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April 17, 2008

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PUBLIC SERVICE  
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Ms. Stephanie L. Stumbo  
Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

**RE: Case No. 2007-00503 – Verizon’s Response to Windstream’s Reply  
in Support of Motion to Dismiss**

Dear Ms. Stumbo:

Windstream recently accused Verizon of an “inexcusable” inaccuracy in its February 20, 2008 Response to Windstream’s motion to dismiss. Given the tone of Windstream’s “Reply to Verizon’s Opposition to Windstream’s Motion to Dismiss” we are compelled to briefly respond.

Windstream’s criticism relates to the following sentence in the Response:

Windstream’s intrastate non-traffic-sensitive charges—which appear to lock in **1991** revenue streams—could not be more contrary to contemporary efforts to remove uneconomic subsidies from access rates.

Verizon’s Response at 5 (footnote omitted, bold text in original).

Windstream has now pointed out that Verizon South, Inc. reduced its NTS rates during 2001, the year before Windstream Kentucky East entered the Kentucky market. Windstream’s observation is correct, and irrelevant.

Verizon’s reference to the year 1991 was a direct quote from Windstream Kentucky West’s access tariff, filed in 2006, which states that the NTS Revenue Requirement will be determined “[d]uring 1991.” Verizon’s Response included a pinpoint citation to that tariff page, and a copy of that tariff page is enclosed.

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In referencing that access tariff, Verizon was responding to Paragraph 30 of Windstream's Motion to Dismiss, in which *Windstream* states that the NTSRR rates were established in a May 1991 order. And indeed, as the tariff shows, the NTS revenue stream for Windstream West *was* established in 1991, when that company was named ALLTEL Kentucky.

In citing to this tariff page Verizon explained that "Windstream's application of the tariff provision will be a fact issue for development in this case." Verizon's February 20 Response, n. 12. Therefore, it is quite surprising that Windstream accuses Verizon of "misrepresentations . . . regarding prior rate reductions." To Verizon's knowledge, neither Windstream West nor Windstream East has reduced switched access rates.

Verizon carefully documented Windstream's current access rates in its Petition filed December 5, 2007. Windstream has never denied that its rates are exactly as Verizon described them in the Petition. Moreover, Verizon's reference to Windstream Kentucky West's access tariff that describes the historical process for determining NTS Requirements was completely accurate—the tariff *does* appear to lock in 1991 revenue streams for Windstream Kentucky West, one of the Respondents to Verizon's Petition. Certainly Verizon did not intend to misrepresent anything or to mislead the Commission. In any event, nothing here is germane to the Commission's deliberations on the pending Motion to Dismiss.

Verizon has made a sufficient case to support an inquiry into Windstream's switched access rates. Verizon accurately described the rates at issue, and explained why these rates should be reduced. The Commission will determine what the rates will be for the future after developing a complete record. Verizon has also explained why the existence of access reform proceedings elsewhere has no bearing on whether Verizon has set forth a *prima facie* case here. Windstream's Motion to Dismiss should be denied.

Very truly yours,

STOLL KEENON OGDEN PLLC



Douglas F. Brent

Enclosure

cc: Robert C. Moore  
Kimberly K. Bennett  
Cesar Caballero

## INTRASTATE ACCESS SERVICES TARIFF

**3. Carrier Common Line Access Service (Cont'd)****3.9 Non-Traffic Sensitive Revenue Charge**

All customers of the Telephone Company's Switched Access Services provided in Section 6, excluding Feature Group A Access Service provided to end users for intraLATA Foreign (FX) service, will be subject to a Non-Traffic Sensitive Revenue (NTSR) charge.

**3.9.1 General Description**

The NTSR charge is developed from the Telephone Company's Non-Traffic Sensitive (NTS) Revenue Requirement per access line per month, as set forth in Section 17.1.2 following.

The NTSR charge will apply to all intrastate interLATA and intrastate intraLATA terminating minutes of use for all customers. For the purpose of determining the NTSR charge, terminating minutes are defined to be those minutes to which the terminating carrier common line rate would be applied as indicated in Sections 3.2.3 and 3.8.5(E) preceding. These minutes will be referred to as terminating rated access minutes in this section.

The NTSR charge will not be reduced by the MTS and MTS-type resale credits described in Section 3.6 preceding.

**3.9.2 Determination of Monthly NTS Revenue Requirement**

During 1991, the Telephone Company will determine its monthly NTS Revenue Requirement by multiplying the NTS Revenue Requirement per access line per month rate, as set forth in Section 17.1.2 following, by the number of Telephone Company access lines in service on June 30, 1999.

For each subsequent calendar year, the Telephone Company will determine its monthly NTS Revenue Requirement by multiplying the NTS Revenue Requirement per access line per month rate, as set forth in Section 17.1.2 following, by the number of Telephone Company access lines in service on December 31st of the previous year.

The access lines used in the calculation shall be the same access lines reported by the Telephone Company to the National Exchange Carriers Association.

If the number of access lines decreases during subsequent years, the monthly NTS Revenue Requirement shall not decrease below from the prior period revenue requirement.

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Issued: July 17, 2006

Vice President  
Shepherdsville, Kentucky

Effective: August 1, 2006

