COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

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Brandenburg Telephone Company; Duo County	RECEIVED
Telephone Cooperative Corporation, Inc.; Highland))
Telephone Cooperative, Inc., Mountain Rural	MAY 21 2009
)
Telephone Cooperative Corporation, Inc.; North) PUBLIC SERVICE
Central Telephone Cooperative Corporation; South) COMMISSION
Central Rural Telephone Cooperative Corporation, Inc.)
And West Kentucky Rural Telephone Cooperative)
Corporation, Inc.)
Complainants) Case No. 2007-00004
v.)
)
Windstream Kentucky East, Inc.) }
Defendant	,)

WINDSTREAM KENTUCKY EAST, LLC'S RESPONSES TO SUPPLEMENTAL RLEC DATA REQUESTS

Windstream Kentucky East, LLC ("Windstream East") submits the following Responses to the Supplemental Data Requests propounded by Brandenburg Telephone Company ("Brandenburg"), Duo County Telephone Cooperative Corporation, Inc. ("Duo County"), Highland Telephone Cooperative, Inc. ("Highland"), Mountain Rural Telephone Cooperative Corporation, Inc. ("Mountain Rural"), North Central Telephone Cooperative Corporation ("North Central"), South Central Rural Telephone Cooperative Corporation, Inc. ("South Central"), and West Kentucky Rural Telephone Cooperative Corporation, Inc. ("West Kentucky") (collectively, the "RLECs"):

As a general matter for the record, Windstream East continues to object that the RLECs' Supplemental Data Requests exceed a lawful or appropriate amount. Additionally, Windstream

East objects to all RLEC Data Requests that seek a legal opinion or statutory interpretation, as any such legal arguments promulgated by Windstream East in this proceeding will be addressed by Windstream East's attorneys in the briefs in this matter. Windstream East also objects that questions related to the TELRIC model ultimately are irrelevant and not dispositive of any outcome in this proceeding as applicable transit rates are not required by law to be set pursuant to TELRIC pricing.

Windstream East notes generally that, as is not an uncommon occurrence with cost study support, several questions seek information that is extraordinarily voluminous, not readily produced in any manageable format, and in some instances, embedded in and cannot be extracted from Windstream corporate systems. While Windstream East has indicated its appropriate objections on these applicable responses, Windstream East also notes that the RLECs may review such information at Windstream East's corporate headquarters during normal business hours and upon reasonable advance notice to Windstream East.

REQUEST NO. 1: Does Windstream allege or affirm that the previously-provided Excel workbook entitled "KY East_Transit Study_Final.XLS" (hereinafter "Windstream Model") is the "TELRIC-based" model referenced by Kerry Smith in his direct testimony (page 5, line 16)? If not, provide an electronic copy of the model Mr. Smith referenced.

RESPONSE: The Excel workbook entitled, "KY East_Transit Study_Final.XLS" is the TELRIC model referenced in Kerry Smith's Direct Testimony.

Does Windstream affirm or otherwise claim that the Windstream Model **REQUEST NO. 2:**

complies with all "forward-looking economic cost" (hereinafter "FLEC") regulations

promulgated by the Federal Communications Commission in its regulations—Subparts F and H

of 47 CFR 51? If not, please identify the regulations with which the Windstream Model does not

comply.

RESPONSE: The Windstream Model complies with FCC regulations. Interpretations of any

applicable law or regulations will be addressed by parties' attorneys in briefs, and the burden of

• proof to demonstrate any perceived noncompliance is on the RLECs.

Windstream East Representative Supporting Response: Kerry Smith

REQUEST NO. 3: Please explain in narrative form the methodology underlying how

Windstream developed the end office transit rate of \$0.0045 per minute of use. A simple

reference to the Windstream Model is an insufficient response.

RESPONSE: Windstream East does not maintain a "narrative form" regarding the requested

methodology and objects that it is required to compile one for purposes of discovery. Without

waiving said objection, Windstream East states that the end office transit rate is a TELRIC-based

rate, which adds the tandem portion to a separately calculated amount for the end office.

Windstream East Representative Supporting Response: Kerry Smith

REQUEST NO. 4: Is the "deterrent" mentioned by Kerry Smith in his direct testimony (Page

5, line 8) developed using the FCC's regulations? If yes, please identify the regulation or other

rationale that permits use of a mark-up to serve as a "deterrent" in the marketplace.

