

COMMONWEALTH OF KENTUCKY

KENTUCKY PUBLIC SERVICE COMMISSION

COUNTY OF Prince Georges

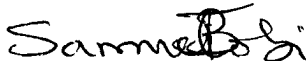
STATE OF Maryland

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Ola A. Oyefusi, who being by me first duly sworn deposed and said that he is appearing as a witness on behalf of BellSouth Telecommunications, Inc. d/b/a AT&T Kentucky, AT&T Communications of the South Central States, LLC, BellSouth Long Distance, Inc. d/b/a AT&T Long Distance Service, and TCG Ohio (collectively "AT&T") before the Kentucky Public Service Commission in Docket Number 2010-00398, *In the Matter of: An Investigation Into the Intrastate Switched Access Rates of All Kentucky Incumbent and Competitive Local Exchange Carriers*, and if present before the Commission and duly sworn, his statements would be set forth in the annexed direct testimony consisting of 63 pages and 7 exhibits.



Ola A. Oyefusi

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 28th DAY OF JUNE, 2011



Notary Public

My Commission Expires: 9-5-2012

924814

9-5-2012

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

)	
)	
AN INVESTIGATION INTO THE)	
SWITCHED ACCESS RATES OF ALL)	ADMINISTRATIVE
KENTUCKY INCUMBENT AND COMPETITIVE)	CASE NO. 2010-00398
LOCAL EXCHANGE CARRIERS)	
)	

DIRECT TESTIMONY OF
DR. OLA A. OYEFUSI

On Behalf of

BellSouth Telecommunications, LLC d/b/a AT&T Kentucky,
AT&T Communications of the South Central States, LLC, BellSouth Long Distance, Inc.
d/b/a AT&T Long Distance Service, and TCG Ohio

July 8, 2011

EDITED

1 **I. INTRODUCTION, PURPOSE AND SUMMARY OF TESTIMONY.**

2
3 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

4
5 **A.** My name is Ola A. Oyefusi, and my business address is 7125 Columbia Gateway Drive,
6 Columbia, Maryland 21046.

7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8
9 **A.** I am Lead Carrier Relations Manager in the National Access Management Organization
10 of AT&T Services, Inc. In that capacity, I am responsible for all matters affecting
11 AT&T's costs to interconnect its network with those of all other carriers, regardless of
12 class of service or technology, in 26 states. Among other duties, I am responsible for
13 reviewing and interpreting access tariffs and am involved in matters affecting AT&T's
14 wholesale costs of providing long distance service.

15 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
16 **PROFESSIONAL EXPERIENCE.**

17
18 **A.** I hold a Ph.D. in Economics from George Mason University in Fairfax, Virginia.
19 Additionally, I hold M.A. and B.S. degrees in Economics from Morgan State University
20 in Baltimore, Maryland.

21 I began my career with AT&T in 1999 and have been responsible for matters
22 related to AT&T's access and local interconnection expenses since then. Prior to joining
23 AT&T in 1999, I served on the staff of the District of Columbia Public Service
24 Commission between 1991 and 1999, where I provided economic advice in cost and
25 ratemaking proceedings, reviewed and interpreted tariff applications, and made
26 recommendations to the Commissioners. Before that, I taught economics and held
27 research positions between 1985 through 1991 at George Mason University's Center for
28 Study of Public Choice and at Morgan State University.

1 **Q. DR. OYEFUSI, HAVE YOU TESTIFIED BEFORE IN ANY REGULATORY**
2 **PROCEEDINGS INVOLVING ACCESS CHARGE REFORM?**

3
4 **A.** Yes. I filed testimony before this Commission in the Verizon/Windstream case (Case
5 No. 2007-00503), which has been consolidated with this proceeding. I have testified or
6 provided economic support in proceedings related to the reform of intrastate switched
7 access charges in state commissions across the country. Most recently, I testified in
8 Pennsylvania in a case involving the investigation of the switched access charges of
9 Verizon (the largest incumbent local exchange carrier or “ILEC” in Pennsylvania) and
10 also in a separate proceeding involving all the other ILECs in Pennsylvania. I have also
11 testified on AT&T’s behalf in switched access charge proceedings in Arizona, Virginia,
12 New Jersey, Illinois, New Hampshire, and Massachusetts. I have generally provided
13 economic support for AT&T in access charge proceedings in many other states. A list of
14 the proceedings in which I have been a witness is attached as **Exhibit OAO-1**.

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 **A.** The Kentucky Public Service Commission (the “Commission”) opened this investigation
17 “to examine the switched access rates of Kentucky incumbent and competitive carriers.”¹
18 I am presenting testimony on behalf of the AT&T companies authorized to provide toll
19 and interexchange service in Kentucky: BellSouth Telecommunications, LLC d/b/a
20 AT&T Kentucky, BellSouth Long Distance, Inc. d/b/a AT&T Long Distance Service,
21 TCG Ohio, and AT&T Communications of the South Central States, LLC (collectively,
22 “AT&T”). My testimony demonstrates that the intrastate switched access rates charged
23 by Cincinnati Bell (“CBT”), Windstream, and the rural LECs including the TDS

¹ Order at 1 (Nov. 5, 2010).

1 Companies² (“RLECs”) (collectively referred to in my testimony as the “ICOs”), and by
2 Kentucky’s competitive local exchange carriers (collectively, the “CLECs”) are harmful
3 to Kentucky consumers, unjust, unreasonable, and unsustainable. I present a
4 straightforward, conservative proposal that will give Kentucky consumers immediate and
5 meaningful relief: the access reform plan AT&T filed with its comments in this case on
6 December 17, 2010 (“AT&T Plan”), a copy of which is attached hereto as **Exhibit**
7 **OA0-2**. I will explain the proposal and the benefits that will accrue to Kentucky from
8 adopting it.

9 Specifically, along with AT&T’s expert witness Dr. Debra Aron, I will show that
10 reducing intrastate switched access rates consistent with AT&T’s Plan will benefit all
11 Kentucky consumers in many ways, including reducing the cost of retail long-distance
12 services, allowing consumers the benefits of better competitive choice by allowing the
13 market to work with fewer artificial regulatory distortions, reducing incentives for
14 harmful arbitrage schemes like “call pumping,” reducing needless administrative costs,
15 and creating greater incentives for broadband deployment and adoption. Access reform
16 will also address the fundamental (and still extant) inequity of the outdated monopoly-era
17 regime: forcing consumers all across the Commonwealth to pay higher long-distance
18 prices just to subsidize unrealistically low local service rates for customers in a few areas.

19 **Q. PLEASE BRIEFLY SUMMARIZE THE AT&T PLAN.**

20 **A.** AT&T recommends that the Commission take the following three steps:

- 21 (i) require all ICOs in Kentucky to reduce their intrastate switched access rates for all
22 elements (both usage and non-usage) to “parity” with their corresponding

² The TDS Companies are Leslie Count Telephone Company, Lewisport Telephone Company and Salem Telephone Company (collectively, “TDS Telecom” or “TDS Companies”).

- 1 interstate rates (as AT&T Kentucky has already done), *i.e.*, to mirror their
2 intrastate and interstate access rate levels and structures;
- 3 (ii) allow all Kentucky ICOs the opportunity to recover the associated reductions in
4 access revenue through flexibility in retail rates and, in limited circumstances,
5 through universal service support, and
- 6 (iii) require the CLECs to cap their intrastate rates at the access levels of the ILECs
7 with which they compete, and the CLECs may recover the access revenue
8 reduction through their existing unlimited retail rate flexibility.

9 The AT&T Plan represents a modest middle ground for reform consistent with reforms
10 implemented by the FCC and many states. AT&T is not proposing in this proceeding
11 that the Commission require ICOs or CLECs to reduce their access rates all the way
12 down to incremental cost or to zero (two possibilities the Commission has asked the
13 Parties to address). Rather, the AT&T Plan would only require ICOs to mirror their
14 interstate access rates (which are well above incremental cost) and rate structures, and
15 would only cap CLEC rates at the level of the corresponding ILEC rates (as the FCC
16 already required a decade ago for interstate calls).

17 Likewise, AT&T does not propose that recovery of access revenue reductions be
18 imputed entirely to local retail rates (as Verizon proposes) or entirely through universal
19 service support. Rather, the AT&T Plan is designed to limit retail rate increases (by
20 keeping the ICOs' local rates at or below a reasonable benchmark, and by limiting
21 potential increases in monthly rates to \$2 per year), while using universal service support,
22 only where necessary. ICOs will have the opportunity to increase local rates to recover
23 some of the carrier access revenue reduction. Although the extent of the local rate

1 increase is their decision to make, it does not affect the amount of access revenue
2 reduction opportunity for recovery from local service. That amount is computed as if the
3 full permissible increase, *i.e.*, the imputed amount, were taken.

4 **Q. COULD YOU PLEASE SUMMARIZE YOUR RESPONSES TO THE**
5 **COMMISSION'S IDENTIFIED ISSUES 1 THROUGH 4?**

6 **A.** Yes. Below are brief summaries of my responses.

