iowa,¹⁴ is telling. Frontier Communications of Minnesota and Iowa developed its EUCL and PICC rates pursuant to §61.48(m)(1)(ii) using methodology identical to that used by FTR and CTC. Further, it is unlikely that the Citizens and the Frontier Companies are the only ILECs applying pooling revenues this year, yet AT&T complains only about those carriers.

¹⁴ Frontier Communications of Minnesota and Iowa Transmittal No. 45.

Clearly, AT&T's complaint about FTR and CTC is based upon misunderstanding, innocent or otherwise, of the applicable rules and a misreading of the TRPs. To the extent that the AT&T Petition is directed toward the Citizens and Frontier Companies, it is without merit and should be dismissed.

Respectfully submitted,

THE CITIZENS
TELECOMMUNICATIONS COMPANIES
and

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CERTIFICATE OF SERVICE

I hereby certify that, on this 27th day of June, 2002, I caused true and correct copies of the foregoing "Reply Of The Citizens Telecommunications Companies And Frontier Telephone Of Rochester To The Petition Of AT&T Corp." to be provided to the parties listed below by telecopy and U.S. Mail, postage prepaid.

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