RESPONSE: Windstream East objects that this question is procedurally inappropriate as it seeks

discovery regarding Windstream East's direct testimony and is wholly outside the scope of the

reasons why the RLECs alleged they needed supplemental discovery (which was to explore

further the cost model they have had since 2007 and not to submit questions regarding parties'

testimony). Windstream East objects further as the "deterrent" concept referenced above in

Request No. 4 is fully explained in Windstream East's Direct Testimony (see, e.g., pages 6-7).

Further, Windstream East expects that the RLECs are familiar with the concept of deterring

parties from using an end office as a tandem considering that the RLECs have not disputed that

concept in this proceeding or otherwise, and Windstream East understands that the RLECs do

not allow their own end offices to be used as tandems (especially not for free of charge).

Windstream East Representative Supporting Response: Kerry Smith

REQUEST NO. 5: Does Windstream allege or affirm that the PDF version of the Windstream Model properly documents the formulas used in the Windstream Model to allow a reader to follow the computation of its proposed rates? If yes, please explain how the Windstream Model allows this.

RESPONSE: The imaged version (PDF) of Windstream East's cost model documented the formulas in the source column to demonstrate how the calculations were derived.

REQUEST NO. 6: Does Windstream allege or affirm that the PDF version of the Windstream Model properly documents the data sources used in the Windstream Model? If yes, please

RESPONSE: The imaged version (PDF) of the cost model does not contain links to data

Windstream East Representative Supporting Response: Kerry Smith

explain how the Windstream Model does so.

sources.

REQUEST NO. 7: At the time of filing its tariff, did Windstream provide a copy (PDF or native Excel Workbook format) of its Windstream Model to any person or office operating on

behalf of the Kentucky Public Service Commission?

RESPONSE: No, as none was required or requested.

Windstream East Representative Supporting Response: Kerry Smith

REQUEST NO. 8: On the worksheet entitled "Embedded Costs," under the column identified

as "Variables," it appears that the entries are coded to reference variables used in Windstream's

"Quarter Cost Studies." Please provide a description and source for each variable name used in

this worksheet.

RESPONSE: See Attachment. The Attachment has been designated as Confidential in its

entirety and is subject to the Non-Disclosure Agreement between Windstream and certain of the

parties. Confidential Treatment is being sought.

Windstream East Representative Supporting Response: Kerry Smith

Entire Attachment Is Designated As **Confidential** And Has Been Redacted In Its Entirety.

REQUEST NO. 9: On the worksheet entitled "Embedded Costs," there are columns labeled as 1QTR05KG-4QTR05KG and 1QTR05KC-4QTR05KC. Please identify and describe each column label used in this worksheet, and explain the relationship, if any, between 1QTR05KG-4QTR05KG and 1QTR05KC-4QTR05KC.

RESPONSE: The label refers to quarterly cost studies for the prior GTE study area ("KG") and for the Contel study area ("KC").

REQUEST NO. 10: Please provide all studies (in both paper and electronic form, if available)

and workpapers that evidence, relate to, refer to, or were used to develop the values used in the

worksheet entitled "Embedded Costs."

RESPONSE: With respect to the only relevant and used factor, IX Percent of Transport, please

see Response to Request No. 8 above.

Windstream East Representative Supporting Response: Kerry Smith

REQUEST NO. 11: Please explain the use of the "Transport Factors" calculated on Excel lines 238-245 of the worksheet entitled "Embedded Costs." Specifically, please explain how Windstream uses these embedded cost factors in other worksheets in the Windstream Model.

RESPONSE: Please see Response to Request No. 10 above.

REQUEST NO. 12: Please identify and describe the adjustments Windstream has made to its embedded costs and / or its embedded cost factors developed in the worksheet entitled "Embedded Costs" to make these costs conform to Subpart F of 47 CFR 51.

RESPONSE: Please see the Response to Request No. 8,

Further, Windstream East objects to the portion of the request seeking an interpretation regarding compliance with a federal regulation.

REQUEST NO. 13: Please provide all workpapers and documents that evidence, refer to, relate to, or were used to calculate the "Composite," "Intrastate," "Debt Ratio," "Interest Rate" and "Cost of Capital" rate of return values that are hard-coded in the worksheet entitled "Factors." RESPONSE: Request No. 13 references composite, intrastate, and cost of capital values that were not used. The "Debt Ratio" of 49% was developed by an outside consultant based on a proforma allocation to wireline operations of Windstream's debt structure as of December 31, 2003. Windstream East does not have backup documentation for this calculation. The "Interest Rate" was for total ALLTEL Corporation and referenced in its 2003 annual report form 10-K.