7 • **Issue 1 – Should Kentucky transition to a cost-based system for access rates?**
8

9 *Response* – Yes. By adopting the AT&T Plan, the Commission would enable the
10 current pricing system to transition to a more competitive model, thus allowing
11 switched access and local rates to better reflect cost - a first step towards cost-
12 based rates. That said, AT&T does not recommend that the Commission try to
13 determine or implement fully cost-based rates in this proceeding. The AT&T
14 Plan allows the Commission to give Kentucky consumers long overdue and
15 meaningful relief without engaging in a costly, contentious and lengthy
16 investigation of carrier access cost studies. *See* Section III.B *infra*.
17

18 • **Issue 1a – If yes, then how should carriers be allowed to recover the revenue**
19 **lost by the transition to a cost based system (*i.e.*, increasing local rates,**
20 **establishment of a universal service fund, etc.)?**
21

22 *Response* – The AT&T Plan recommends allowing all carriers the opportunity to
23 recover access revenue reductions by (i) giving them flexibility to gradually
24 restructure their retail rates for local service, and (ii) in certain limited cases,
25 allowing ICOs to receive support from the Kentucky universal service fund
26 (“KUSF”). *See* Section IV.B *infra*.
27

28 • **Issue 1b – How much time should carriers be given to transition to a new cost**
29 **based system and adapt to the new methods for revenue recovery?**
30

31 *Response* – Under the AT&T Plan, the Commission would require the Kentucky
32 ICOs to reduce their intrastate switched access rates to parity with their
33 corresponding interstate rate structures and levels no later than 30 days after the
34 KUSF fund is operational. At the same time, the Commission would give ICOs
35 the opportunity to recover the access revenue reductions by gradually rebalancing
36 retail rates for local service and by receiving support from the KUSF in certain
37 limited instances. Because the implicit subsidy system was not meant for the
38 CLECs and they already possess unlimited pricing flexibility that they can use to
39 recover any revenue reduction, the AT&T Plan recommends the CLEC access
40 rates be capped at the level of the ILECs with which they compete within 30 days
41 following a Commission Order adopting the access reform proposal. For the same

reasons the AT&T Plan also recommends that the CLECs not be permitted to draw from the KUSF. *See* Section V *infra*.

- **Issue 1c – What are the competitive advantages or disadvantages of having one revenue recovery method versus another?**

Response – The revenue rebalancing approach recommended by the AT&T Plan will provide Kentucky consumers and ICOs with a smooth transition from the current pricing system that is both harmful and unsustainable. The AT&T Plan strikes an appropriate balance between the extremes of (i) implementing revenue recovery entirely through rebalancing retail rates for local service and (ii) implementing revenue recovery entirely through a universal service fund. Alternative proposals often advocate these extreme positions that harm all consumers, including rural consumers that currently receive the implicit subsidies. *See* Section IV.B *infra*.

- **Issue 2 – Would competition suffer greater harm by having higher access rates, higher local exchange rates, or having other higher intrastate rates?**

Response - Excessive switched access rates harm the Commonwealth's consumers and economy, and they distort competition in Kentucky's telecommunications market. *See* Section II *infra*. The AT&T Plan provides meaningful relief (*see* Section III.A) that can be implemented quickly and in a straightforward manner (*see* Section IV *infra*).³

- **Issue 3 – Federal regulation currently requires CLECs to mirror the interstate access rates of ILECs, unless specific cost-justification is provided for having higher interstate rates. Should Kentucky implement this same policy for the intrastate rates for CLECs?**

Response - Yes. The Commission should “cap” CLECs’ intrastate switched access rates so that they cannot exceed the corresponding rates of the ILECs in whose service territory they compete, just as the FCC has already done with the CLECs’ interstate rates. *See* Section V *infra*.⁴

- **Issue 4 – Should the Commission establish a goal of ultimately moving to a zero rate for access charges?**

Response – No. The Commission cannot equalize all intercarrier compensation rates because it does not have jurisdiction over all rates, and there is no need to pursue such a goal in this proceeding anyway. The FCC has expressed a goal to harmonize all intercarrier compensation rates (*i.e.*, access charges and interconnection charges), possibly at a very low or zero rate, and that goal will be

³ Dr. Aron also provides testimony regarding Issue 2.

⁴ Dr. Aron also provides testimony regarding Issue 3.

1 facilitated by the state commissions unifying intrastate and interstate switched
2 access rates.⁵ The Commission thus can give Kentucky consumers meaningful
3 relief by reducing the ICOs' intrastate switched access rates to parity with their
4 corresponding interstate rates and rate structure, and by capping CLEC rates at the
5 level of the corresponding ILEC rates. This would finally bring to all Kentucky
6 consumers of intrastate long distance services the very same benefits that they
7 have been enjoying for many years making interstate calls. *See* Section III.B
8 *infra*.

- 9
- 10 • **Issue 4a – How much time should carriers be given to transition to a new cost**
11 **based system and adapt to the new methods for revenue recovery?**

12

13 **Response** – *See* my response to Issue 1b above. Kentucky consumers should
14 receive the benefits of access reductions immediately, while rebalancing of local
15 rates can occur over a transition period of up to five years by using the KUSF as a
16 transitional support mechanism. *See* Section IV *infra*.

17

18 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

19 **A.** In **Section II**, I provide a brief background and history of switched access charges and
20 explain why the current switched access charges of the ICOs and CLECs in Kentucky are
21 not just and reasonable, especially given the dramatic changes in the telecommunications
22 industry and consumer preferences during the last decade. I show that the ICOs' and
23 CLECs' excessive switched access rates harm the Commonwealth's consumers and
24 economy, and distort competition among different communications technologies in
25 Kentucky.

26 In **Section III**, I outline the benefits that Kentucky consumers will reap from
27 reductions to the intrastate access rates of all LECs. I describe how reduced wholesale
28 access charges will lead to lower prices for retail long distance service. I show how
29 access reform will also improve competition and remove pricing distortions for long

⁵ 2005 *Intercarrier Compensation Reform FNPRM*; 2008 *NPRM*; and Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, *In the Matter of Connect America Fund et al.*, (rel. February 9, 2011), (hereafter 2011 *NPRM*).

1 distance service and local service, and how that enhanced competition will drive further
2 benefits to Kentucky consumers. I also explain how access reform will simplify billing,
3 reduce carrier costs, reduce incentives for arbitrage, and discourage or prevent illicit
4 schemes some carriers have devised to take advantage of (or avoid) high intrastate access
5 rates. Lastly, I explain how such reforms can create increased broadband adoption and
6 incentive for further investment in broadband and other IP-enabled technologies as
7 consumers' preferences migrate further toward those applications.

8 **Section IV** describes in more detail the plan that AT&T recommends for
9 implementing access reform in the most efficient and equitable fashion for all the ICOs in
10 Kentucky. In **Section V**, I describe the plan that AT&T recommends for implementing
11 access reform for the CLECs, and show that subsidies for CLECs are inappropriate and
12 must stop.

13 Some Parties have argued that the Commission should do nothing about the
14 problems of high access charges, in the hope that the FCC will swoop in and do the
15 Commission's job for it. As I show in **Section VI**, the Commission should reject such
16 delay tactics. Kentucky consumers need relief, not more delay. The FCC itself has
17 encouraged state action.

18
19 **II. HIGH INTRASTATE SWITCHED ACCESS RATES ARE HURTING**
20 **KENTUCKY CONSUMERS.**

21
22 **Q. CAN YOU DESCRIBE WHAT SWITCHED ACCESS CHARGES ARE?**

23 **A.** Switched access charges are the fees a local exchange carrier ("LEC") like Windstream
24 assesses upon wireline long distance carriers (also called interexchange carriers or
25 "IXCs") like AT&T when the LEC originates or terminates long distance calls made or

1 received by the LEC's local service subscribers. Windstream's and CBT's current
2 intrastate access rates average about [REDACTED] and [REDACTED] per minute, respectively, at
3 each end of the call,⁶ while the average intrastate access rates for other Kentucky ICOs'
4 (*i.e.*, RLECs') is approximately [REDACTED] per minute at each end.⁷

5 Windstream, CBT, and the rural LECs also assess access charges on interstate
6 (state-to-state) long distance calls. Although the access functionality is identical in all
7 material respects,⁸ the Kentucky ICOs' access rates for in-state calls are substantially
8 higher than their corresponding interstate rates. For example, Windstream's and CBT's
9 access charges for interstate calls average [REDACTED] and [REDACTED] per minute⁹,
10 respectively, and the RLECs charge approximately [REDACTED] on average for interstate
11 calls¹⁰; thus, the overall average per-minute intrastate rates are more than [REDACTED],
12 [REDACTED], and [REDACTED] times the corresponding per-minute interstate rates, respectively,
13 even though the functionality is the same.

14 **Q. WHEN AND WHY WERE SWITCHED ACCESS CHARGES CREATED?**

15 **A.** As Dr. Aron describes in greater detail in her testimony, the switched access charges for
16 the Kentucky ICOs were created over two decades ago as a legacy of the monopoly era,
17 when those local carriers held protected monopolies and wireline IXCs were the primary
18 providers of long-distance communication services.¹¹ At that time, access rates were set
19 well above the associated incremental cost of providing carrier access service, in order to
20 subsidize basic local service rates for some customers at below-cost levels. This was a

⁶ Windstream Response to AT&T First Data Request 11, CBT Response to AT&T First Data Request 11.

⁷ RLECs Responses to TWTC, Level 3, PAETEC First Data Request 2.

⁸ See CBT's, RLECs' and Windstream's Responses to AT&T First Data Request 18.

⁹ See Windstream Response to AT&T First Data Request 11, CBT Response to AT&T First Data Request 11.