REQUEST NO. 14: Please explain why an interstate rate of return factor is used to develop an intrastate transit traffic rate.

RESPONSE: Windstream East used the FCC's default rate of 11.25% as a default approximation.

REQUEST NO. 15: Please indicate whether the "Book Depreciation Life" factors are used to develop Windstream's transit traffic rate. If no, please explain why "Book Depreciation Life" values are displayed in the Windstream Model.

RESPONSE: Book Depreciation Life factors are not used in the cost model but appear merely as placeholders. For the rates in this proceeding, Windstream East used forward-looking economic lives per FCC regulations.

REQUEST NO. 16: Please provide all workpapers and source documents that evidence, refer

to, relate to, or were used to establish the "Economic Depreciation Life" factors that are hard-

coded in the worksheet entitled "Factors."

RESPONSE: See Attachment DR-16 Economic Depreciation Life. The Attachment has been

designated as Confidential in its entirety and is subject to the Non-Disclosure Agreement

between Windstream and certain of the parties. Confidential Treatment is being sought.

Windstream East Representative Supporting Response: Kerry Smith

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REQUEST NO. 17: Please provide all workpapers and source documents that evidence, refer to, relate to, or were used to establish each item listed under "Tax Rates" which are hard-coded in the worksheet entitled "Factors."

RESPONSE: The items are inputs only, and statutory rates were used.

REQUEST NO. 18: Please provide all workpapers and source documents that evidence, refer to, relate to, or were used to establish each item listed under "Maintenance Expense" which are hard-coded in the worksheet entitled "Factors." If the basis for "Maintenance Expense" factors includes embedded costs, please identify and describe the adjustments Windstream has made to its embedded costs and / or its embedded maintenance cost factors to make these costs conform

RESPONSE: This item is not utilized in the study and has no operational impact in the study.

Windstream East Representative Supporting Response: Kerry Smith

to Subpart F of 47 CFR 51.

to, relate to, or were used to establish each item listed under "Joint and Common Expenses" which are hard-coded in the worksheet entitled "Factors." If the basis for these expense factors

REQUEST NO. 19: Please provide all workpapers and source documents that evidence, refer

includes embedded costs, please identify and describe the adjustments Windstream has made to

its embedded costs and / or its joint and common expense factors to make these costs conform to

Subpart F of 47 CFR 51.

RESPONSE: Please see Windstream East's Response to Request No. 18 above.

REQUEST NO. 20: Please explain how the customer service expense factor was used to develop a transit traffic rate.

RESPONSE: Please see Windstream East's Response to Request No. 18 above.

REQUEST NO. 21: Please provide all workpapers and source documents that evidence, refer

to, relate to, or were used to establish each item listed under "P&C Factor" which are hard-coded

in the worksheet entitled "Factors."

RESPONSE: This request seeks Windstream East's production of information which is unduly

burdensome and impossible to produce in any readily available format. Windstream East makes

available the information for review by the RLECs during normal business hours at Windstream

East's corporate headquarters in Little Rock, Arkansas and upon reasonable advance notice to

Windstream East.

Windstream East Representative Supporting Response: Kerry Smith

REQUEST NO. 22: Please provide all workpapers and source documents that evidence, refer to, relate to, or were used to establish each item listed under "Common" which are hard-coded in the worksheet entitled "Factors."

RESPONSE: The only item listed under "Common" which was used in the study was the "Customer Svc Pct". Enclosed MS Excel file "DR22_KY East Customer Service Pct.xls" provides the supporting calculations based on 2005 Windstream East account balances.

Entire Attachment Is Designated As **Confidential** And Has Been Redacted In Its Entirety.

REQUEST NO. 23: Please provide all workpapers and source documents that evidence, refer

to, relate to, or were used to establish the regulated account balances listed on the worksheet

entitled "Accounts."

RESPONSE: This request seeks Windstream East's general ledger production of which is

unduly burdensome and impossible in a readily available format. Windstream East makes

available the ledger for review by the RLECs during normal business hours at Windstream East's

corporate headquarters in Little Rock, Arkansas and upon reasonable advance notice to

Windstream East.

Windstream East Representative Supporting Response: Kerry Smith

REQUEST NO. 24: Please provide worksheets containing regulated account balances for

accounting years 2006, 2007 and 2008 in the format in which the 2005 account balances were

provided.

RESPONSE: Balances for the requested accounting years are provided in Attachment to this

Response. The Attachment has been designated as Confidential in its entirety and is subject to

the Non-Disclosure Agreement between Windstream and certain of the parties. Confidential

Treatment is being sought.

Windstream East Representative Supporting Response: Kerry Smith

Entire Attachment Is Designated As **Confidential** And Has Been Redacted In Its Entirety.

REQUEST NO. 25: Please provide all workpapers and source documents that evidence, refer to, relate to, or were used to establish the values listed on the worksheet entitled "Import Data."

RESPONSE: Windstream East objects that this request is unduly burdensome as it seeks information comprising eight extremely voluminous books and that the information is not maintained in a readily available format in the ordinary course of business. Windstream East makes available the volumes for review by the RLECs during normal business hours at Windstream East's corporate headquarters in Little Rock, Arkansas and upon reasonable advance

Windstream East Representative Supporting Response: Kerry Smith

notice to Windstream East.

REQUEST NO. 26: Please describe the origin and use of Windstream's "TELRIC Database."

RESPONSE: This item merely refers to a repository that stores all of the data used to run the TELRIC study.

REQUEST NO. 27: Please describe in detail how the TELRIC database was developed,

including, but not limited to, the engineering assumptions; the economic assumptions; the

modeling techniques used; the types of equipment; and the methods used to make sure the

"TELRIC Database" reports values conform to Subpart F of 47 CFR 51.

RESPONSE: Windstream East states that the federal regulations are written documents which

speak for themselves. Windstream East provides its TELRIC cost study procedures as an

Attachment to this Response. The Attachment has been designated as Confidential in its entirety

and is subject to the Non-Disclosure Agreement between Windstream and certain of the parties.

Confidential Treatment is being sought.

Windstream East Representative Supporting Response: Kerry Smith

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REQUEST NO. 28: Please provide all workpapers and source documents that evidence, refer to, relate to, or were used to establish the positive values listed on the worksheet entitled

"Material Factors" that are hard-coded and that have not otherwise been requested.

RESPONSE: This request seeks Windstream East's production of information which is extraordinarily voluminous (*i.e.*, approximately more than 1,000 pages), not readily producible in any manageable format, and unduly burdensome. Windstream East makes available the information for review by RLECs during normal business hours at Windstream East's corporate

headquarters in Little Rock, Arkansas and upon reasonable advance notice to Windstream East.

REQUEST NO. 29: Please provide all workpapers and source documents that evidence, refer

to, relate to, or were used to establish the values listed on the worksheet entitled "Demand."

Please explain how Windstream determined the demand levels for various IX Fiber Ports used in

the Windstream Model.

RESPONSE: The forward-looking demand levels were determined by using actual demand. The

source documents would include Windstream East's engineering databases, the production of

which is unduly burdensome and not possible as those databases are embedded Windstream

systems. Windstream East makes available the information for review by RLECs during normal

business hours at Windstream East's corporate headquarters in Little Rock, Arkansas and upon

reasonable advance notice to Windstream East.

Windstream East Representative Supporting Response: Kerry Smith

REQUEST NO. 30: Please explain how Windstream determined the cost zone used in the Windstream Model.

RESPONSE: The cost zones are irrelevant to the rates produced in this proceeding and appear in the model merely as a placeholder from a prior use of the model.

REOUEST NO. 31: Please explain how "IX miles" used in the Windstream Model (identified in the Demand worksheet and used in the Rate Sheet worksheet) reflects transit miles for two

third-party carriers who interconnect at a Windstream tandem switch location.

RESPONSE: The miles reflect the average miles between parties. Windstream East used a total

average and did not design the miles to a specific route or location but rather as an overall

average route.

Windstream East Representative Supporting Response: Kerry Smith

REOUEST NO. 32: Identify the type of equipment used to develop the tandem switching and

transport investment categories of the study. Explain how Windstream determined that the

equipment modeled met Federal Communication Commission rules for a cost basis reflective of

TELRIC expectations.

RESPONSE: Windstream East objects to the question, in part, as the FCC's rules are written

documents that speak for themselves, said TELRIC rules are not required for development of a

transit rate, legal issues will be briefed by the attorneys in this matter, and the RLECs have the

burden of proof in this matter to demonstrate any perceived relevant noncompliance. With

respect to the type of equipment used, Windstream East states that it used a Nortel switching cost

model to develop the tandem switching investment used in the study. Investment was based on

inputs and forward-looking demand inputs to the model. The transport investment was developed

based on fiber transport facilities and termination equipment configurations required to support

the forecasted levels of transport. All equipment was priced pursuant to the costs to install new

facilities using material price lists in the model.