¹⁰ See RLECs Responses to TWTC, Level 3, PAETEC First Data Request 2.

¹¹ See, e.g., Ky. PSC Order, *Investigation of Toll and Access Charge Pricing and Toll Settlement Agreements* (Case No. 8838 Nov. 5, 1984). Dr. Aron describes in her testimony the relevant history of how and why subsidies came to be embedded in switched access rates, and subsequent federal reforms.

1 basic *quid pro quo*: incumbent LECs (including the ICOs) were required to serve
2 customers, and were required to charge artificially low rates to some customers for local
3 service, in exchange they received access subsidies.

4 Access charges were not imposed directly on end user customers, although end
5 users ultimately bear the burden. Rather, the LECs billed the IXC the access charges,
6 and the IXCs then recovered their cost of switched access in the prices assessed to their
7 end-user long distance customers. Thus, for consumers, the implicit subsidy in access
8 charges was a hidden fee buried in their long-distance rates. Consumers across the
9 Commonwealth paid higher long-distance prices to subsidize artificially low local service
10 prices for some LEC customers. Those hidden fees remain embedded in rates that
11 Kentucky consumers pay for wireline long distance service today.

12 **Q. WHY IS THERE SUCH A DISPARITY BETWEEN INTRASTATE AND**
13 **INTERSTATE SWITCHED ACCESS RATES WHEN THE UNDERLYING**
14 **FUNCTION IS THE SAME?**

15 **A.** The disparity is purely artificial, driven by legacy regulation and jurisdictional
16 distinction. The FCC regulates interstate switched access rates while state commissions
17 have authority over intrastate switched access rates. Originally, the system of embedding
18 large subsidies in excessive access rates also existed at the federal level, but over several
19 years, mostly in the 1980s and 1990s, the FCC implemented significant reforms to the
20 federal regime.¹² These federal reforms have significantly reduced - although not
21 eliminated - the implicit subsidies that had been buried in interstate switched access
22 rates.¹³ This Commission adopted similar reforms for AT&T Kentucky's intrastate rates

¹² Order on Remand and Report and Order and Further Notice of Proposed Rulemaking, *In the Matter of High-Cost Universal Service Support and Federal-State Joint Board on Universal Service et al.*, FCC 08-262, (rel. November 5, 2008) ("2008 NPRM"), Appendix A, ¶¶ 167-168.

¹³ At the time of divestiture in 1984, the average nationwide interstate per-minute switched access rate was 17.26¢ (including both ends of the call and non traffic-sensitive as well as traffic-sensitive rate elements) and by 2002,

1 over a decade ago, but it is past time to do the same for the ICOs and the CLECs. The
2 Commission can accomplish that goal in this proceeding by adopting the AT&T Plan to
3 reform the Kentucky ICOs' and CLECs' rates.

4 **Q. IN GENERAL TERMS, PLEASE DESCRIBE THE RATE STRUCTURE OF THE**
5 **ICOS' INTRASTATE SWITCHED ACCESS CHARGES IN KENTUCKY.**

6 **A.** As a general matter, each ICO has traffic sensitive rates for the switching and any
7 transport functions it provides to long-distance providers.¹⁴ In addition, the ICO has
8 something called a "Non-Traffic Sensitive Revenue Requirement" (NTSRR), which is a
9 flat rate per line charge.¹⁵ The NTSRR payment is calculated for toll carriers by
10 allocating the ICO's aggregate revenue requirement based on each carrier's proportion of
11 the total minutes of use (MOUs). This NTSRR charge is not cost-based, it does not exist
12 on the interstate side, and it is nothing more than a subsidy rate element for local
13 telephone service. As I will explain later in my testimony, the Commission should
14 eliminate it as part of its revenue neutral reform of the ICOs' intrastate access rates.

15 **Q. HAVE HIGH INTRASTATE ACCESS CHARGES HARMED KENTUCKY**
16 **CONSUMERS?**
17

subsequent to the *Access Reform Order* (First Report and Order, *In the Matter of Access Charge Reform and Price Cap Performance Review for Local Exchange Carriers et al.*, FCC 97-158, (rel. May 16, 1997)), the *CALLS Order* (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, *In the Matter of Access Charge Reform and Price Cap Performance Review for Local Exchange Carriers et al.*, FCC 00-193, (rel. May 31, 2000)), and the *MAG Order* (Second Report and Order and Further Notice of Proposed Rulemaking in CC Docket No. 00-256, Fifteenth Report and Order in CC Docket No. 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-166, *In the Matter of Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers and Federal-State Joint Board on Universal Service et al.*, FCC 01-304 (rel. November 8, 2001)), it had declined substantially, but to the still very high rate of 1.46¢. See "Trends in Telephone Service," Federal Communications Commission, Industry Analysis and Technology Division Wireline Competition Bureau, September 2010, (hereafter *2008 FCC Trends in Telephone Service*), Table 1.2.

¹⁴ The transport function could use either the direct trunked or tandem routed facilities. The direct trunk elements are charged on a (non-usage) monthly recurring, flat-rated basis, while the tandem routed elements are minutes-of-use-based rates.

¹⁵ The NTSRR is sometimes called Carrier Common Line Charge (CCLC). See Response of Cincinnati Bell to Verizon First Data Request 5.

1 A. Unquestionably yes, and in several ways. *First*, the most obvious problem is that high
2 access charges mean that consumers who wish to use wireline dialing are paying more
3 than they should for intrastate long distance service. And, it must be emphasized, this
4 affects consumers across Kentucky, including customers in AT&T Kentucky's territories
5 (even though AT&T Kentucky's intrastate access rates were reformed to mirror interstate
6 rates more than a decade ago). I am informed by counsel that by law IXCs must maintain
7 statewide averaged long distance rates, so excessive access charges assessed by LECs
8 that operate only in certain parts of Kentucky inflate long distance price everywhere in
9 the Commonwealth.¹⁶ They affect intrastate calls from Louisville and Owensboro (even
10 though those calls are subject to AT&T Kentucky's low access charges) just as much as
11 they affect calls from Lexington to Elizabethtown (where Windstream charges
12 unreasonably high intrastate access rates). In other words, the excessive intrastate
13 switched access rates of Windstream and other LECs hurt consumers throughout
14 Kentucky, not just customers in the ICOs' or CLECs' service territories.

15 *Second*, the access subsidy deprives consumers of the benefits of fair competition
16 and distorts the competitive playing field. Wireline long-distance carriers like AT&T –
17 and their customers – bear the burden of implicit subsidies, but they compete against
18 alternative technologies like VoIP, e-mail, social networking sites, text messaging, and
19 wireless providers that do not have to bear the same burden. Although consumers are
20 generally not aware of the access charge regime, they see its harmful results in the
21 inflated retail price differentials between traditional wireline long distance and other
22 types of communications. As a result, they are leaving wireline networks in droves, in

¹⁶ Section 254(g) of the Telecommunications Act of 1996 ("the Act") requires that long distance prices must be geographically averaged such that carriers would spread high-cost access charges across all of their end users in a geographic area. *See* 47 U.S.C. § 254(g).

1 large part because they perceive alternative technologies as a better value – not
2 necessarily because of any real differences in economic cost, but, at least in part, because
3 of artificial differences in regulatory access charges. Consumers benefit when prices are
4 free of subsidies and reflect underlying costs, and when all service providers compete
5 aggressively on their own merits on a level playing field. Then consumers can pick the
6 deserving winners based on real differences in economic cost, value, convenience,
7 innovation, and quality.

8 *Third*, local market competition and transition to new technologies is hindered as
9 LECs with excessive access rates are discouraged from migrating consumers off of the
10 POTS (plain old telephone service)-only menu of services to new technologies, in order
11 to protect their access subsidy revenues that are tied to the wireline (POTS) network.

12 *Fourth*, there is no material difference in functionality between switched access
13 services for an interstate call versus an intrastate call. The function of delivering a call to
14 an IXC's point of presence is the same no matter where the IXC takes the call from there.
15 Kentucky ICOs agree,¹⁷ yet their intrastate switched access rates are on average two to 60
16 *times higher* than their corresponding interstate rates. Charging radically different prices
17 for materially the same functionality leads to arbitrage, substantial expense, waste, and
18 inefficiency.

19 *Fifth*, the *status quo* is unsustainable. As some of the ICOs' own data show,
20 access minutes of use are dropping at an alarming rate as more and more consumers shift
21 their usage away from traditional long distance services to alternatives not saddled with
22 the same access subsidy obligations.¹⁸ As traditional landline minutes are transitioned to

¹⁷ See CBT's, Windstream's and RLECs' Responses to AT&T First Data Request 18.

¹⁸ See CBT's, RLECs', and TDS's Responses to TWTC, Level 3, and PAETEC First Data Request 1.

1 email, social networking, wireless and IP-based alternatives, access revenues (historically
2 used as implicit subsidies for artificially low local service prices) diminish. Ironically,
3 because high access charges drive customers and usage away from the wireline networks,
4 they are drying up the stream of implicit subsidies that they were intended to generate for
5 other wireline services like local exchange service.¹⁹

6 *Finally*, as the FCC has observed, and as I describe above, high access rates can
7 hinder the growth in broadband adoption. High access rates distort the true differential in
8 prices for POTS and broadband and so incorrectly influence consumer decisions to use
9 POTS more or broadband less than they would if they faced the correct price signals.²⁰

10 Also, LECs may be reluctant to promote use of broadband applications as much as they
11 otherwise would because broadband gives their customers a way to avoid the traditional
12 wireline long distance calling that generates access subsidies for the LECs. Even where
13 ICOs have deployed broadband *capabilities* and facilities, there may be a disincentive to
14 encourage consumers to use broadband applications that are not subject to the high access
15 charges - such a decision may put the source of their implicit subsidies at risk.

16 **Q. DR. OYEFUSI, DO THESE IMPLICIT SUBSIDIES DISTORT CONSUMERS'**
17 **CHOICES REGARDING DIFFERENT TECHNOLOGIES?**

18
19 **A.** Yes. Alternative technologies are a welcome development, and AT&T welcomes the
20 opportunity to compete, using any available technologies, to offer services that

¹⁹ Without immediate reform, the ability of these LECs to slow or halt the line and minutes erosions they experience, and compete, is also hampered when the streams of implicit subsidy revenues continue to decline and are not recovered.

²⁰ Although evidence from the FCC and other sources show that average broadband deployment in Kentucky is high (*i.e.*, 93 percent) the adoption rate still lags behind despite efforts in the past few years to improve it through other initiatives. "Internet Access Services: Status as of June 30, 2011," FCC, Industry Analysis and Technology Division, Wireline Competition Bureau, March 2011, Tables 16 and 24, found at

http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-305296A1.pdf

Obviously, there is still room for the Commission action to make positive impact and it can start by implementing the provisions of the AT&T plan.

1 consumers want. But consumers should be allowed to make their own choices without
2 artificial distortions imposed by outdated regulations that hamper the relative
3 competitiveness of one technology. The problem is that consumers do not have that fair
4 choice today. The playing field is *not* level, and the current distortions of access
5 subsidies are not allowing competition to evolve according to the consumer preferences
6 alone. Fair competition among technologies helps consumers, but artificial influences
7 caused by the reactions to the burden of high access charges are not fair and actually hurt
8 consumers. Simply put, the monopoly-era scheme of implicit subsidies distorts
9 competition and consumer choices. Excessive access charges are passed through to
10 consumers in the form of high wireline long distance rates, and that artificially affects
11 consumers' decisions in favor of other communications services. A consumer who wants
12 to use wireline long-distance service is forced either to pay more for it than he or she
13 should, or to use a less-preferred technology in a given circumstance. Even a consumer
14 who wants to use alternative technologies is harmed, because they would have benefited
15 from more aggressive competition.

16 Fair, efficient competition - competition that maximizes consumer benefits - is
17 advanced when consumers can pick among competitors based on real economic
18 differences like quality, customer service, and real economic cost, not purely artificial
19 differences. The Commission should reduce the current artificial competitive imbalance
20 so that consumers rather than regulatory distortions can better decide the market's
21 winners and losers.

22 **Q. YOU STATED THAT HIGH ACCESS CHARGES DISTORT COMPETITION**
23 **BECAUSE CONSUMERS OF OTHER SERVICE PROVIDERS DO NOT BEAR**
24 **THE SAME ACCESS CHARGE BURDEN AS THE IXC CONSUMERS. HOW**
25 **ARE OTHER CONSUMERS CHARGED DIFFERENTLY?**

1 A. Only wireline long-distance carriers and their consumers incur intrastate switched access
2 charges on virtually all intrastate long-distance calls. While other carriers, such as
3 wireless providers, incur access charges on some small portion of their traffic, the lion's
4 share of the access charge burden falls squarely on the IXC's customers.

5 Wireless carriers' customers, for example, pay access charges only on long
6 distance calls that are routed outside the "Major Trading Area" (MTA) where the call
7 originated. All wireless calls *within* a MTA are treated as "local." As a practical matter,
8 that means most wireless calls are not subject to access charges because MTAs are very
9 large— in fact a single MTA covers the majority of Kentucky (and parts of other states).
10 The Louisville-Lexington-Evansville MTA (#26) covers over 75 percent of Kentucky,
11 and spans from the southern to northern border of the state and most of the width from
12 east to west.²¹ Most of Windstream's and the RLECs' service territories in Kentucky fall
13 within MTA #26²² and all wireless calls in these areas are intra-MTA calls, treated as
14 local calls subject only to FCC-established reciprocal compensation termination charges.
15 For carriers in Kentucky that have opted into the FCC's *ISP Remand Order*,²³ that
16 reciprocal compensation rate is \$0.0007 per minute. If a LEC did not adopt this FCC
17 ruling for ISP traffic, that LEC will assess the Commission-approved local call
18 termination charges for intra-MTA wireless call termination, and these too are generally
19 lower than the intrastate switched access rates. Similarly, other alternative forms of
20 communication like text messaging and VoIP are generally able to complete

²¹ <http://wireless.fcc.gov/auctions/data/maps/mta.pdf>.

²² See **Exhibit OAO-3** hereto.

²³ Order on Remand and Report and Order, *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 and Intercarrier Compensation for ISP-Bound Traffic*, FCC 01-131 (rel. April 27, 2001).

1 communications for significantly reduced or no access costs. Still other alternatives like
2 e-mail and social networking websites essentially pay no per-minute access cost at all.

3 As a result of these competitive imbalances, consumers' purchase decisions could
4 be distorted – and so they would use less of the artificially inflated wireline service for
5 their long distance communications (and more of the alternatives) than they would
6 without these rate disparities. The chart below (Figure 1) illustrates the vast disparities in
7 the access charges that competing providers and their consumers pay.

8 **[BEGIN CONFIDENTIAL]**

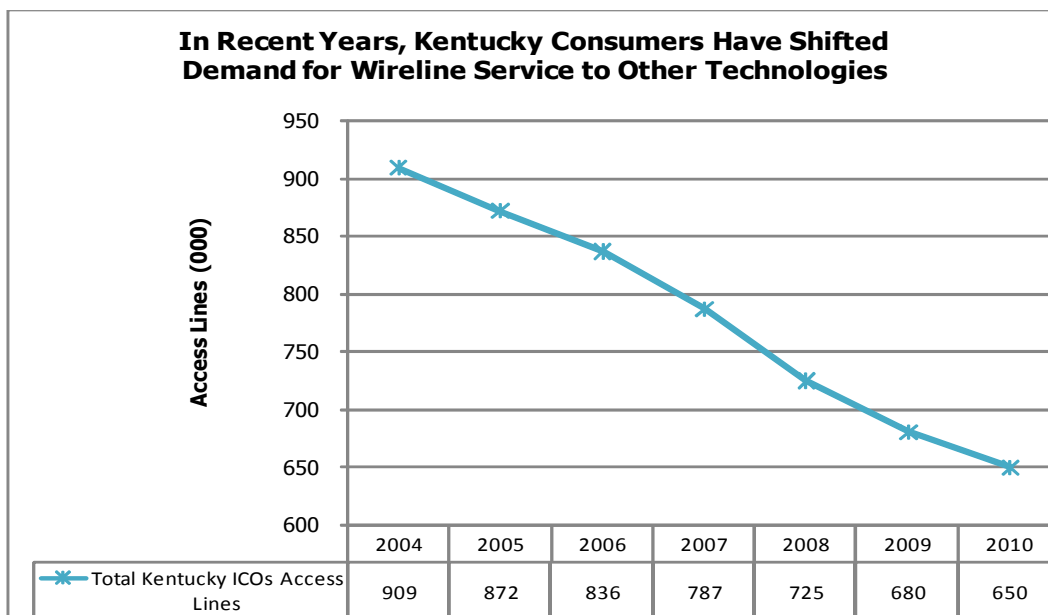
9 **Figure 1**

10
11
12
13
14
15
16
17
18 **[END CONFIDENTIAL]**

19
20 In recent years, as the ICOs data show (in Figure 2 below) Kentucky consumers'
21 demands for wireline service and associated toll minutes have declined significantly, and
22 that did not occur in isolation.

1

Figure 2



Note: Based on data from KY PSC Form T Financials filed by ILECs and Responses to Data Request.

Not surprisingly, the rate disparities for competing services are contributing to driving customers *away* from traditional wireline long distance and *toward* alternative services not saddled with the access cost burden. Here are some examples, some of which pertain to Kentucky. Let's begin with wireless service: as of June 2010, Kentucky had 3.7 million wireless subscribers, which means that at the mid-year 2010 some 84% of Kentucky *residents*, not households, had a wireless phone at the end of June 2010 -- if you exclude children younger than 15 years of age, 96% of Kentucky residents have at least one wireless phone.²⁴ At both a national and state level, a growing number of consumers now rely *exclusively* on wireless services.²⁵

²⁴ See FCC Local Competition Report, Table 17 at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-305297A1.pdf; and US Census Bureau, 2010 Population Estimates Program Generation M2: Media in the Lives of 8- to 18-Year-olds, A KAISER FAMILY FOUNDATION STUDY 2010 at <http://www.kff.org/entmedia/mh012010pkg.cfm>.

²⁵ According to the latest study by the Center for Disease Control ("CDC") Kentucky is among the top six states showing the highest number of households with exclusively wireless service. Stephen J. Blumberg and Julian V. Luke, "Wireless Substitution: Early Release of Estimates from the National Health Interview Survey, July-December 2010," Centers for Disease Control and Education (CDC), June 8, 2011.