Windstream East Representative Supporting Response: Kerry Smith

REQUEST NO. 33: In identifying the investment in the tandem and transport, did Windstream rely on any embedded investment in the network? If yes, please explain how Windstream did so. **RESPONSE:** No embedded costs were used.

REQUEST NO. 34: What is the source of all direct investments for transport and tandem switching that is reflected in the TELRIC study?

RESPONSE: The source is current cost/pricing for forward-looking routes.

REQUEST NO. 35: Identify all engineers at Windstream who provided input into the development of a TELRIC compliant network cost used to develop the underlying investment in the network.

RESPONSE: Mike Skudin (Tactical Planning) and Don White (Strategic Planning).

REQUEST NO. 36: Does Windstream charge CLECs who interconnect with Windstream for

purposes of utilizing Windstream's transit service for facilities used to establish such

interconnection? If yes, please explain why Windstream does so.

RESPONSE: Windstream East does not understand this question and objects that it is vague and

ambiguous.

Windstream East Representative Supporting Response: Kerry Smith

REQUEST NO. 37: On what basis (tariff, contract, or both) does Windstream charge CLECs for these interconnection facilities?

RESPONSE: Please see Response to Request No. 36.

REQUEST NO. 38: Do Windstream's charges to CLECs include a component of transport

termination and facility billed to the CLECs for the transit facility regardless of the volume of

traffic? If yes, please explain why Windstream includes this charge.

RESPONSE: Windstream East does not understand this question and objects that it is vague and

ambiguous. To the extent it is intended as a continuation of the immediately preceding questions,

please see Response to Request No. 36 above.

Windstream East Representative Supporting Response: Kerry Smith

REQUEST NO. 40: What portion of Windstream's proposed tandem transit rate includes an element for the transport to, and termination in, a Windstream tandem?

RESPONSE: Windstream East does not understand this question as it asks about "termination in, a Windstream tandem." Traffic does not terminate at a tandem.

REQUEST NO. 39: Is Windstream proposing to replace its facility interconnection fees that are assessed on a flat rate basis for a rate based solely on minutes of use as a result of its cost study? If yes, please explain why Windstream proposes to do so.

RESPONSE: Windstream East does not understand this question and objects that it is vague and ambiguous. To the extent it is intended as a continuation of the immediately preceding questions, please see Response to Request No. 36 above.

REQUEST NO. 41: For each of the RLECs, what percentage of these RLEC's transport

minutes is transited to other RLECs over facilities that are provided and paid for by CLECs and

CMRS carriers pursuant to interconnection agreements? Please respond to this request

individually with respect to each of the RLECs.

RESPONSE: Windstream East objects, in part, as the question asks Windstream East to

quantify the RLECs' own traffic minutes which they may quantify themselves. Additionally,

Windstream East states that the question is nonsensical as it asks for RLEC-to-RLEC minutes

routed over CLEC or CMRS facilities. Windstream East is unclear how any such RLEC-to-

RLEC minutes would involve other CLEC or CMRS facilities.

Windstream East Representative Supporting Response: Kerry Smith

REQUEST NO. 42: On what basis was the demand for services determined?

RESPONSE: Windstream East objects that this question is vague and ambiguous. If it is

intended to ask how Windstream East determined that there was any demand for it to provide

local transit service to the RLECs or any party without a transit agreement, then Windstream

East states that the high volumes of traffic previously routed by some of the RLECs improperly

through Windstream East's end offices alerted Windstream East that the RLECs were demanding

and utilizing Windstream East's network, but without compensation.

Windstream East Representative Supporting Response: Kerry Smith

REQUEST NO. 43: What is the average IX miles deployed by Windstream for the traffic originated at a meet point of an RLEC and delivered to Windstream's tandem?

RESPONSE: Please see Windstream East's Response to Request No. 31 above.

This 19th day of May, 2009.

Respectfully submitted,

Mark R. Overstreet, Esq. STITES & HARBISON PLLC

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COUNSEL FOR WINDSTREAM KENTUCKY EAST, LLC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by United States First Class Mail, postage prepaid, on this 19th day of May, 2009 upon:

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