1 Likewise, text messaging has literally exploded since the Commission first set the
2 goal to reform intrastate switched access in Kentucky. Less than five years ago, as of
3 December 2005, monthly text message volumes were “just” 48.7 billion. By December
4 2009, the FCC reported those monthly volumes to be 740.3 billion – a growth of 1,420
5 percent from 2005. On an annual basis, by the end of 2008, the FCC reported volumes of
6 over *1 trillion* messages – a growth of 177 percent from 2007.²⁶ Those volumes doubled
7 with *1 trillion* messages in the second half of 2010.

8 Technologies such as DSL, broadband cable and VoIP have also become more
9 popular and providers of those services are challenging long distance carriers in the
10 marketplace. The FCC reports that as of June 2010, there were 1,730,000 high speed
11 connections in service in Kentucky.²⁷ Also, the report shows that residential customers in
12 Kentucky have access to high speed connections in 84% of areas served by ILECs and in
13 93% of areas served by cable companies.²⁸ A report by Connected Nation, Inc., shows
14 that “[i]n 2004, only 60 [percent] of Kentucky households had broadband available for
15 subscription and [as of] December 2007, 95% of households could subscribe to
16 broadband, a statewide increase of nearly 60 [percent].”²⁹ Any customer with a high
17 speed connection can use that connection for Internet access, e-mail, and social

²⁶ FCC Fourteenth Competition Report at 105, http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-10-81A1.pdf and CTIA SmartBrief 06/09/2011 at <http://www.smartbrief.com/news/ctia/storyDetails.jsp?copyid=9B29272D-3B30-46E5-B840-52C57060E507&issueid=D839B644-7B73-4178-BD11-010B1F3BF07C>

²⁷ “Internet Access Services: Status as of June 30, 2011,” FCC, Industry Analysis and Technology Division, Wireline Competition Bureau, March 2011, Tables 17, found at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-305296A1.pdf

²⁸ Internet Access Services: Status as of June 30, 2010, Industry Analysis and Technology Division Wireline Competition Bureau March 2011, Table 17 and Table 18
http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0520/DOC-305296A1.pdf

²⁹ See “The Economic Impact of Stimulating Broadband Nationally”, a report from Connected Nation, Inc., February 21, 2008 (hereinafter referred to as “Connected Nation Report”) at 4 (emphasis added).

1 networking, as well as for free computer-to-computer service such as Skype, or a
2 computer to the public switched telephone network (“PSTN”), to make voice calls and
3 avoid traditional subsidy-laden long distance prices. Skype, recently purchased by
4 Microsoft, added 189 million new users during 2010, ending the year with 663 million
5 users worldwide.³⁰

6 **Q. WHAT IMPLICATIONS DO THESE TRENDS HAVE FOR THE IMPLICIT**
7 **SUBSIDY REGIME?**
8

9 **A.** Simply put, the monopoly-era system of inflated access charges, which was designed for
10 a single network environment, is unsustainable in today’s competitive markets where
11 consumers now have access to multiple communications opportunities and alternatives
12 that include wireless, broadband, and IP-enabled services. As consumers take advantage
13 of the alternatives and disconnect POTS service, continuing to impose the high access
14 charges will only accelerate that trend. As POTS and access usages decline, so do access
15 revenues. Ironically, high access charges are drying up the stream of implicit subsidies
16 they were supposed to create.

17 With competition now widespread in all segments of the communications
18 marketplace, all Kentucky ICOs and CLECs should gradually recover more of their
19 retail services costs from their own retail customers, rather than relying on subsidy
20 payments from other carriers’ consumers. The foundations underlying the old system
21 were that implicit subsidies were necessary (because all consumers had only one option,
22 the ILEC, for phone service) and could be maintained (because consumers had little
23 alternative but to use the wireline network for long-distance communications and pay

³⁰ Skype Inc., S -1/A 1 ds1a.htm AMENDMENT NO 2 TO THE REGISTRATION STATEMENT ON
FORM S-1/A, as filed with the Securities and Exchange Commission on March 4, 2011;
<http://www.sec.gov/Archives/edgar/data/1498209/000119312511056174/ds1a.htm>

1 the implicit subsidies). Thus, the implicit subsidy scheme is premised on an
2 environment where all consumers are on a single ILEC network. Those foundations no
3 longer exist. Consumers now have access to a host of new technologies offered by new
4 entrants, so it is no longer possible to sustain the implicit subsidy regime because
5 consumers can and will leave the legacy network if the rate disparities continue. The
6 existing system is harmful and as consumers continue to migrate from it the revenues
7 that fund the subsidy system will continue to evaporate, causing a disruptive end. The
8 Commission could prevent further market disruption by encouraging a smoother
9 transition to a more rational pricing regime that benefits consumers, as many other states
10 have done.³¹

11 **Q. GIVEN THE GROWTH OF COMPETITION, ARE IMPLICIT SUBSIDIES**
12 **STILL NECESSARY TO PROMOTE UNIVERSAL SERVICE?**

13
14 **A.** No. Competition has grown not only in the long distance market, but also in the market
15 for local retail service. With competition flourishing, the original purpose for which the
16 implicit subsidies were established (*i.e.*, ensuring that all customers had access to
17 affordable telecommunications service) has diminished, if not disappeared. Most
18 consumers now have access to multiple service options. Universal service no longer
19 implies the near-ubiquitous participation on a single telecommunications network, and so
20 it cannot be maintained with the same implicit subsidies.

21 That said, to the extent the Commission finds that subsidies are still appropriate
22 for some (*e.g.*, high cost) areas or (*e.g.*, low income) customer groups, those subsidies
23 should be *explicit* (as opposed to the hidden, implicit subsidies in access charges), and
24 they should come from a universal service fund to which all consumers contribute in a

³¹ The AT&T Plan suggests a straightforward manner to ensure such transition, *i.e.*, to convert the remaining implicit subsidies to explicit format so that all consumers can bear the subsidy burden equally.

competitively and technologically neutral manner. I discuss the AT&T Plan to implement that policy in Section IV.

Q. GIVEN THAT HIGH ACCESS CHARGES ARE HARMFUL TO KENTUCKY CONSUMERS, AND UNSUSTAINABLE IN TODAY’S COMPETITIVE MARKET, CAN THE KENTUCKY ICOS’ EXISTING HIGH INTRASTATE ACCESS CHARGES BE CONSIDERED JUST AND REASONABLE?

A. No. The ICOs in this case concede that access reform is necessary.³² Although the ICOs’ access charges and implicit subsidies may have appeared reasonable and were sustainable during the monopoly era when all consumers used voice-only telephone service on a single network, that cannot be the case now. Competition from multiple sources and multiple technologies has exploded and Kentucky consumers have changed to include other advanced services like broadband and IP-enabled communications, as well as wireless services, when making their communications service purchases. As a result, excessive access charges must be viewed for what they are – an impediment to competition that distorts consumers’ purchase decisions and slows the transition to advanced broadband applications that consumers want, and a harm to the ICOs that rely on them as a significant source of their revenues.

III. MEANINGFUL AND IMMEDIATE ACCESS REFORM IS NECESSARY AND WILL BENEFIT KENTUCKY CONSUMERS.

A. THE AT&T PLAN AND ITS BENEFITS.

Q. HOW CAN THE COMMISSION BRING RELIEF TO KENTUCKY CONSUMERS?

A. Adoption of the AT&T Plan, described in Exhibit OAO-2, is a straightforward step that will bring fast and meaningful relief to Kentucky consumers. Under that plan, the

³² See, e.g., Comments of Windstream Kentucky West, LLC and Windstream Kentucky East, LLC at 1, and Comments of TDS Telecom at 2, 5, filed Dec. 20, 2010. See also RLECs’ Preliminary Comments on AT&T’s Proposed Plan at 2 filed Apr. 15, 2011.

1 Commission would order all Kentucky ICOs to reduce their intrastate switched access
2 rate levels and structures to parity with their corresponding interstate rate levels and
3 structures, just as many other states have already done for other LECs. Thereafter, the
4 Kentucky ICOs should be directed to update their intrastate tariffs at the very same time
5 they change their interstate rates and/or rate structure, so that their intrastate charges
6 continue to mirror interstate charges, both as to rate levels and rate structure.³³

7 As for CLECs (also Parties to this case), AT&T proposes that the CLECs'
8 intrastate rates be capped at the levels of the intrastate access rates of the ILECs in whose
9 territories the CLECs compete (just as has been done for the CLECs' interstate rates since
10 2001, pursuant to the FCC's *CLEC Access Reform Order*).³⁴

11 **Q. PLEASE DESCRIBE THE BENEFITS THAT ADOPTION OF THE AT&T PLAN**
12 **WILL BRING TO KENTUCKY CONSUMERS.**

13 **A.** The AT&T Plan will benefit Kentucky consumers in many ways. *First*, decreases in
14 wholesale access charges will reduce the IXC's costs of producing retail long-distance
15 service and decrease the retail toll charges to consumers as Dr. Aron demonstrates in her
16 testimony. In addition, AT&T has provided data relating to its access costs and long
17 distance prices in 19 states that have reduced intrastate switched access rates to parity
18 with interstate rates (as AT&T proposes for Kentucky).³⁵ The data show that AT&T
19 Communications has consistently reduced its average long distance prices in response to
20 access cost reductions; in fact, long distance prices (measured as average revenue per
21 minute, *i.e.*, "ARPM") went down even *more* than the corresponding access costs.

³³ An illustration of how parity can be achieved is attached as **Exhibit OAO-4**. Alternatively, to comply with the AT&T Plan if adopted, ICOs can simply stipulate that they terminate their intrastate tariffs and for Kentucky intrastate state switched access services concur in their interstate tariffs which already exist.

³⁴ See *In the Matter of Access Charge Reform, Reform of Access Charges Imposed by Competitive Local Exchange Carriers*, CC Docket No. 96-262, Seventh Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 9923 (2001) (*CLEC Access Reform Order*).

³⁵ See AT&T Response to RLECs First Data Request 12.

1 Kentucky itself provides a perverse example: when AT&T Kentucky implemented
2 access parity a decade ago, AT&T's average long distance fees across all of Kentucky
3 went down dramatically. But as the decline continued in subsequent years the average
4 access charges paid by AT&T to the Kentucky ICOs continued to rise well above
5 AT&T's toll prices in the ICOs' territories.³⁶ Therefore, every long distance minute
6 originated and terminated in those ICOs' Kentucky service areas (where AT&T is the
7 IXC) yields a loss on the basis of switched access costs alone –and that is before AT&T
8 has to account for all of the other costs of providing retail toll service, such as marketing
9 and advertising, billing, and overhead.

10 *Second*, the AT&T Plan will encourage fair and efficient competition among
11 technologies and maximize consumer benefits - consumers will receive more accurate
12 price signals and make more accurate (pro-market) purchase decisions. As explained
13 above, consumer choice today is unfairly influenced by the artificial distortions imposed
14 by outdated regulations that continue to perpetuate the burden of high access charges. On
15 the long-distance side, consumers who buy (or want to buy) wireline long-distance
16 service currently bear an unfair share of the access subsidy burden, forcing them to
17 reduce long-distance usage and use alternative technologies even if they would prefer to
18 use wireline long-distance service. Access reform will provide the correct incentives for
19 consumers to buy the service they want, and will promote more aggressive competition
20 that drives further benefits. Likewise, rebalancing the Kentucky LECs' local rates to
21 more economically rational levels means that the LECs will have to compete more
22 aggressively in the local market, and therefore rely on more stable sources of revenues.

³⁶ *Id.*

1 Consumers benefit when all providers compete aggressively on the merits and on a level
2 playing field. This is a matter of elementary economics.

3 *Third*, unifying intrastate and interstate switched access rates will reduce the
4 waste and inefficiency of today's disparate rate structures, and reduce incentives and
5 opportunities for harmful arbitrage. For one thing, each Kentucky ICO will have one set
6 of access rates to bill and enforce, not two. Moreover, symmetrical rates and rate
7 structures will help avoid or reduce problems associated with "call pumping," "phantom
8 traffic" and similar arbitrage schemes that have arisen because of the wide disparity in
9 interstate and intrastate access rates. Less money wasted on administration and litigation
10 means more money for investments that bring real benefits to consumers.

11 "Parity" is a straightforward approach. The FCC has already implemented
12 significant reforms to interstate switched access rates. The Commission can take
13 advantage of those reforms (and future reforms) without having to reinvent the wheel,
14 simply by requiring the ICOs to reduce their intrastate switched access rates to match the
15 corresponding interstate rate structure and rate levels. AT&T Kentucky implemented
16 parity over a decade ago. Many other states have already taken the same "parity"
17 approach that AT&T proposes here, as detailed in **Exhibit OAO-5**.

18 **Q. IN WHAT SPECIFIC WAYS WILL LONG DISTANCE PRICES DECLINE AND**
19 **HOW WOULD CONSUMERS BENEFIT FROM SUCH REDUCTIONS?**
20

21 A. Although it would be premature for AT&T to predict in advance all the different ways its
22 long distance prices will change when access rates are reduced³⁷ – in competitive
23 markets, firms are generally unable to predict what form price competition will take – the
24 evidence shows that consumers do benefit from reduced long distance prices. And I can

³⁷ AT&T currently offers a variety of toll plans or packages and the prices can change in different plans or packages depending on how competitors react to consumers' needs.

1 affirm that there are two prices in particular that AT&T will certainly reduce if intrastate
2 access reductions are implemented as proposed in the AT&T Plan. First, AT&T will
3 reduce its \$1.25 per line In-State Connection Fee (“ISCF”) applicable to its stand-alone
4 long distance customers. The fee will be eliminated entirely when all Kentucky LECs’
5 intrastate access charges are at parity with their interstate access rates and all CLECs
6 mirror the ILEC’s intrastate rate with which they compete. Second, as it has done in
7 other states when access charges have been reduced as noted for the ISCF, AT&T will
8 reduce in-state rates for its prepaid calling cards (to a decrement ratio of 1:1, meaning
9 that one intrastate minute would effectively cost the same as one interstate minute of use
10 on the calling card) when all Kentucky LECs’ intrastate access charges are at parity with
11 their interstate access rates. That is an important consumer benefit, because many low
12 income consumers use prepaid cards in lieu of traditional subscription to wireline long
13 distance.

14 **Q. PLEASE EXPLAIN FURTHER HOW THE PREPAID CARD DECREMENT**
15 **WORKS AND HOW ITS RATES WILL BE REDUCED TO BENEFIT**
16 **KENTUCKY CONSUMERS?**
17

18 **A.** Consumers buy prepaid calling cards for a set initial value like \$50. When they make
19 calls, the per-minute charges for those calls are assessed as decreases or “decrements”
20 from the initial value on the card. Because the access rates charged by the Kentucky ICOs
21 and CLECs for in-state calls are so much higher than the rates for interstate calls,
22 AT&T’s decrement for intrastate calls is higher than the decrement for interstate calls. In
23 fact, AT&T’s decrement ratio today is 3:1, *i.e.*, AT&T Prepaid Cards are decremented by
24 3 units for each minute of intrastate calling because of the differences between interstate
25 and intrastate access rates. As in other state access reform proceedings, AT&T commits

1 that when all Kentucky ICOs mirror their intrastate and interstate access charges both as
2 to rate levels and rate structures, and when the access rates of CLECs in Kentucky are
3 capped at the levels of the ILECs with which they compete, AT&T will reduce its prepaid
4 calling card rate in Kentucky from 3:1 to the 1:1 ratio that applies to interstate calls.

5 **Q. WILL IMPROVING THE COMPETITIVE BALANCE ALSO BENEFIT**
6 **CONSUMER WELFARE AND ECONOMIC GROWTH, AND ENCOURAGE**
7 **BROADBAND DEPLOYMENT AND ADOPTION IN KENTUCKY?**
8

9 **A.** Yes. As Dr. Aron explains in her testimony, the best (*i.e.*, most valued) use of a society's
10 scarce resources is when they are committed to uses that respond to consumer
11 preferences. Kentucky consumers have begun to change their purchase decisions to
12 include broadband and IP-enabled as well as wireless services.

13 The Commission should act now to encourage an efficient transition of the
14 implicit subsidy system to a model that can be sustained in an environment that includes
15 broadband and other advanced networks and align its policy with the needs of all
16 Kentucky consumers. Eliminating implicit subsidies and artificially low prices for
17 wireline local service will better prepare more consumers for the transition to broadband
18 service. As competition intensifies, and carriers realize they can no longer expect the
19 same level of subsidy stream, they will be presented with incentives to seek more stable
20 revenue, *e.g.*, by offering or encourage adoption of broadband applications and IP-
21 enabled voice service, thus enhancing consumer benefits.

22 The anticipated economic benefit for Kentucky from increased broadband
23 adoption in a robust competitive environment (*i.e.*, free of artificial distortions) is large.
24 According to the Connected Nations Report, these include improved employment,
25 reduced healthcare costs and increased online transactions which reduce driving costs,

1 and, less driving reduces pollution. All of these are estimated to have added \$1.59 billion
2 value annually to Kentucky's economy as of 2007³⁸ based on a 44 percent statewide
3 (residential) adoption rate³⁹ alone, and every one percent improvement in adoption is
4 expected to increase the employment rate by 0.2 to 0.3 percent per year.⁴⁰

5 **Q. YOU TESTIFIED EARLIER THAT OTHER STATES HAVE REDUCED**
6 **INTRASTATE ACCESS RATES IN ORDER TO HELP THEIR CONSUMERS.**
7 **CAN YOU ELABORATE?**

8
9 **A.** Yes. Numerous states have, in one form or another, required local exchange carriers'
10 intrastate switched access rates to mirror their interstate switched access rates, and have
11 increased their competitiveness *vis-à-vis* Kentucky. For example, Massachusetts, Ohio,
12 New Jersey, and Texas require all CLECs to mirror their intrastate access rates to the intrastate
13 rate of the largest ILEC in the state, but also require the largest ILEC to mirror its intrastate rates
14 to its interstate rates. Pennsylvania most recently took major action requiring rural LECs to
15 mirror interstate traffic sensitive access rates.⁴¹

16 Other states that have adopted some form of mirroring requirements include: Georgia (all
17 ILECs), Indiana (major ILEC and rural ILECs), Kansas (all ILECs), Michigan (all ILECs and
18 CLECs), Nevada (major ILEC), Wisconsin (ILECs with over 150,000 lines and CLECs with
19 more than 10,000 lines), Mississippi (major ILEC), Tennessee (all ILECs, and all CLECs mirror
20 the ILECs with which they compete), West Virginia (major ILEC and CLECs mirror Verizon's

³⁸ See Connected Nation Report at 21, Table 2

³⁹ *Id.* at 16.

⁴⁰ See *id.* at 17-19. The breakdown of the projected economic benefit on the Kentucky economy is as follows:

- **\$1.06 billion** in annual direct wages from jobs created or saved in Kentucky
- **\$9.3 million** in annual self-reported healthcare costs savings
- **\$91.1 million** per year in mileage savings from broadband preventing unnecessary driving
- **46.1 million pounds** of CO2 emissions reduction per year in Kentucky (\$249,000) (emission credits)
- **\$424.9 million** value in the 52.8 million hours saved per year from accessing broadband at home.

⁴¹ See Statement of Chairman Robert F. Powelson, Public Meeting June 30, 2011 1189996-OSA, Docket No. I-00040105, *Investigation Regarding Intrastate Access Charges and IntraLATA Toll Rates of Rural Carriers and The Pennsylvania Universal Service Fund, AT&T Communications of Pennsylvania, et al. v. Armstrong Telephone Company-Pennsylvania, et al.*, C-2009-2098380, *et al.*

1 rates), Maine (all LECs), and New Mexico (all LECs). Citations for the various states are
2 contained in Exhibit OAO-5 hereto.

3 **Q. HAS THIS COMMISSION ALSO ENDORSED ACCESS REFORM IN GENERAL**
4 **AND THE PARITY APPROACH IN PARTICULAR? IF SO, WOULD YOU**
5 **PLEASE EXPLAIN THAT?**
6

7 **A.** Yes. In 1998, this Commission concurred with the FCC's statement that "as competition
8 develops, states may be compelled by market place forces to convert implicit support to
9 explicit, sustainable mechanisms consistent with section 254(f)."⁴² The Commission
10 further stated with regard to non-traffic sensitive ("NTS") rate elements that
11 "[e]limination of NTS is a priority and will be considered along with the elimination of
12 other implicit subsidies."⁴³ And in 1999, the Commission approved AT&T Kentucky's
13 plan for alternative regulation,⁴⁴ which includes a condition that AT&T Kentucky reduce
14 its intrastate switched access rates to parity with its interstate rates. AT&T Kentucky has
15 already achieved parity; it is past time that the other Kentucky LECs do the same.

16
17 **B. THE AT&T PLAN PROVIDES AN IMPORTANT FIRST STEP**
18 **TOWARDS COST-BASED RATES, WITHOUT REDUCING ACCESS**
19 **RATES ALL THE WAY TO INCREMENTAL COST (ISSUE 1) OR TO**
20 **ZERO (ISSUE 4)**
21

22 **Q. ISSUE 1 ASKS WHETHER KENTUCKY SHOULD TRANSITION TO A COST-**
23 **BASED SYSTEM FOR ACCESS RATES. WOULD THE AT&T PLAN RESULT**
24 **IN ADOPTION OF COST-BASED RATES?**
25

⁴² *In re An Inquiry into Universal Service and Funding Issues*, Adm. Case No. 360, Order (May 22, 1998) at 2-3, citing *In re Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order (May 8, 1997) at ¶ 17.

⁴³ *Id.* at ¶ 35. The NTS rates are based on a fixed revenue requirement that the ICO is allowed to collect *regardless of the amount of long distance traffic delivered over its network*, so it is not surprising that the ICOs want to delay this proceeding and access reform as long as possible.

⁴⁴ *BellSouth Telecomm., Inc.'s Application to Restructure Rates*, Case No. 97-074, Order at 1 (Oct. 24, 1997), citing *Application of BellSouth Telecomm., Inc. d/b/a South Central Bell Tel. Co. to Modify Its Method of Regulation*, Case No. 94-121. *Tariff Filing of BellSouth Telecommunications, Inc. to Mirror Interstate Rates*, Case No. 98-065, Order (Mar. 31, 1999).

1 A. Yes, by eliminating implicit subsidies all prices can gradually move towards cost and
2 transition to a more competitive model that enables rates to better reflect costs without
3 any need for a regulatory review of carrier specific cost studies. The Commission can
4 achieve this straightforward step of moving rates closer to cost by adopting the AT&T
5 Plan. AT&T does *not* propose, however, that the Commission reduce intrastate switched
6 access rates all the way down to incremental costs in this proceeding. Rather, the AT&T
7 Plan would simply reduce intrastate switched access rates to parity with the
8 corresponding rates for interstate calls that are still comfortably above the incremental
9 cost of providing switched access functionality.

10 **Q. WOULD THE COMMISSION NEED TO REVIEW ANY CARRIER'S SPECIFIC**
11 **COST STUDY TO BE CONVINCED THE RESULTING RATES ARE ABOVE**
12 **COST?**
13

14 A. No. The interstate parity reform that the Commission endorsed more than a decade ago
15 and that AT&T proposes here is only a first step to move rates closer to cost, so the
16 Commission can give Kentucky consumers immediate relief without having to study or
17 measure access costs exactly. Thus, there is no need for the Commission and the Parties
18 to needlessly deprive consumers of the benefits of access reform by engaging in the time-
19 consuming, costly, and contentious litigation that would arise from the preparation and
20 investigation of cost studies.

21 **Q. PLEASE EXPLAIN HOW THE KENTUCKY ICOS' INTRASTATE ACCESS**
22 **RATES WILL STILL BE ABOVE ACCESS COSTS WHEN THEY ARE**
23 **REDUCED TO PARITY WITH INTERSTATE RATES?**
24

25 A. This is readily confirmed by two separate tests. First, Kentucky ICOs have been charging
26 the interstate rates for interstate calls for years, and they have never shown that those
27 rates are below cost. In discovery, AT&T asked all Kentucky ICOs to identify any

1 instances where they successfully claimed their interstate rates are below incremental
2 cost, and the ICOs responded there was none.⁴⁵ I am not aware of a single instance in
3 which the FCC or any court has ever found that any ILEC's interstate switched access
4 rates are below their relevant costs. Given that access for intrastate calls involves the
5 same functions (and costs) as for interstate calls,⁴⁶ interstate rates will also be more than
6 sufficient to cover the ICOs' costs for intrastate calls.

7 Second, one can compare the Kentucky ICOs' interstate switched access rates to
8 their cost-based rates for local call termination. That is because the process and cost for
9 terminating a *local* interoffice call is materially the same as for originating or terminating
10 a *long-distance* call. Originating a call and handing it off to a CLEC via local
11 interconnection is materially the same as originating a long-distance call and handing it
12 off to an IXC, and the same goes for call termination.⁴⁷

13 The FCC has established a cost-based rate for local call termination of 0.07 cents
14 per minute (which some ILECs also apply to ISP and intra-MTA wireless calls),
15 specifically finding that rate would be "sufficient to provide a reasonable transition from
16 dependence on intercarrier payments *while ensuring cost recovery*."⁴⁸

⁴⁵ See CBT and RLECs Responses to AT&T First Data Requests 16 and 17. Windstream did not answer AT&T's First Data Requests 16 and 17, but AT&T is not aware of Windstream having successfully, or otherwise, made such a claim.

⁴⁶ See fn. 9, *supra*.

⁴⁷ When asked to confirm, the Kentucky ICOs agreed. See fn. 9, *supra*.

⁴⁸ All regional Bell operating companies ("RBOCs") and many ILECs have adopted the FCC's ISP bound rate of \$.0007 for their interconnection agreements. For these carriers, this same rate is the reciprocal compensation they will charge for intra MTA wireless traffic, VoIP traffic and local wireline traffic. See *In re Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Intercarrier Compensation for ISP Traffic*, CC Docket No. 96-98, and No. 99-68, at 6 (April 27, 2001) (emphasis added) (remanded on other grounds, *WorldCom, Inc. v. FCC*, 288 F.3d 429 (D.C. Cir. 2002), subsequent mandamus, *In Re: Core Communications, Inc.*, 531 F.3d 849 (2008); Order on Remand, *In re High Cost Universal Support*, WC Docket No. 05-337 (rel. Nov. 5, 2008).

1 As I illustrated in Figure 1, *supra*, the Kentucky ICOs' interstate switched access
2 rates are still well above the cost-based rate for local call termination established by the
3 FCC. So reducing the Kentucky ICOs' intrastate switched access rates to interstate levels
4 will still leave those rates well above the local reciprocal compensation rates the FCC
5 found sufficient to cover cost.⁴⁹

6 Likewise, this Commission has approved local "Reciprocal Compensation rates"
7 that range between 0.598 cents and 1.199 cents per minute for Duo County Telephone
8 Cooperative, and between 0.8175 cents and 1.5 cents per minute for Foothills Rural
9 Telephone Cooperative.⁵⁰

10
11 **Q. ISSUE 4 ASKS IF THE COMMISSION SHOULD ESTABLISH A GOAL OF**
12 **ULTIMATELY MOVING TO A ZERO RATE FOR ACCESS CHARGES.**
13 **SHOULD THE COMMISSION CONTEMPLATE MOVING ACCESS RATES TO**
14 **ZERO?**

15
16 **A.** No, not in this proceeding. There is no need to pursue such a course at this time. The
17 AT&T Plan calls for modest reductions in intrastate switched access rates that are
18 straightforward to implement, yet will still give Kentucky consumers meaningful and
19 immediate relief.⁵¹

⁴⁹ For termination of AT&T's CLEC affiliate's local traffic, Windstream's ICA indicates Windstream Kentucky West charges \$0.01 per MOU and Windstream Kentucky East charges \$0.01334 per MOU. *See* Interconnection Agreement between Windstream Kentucky West and AT&T Communications filed August 26, 2009, as amended June 7, 2011, Appendix B: Price List and Interconnection Agreement between Windstream Kentucky East and AT&T Communications filed July 27, 2009, as amended June 7, 2011, Appendix B: Price List. These comparisons demonstrate that there is no need to go through the lengthy and complex processes that would be involved in calculating the actual cost of intrastate switched access service to the last fraction of a penny, as long as no party is suggesting that intrastate rates should be reduced to cost.

⁵⁰ *See* RLECs Responses to AT&T First Data Request 8.

⁵¹ The FCC has recognized that the problem of intercarrier compensation is not limited to intrastate switched access but that the entire Intercarrier Compensation ("ICC") system, *i.e.*, federal and state switched access, reciprocal compensation, and interconnection rates, need to be transitioned from the current complex hodge-podge system that treats carriers, technologies, and services disparately despite the fact that they are materially the same functionality. The FCC has also indicated that to reform the entire system and eliminate the wasteful arbitrages and fraud that infected it, the FCC may consider reducing all of these different charges in unison to a very low level, perhaps *zero*

1 **IV. IMPLEMENTATION OF THE AT&T PLAN IS STRAIGHTFORWARD.**

2
3 **A. ACCESS RATE REDUCTIONS SHOULD BE PROMPT,**
4 **COMPREHENSIVE, AND REVENUE NEUTRAL.**
5

6
7 **Q. WHICH CARRIERS SHOULD BE COVERED BY THE AT&T PLAN FOR**
8 **ACCESS REFORM?**
9

10 **A.** All Kentucky local exchange companies that operate under the Commission's jurisdiction
11 (specifically Windstream, Cincinnati Bell Telephone, all other ILECs regulated by the
12 Commission, and the CLECs) should have their access charges reformed. As I stated
13 earlier, the Commission initiated this reform more than a decade ago when it reformed
14 AT&T Kentucky's intrastate switched access rates that are currently at parity with its
15 interstate rates.

16 The Commission was right to open this proceeding on an industry wide basis,
17 because an industry wide solution is necessary to provide the most benefit for consumers
18 and to achieve competitive fairness. High access charges and implicit subsidies hurt
19 consumers and competition across Kentucky no matter which LEC collects them.
20 Conversely, the more LECs (and access volume) that the Commission covers through
21 access reform, the greater the benefits will be to Kentucky consumers – and because long
22 distance prices are averaged on a statewide basis, those greater benefits will be shared by
23 all Kentucky consumers. In addition, because the need for access reform is urgent, the

– that way, it can remove the perverse incentives that attract these types of arbitrage activities and the industry can more readily migrate to a system that includes an IP or other advanced network and meets today's consumer demands, and in which per-minute rates are not necessary. The FCC also explains, however, that the intrastate switched access rates currently engender the most serious arbitrage problems, out of all the ICC rates, because it is generally the highest and as a result states must take actions to reform intrastate access by unifying it with interstate rates. After that the further reforms of the entire ICC regime can proceed in concert. Although it is not certain what the end results will be, elimination of the entire access charges system (*i.e.*, zero access rates) is among the options being considered. For these reasons, the Commission does not need to consider or invite any comments in this proceeding at this time regarding any of the subsequent steps. All that is required at the first step of the comprehensive ICC reform journey is to reduce intrastate charges to their corresponding interstate levels, and the AT&T Plan provides an easy and straightforward path toward that solution.

Commission should apply access reforms generically to all LECs rather than on a piecemeal basis.

Q. WHEN SHOULD THE REDUCTION OF INTRASTATE RATES TO PARITY OCCUR?

A. The relevant procedures are discussed in detail in the AT&T Plan attached as Exhibit OAO-2, but I will summarize them briefly here. AT&T recommends that the Commission require (1) the CLECs (within 30 days of an order approving this plan) to cap their rates at the levels of the ILECs with which they compete, and the CLECs may recover the access revenue reduction through their existing unlimited retail rate flexibility; (2) the Kentucky ICOs to reduce their intrastate switched access rates to their corresponding interstate rate structures and levels no later than 30 days after the Commission approves the KUSF and funding is available.⁵² The AT&T Plan anticipates that the KUSF will be operative and funding will be available in 150 days. *See* Exhibit OAO-2, Section 2. However, in the event this time will be insufficient and delay is likely, the Commission may consider limited initial reform, first, for any access rate elements that are uniquely intrastate – most notably the NTSRR – which should be reduced or eliminated immediately, even before the KUSF is established. Should the Commission decide to provide immediate relief while it deliberates on the KUSF it can still use certain provisions of the AT&T Plan to begin that transition, *i.e.*, the actual access reduction would be limited by the amount of additional revenue that can be imputed to retail rates up to the benchmark or the transitional cap, whichever is less. *See* Exhibit OAO-2, Section 3. All Kentucky ICOs that are the subjects of this investigation should also be directed to update their intrastate tariffs any time they change their

⁵² The timing of the implementation of a KUSF will depend on when the Commission concludes this generic proceeding and the additional time needed for the KUSF to be operative.

1 interstate rate level or rate structure in the future, so that their access rates will continue
2 to be at parity.

3 Once the KUSF is approved and operative, there is no need to phase in the
4 reductions to access charges because both rebalancing sources anticipated by the AT&T
5 Plan will be available to ensure LECs have the opportunity to recover their forgone
6 revenues. Immediate implementation (even if only in parts prior to when the KUSF is
7 operative) will give consumers immediate benefits. Conversely, further delay in
8 implementing access reform would just mean more harm to Kentucky consumers. As I
9 describe below, the AT&T Plan also recommends that the Commission adopt a transition
10 period for imputation to local service rates to ease any burden on consumers should the
11 carriers decide to take advantage of the retail pricing flexibility.

12 **Q. PLEASE EXPLAIN FURTHER WHY THE COMMISSION SHOULD ORDER**
13 **ELIMINATION OF NTSRR BEFORE THE KUSF IS ESTABLISHED.**

14
15 **A.** The Commission stated over a decade ago that the “[e]limination of NTS is a priority”⁵³
16 and rightly so. This is because the NTSRR charged to carriers based on switched access
17 minutes of use has absolutely no cost justification for the interconnection functions
18 provided to carriers – it is a pure subsidy element. Even worse, because of the fixed
19 nature of this rate element - as I noted earlier, the NTSRR is a flat rate per line charge
20 that is allocated and billed to carriers based on their proportion of minutes of use - the
21 Kentucky ICOs continue to receive the same revenue from this element *even for lines*
22 *that they have already lost to competition.* For example, pursuant to Section 3.9.2 of
23 Windstream Kentucky West’s PSC Tariff No. 3, “if the number of access lines decreases
24 during subsequent years, the monthly NTS Revenue Requirement shall not decrease

⁵³ *In re An Inquiry into Universal Service and Funding Issues*, Adm. Case No. 360, Order (May 22, 1998) at 35.

1 below the prior period revenue requirement.” Likewise, as for Windstream’s Kentucky
2 East – London and Lexington study areas, the number of access lines used to calculate its
3 NTSRR was established in August 2002 “by regulatory body and this cannot be changed
4 once unless qualifying events occur.”⁵⁴ [Similarly, all the RLECs receive the same
5 revenue from the NTSRR for lines that have been lost to competition. This provision is
6 in Section 3.9.2 of the Duo County Telephone KY PSC No 2A tariff (to which all RLECs
7 concur), and it contains similar language implying that as the RLECs experience access
8 lines erosions, the monthly NTS Revenue Requirement during subsequent years “shall
9 not decrease below the prior period revenue requirement.”

10 Windstream’s and the RLEC’s data show that their line counts have decreased
11 since the NTSRR was established. It is misguided policy to recover non-traffic sensitive
12 costs from the NTSRR rate element that does not reflect any access function that the
13 Kentucky ICOs perform, but this policy problem is compounded by the fact that even
14 though data from Kentucky ICOs show continued access lines decline, their tariffs ensure
15 they will *continue to collect the full fixed NTSRR revenues even if their access lines*
16 *declined to one*. This is incompatible with the present pro-competitive and technology
17 transformation period where consumers’ options now include services that avoid this
18 implicit subsidy charge. To survive in the long run, companies must operate efficiently
19 and not expect to be handed free money when they do not perform any access function at
20 all.

21 What makes the NTSRR even more insidious is that, like all access charges, its
22 very existence is hidden from the consumers who are asked to pay it. The Commission

⁵⁴ See Windstream Response to Verizon First Data Request No. 12.

1 should not delay by one day the elimination of the NTSRR as a carrier switched access
2 charge, which the Commission acknowledged to be a “priority” over 10 years ago.⁵⁵

3 **Q. BY HOW MUCH MORE ARE KENTUCKY CONSUMERS OVERPAYING FOR**
4 **WIRELINE LONG DISTANCE CALLS?**

5
6 **A.** By the Kentucky ICOs’ own data, the Kentucky long distance customers are, on an
7 annual basis, paying the Kentucky ICOs approximately [REDACTED] more than if the ICOs’
8 NTSRR were eliminated and if their intrastate switched access rates were reduced to
9 parity with interstate rates.⁵⁶ So, as the table below shows, *every day* Kentucky long
10 distance customers are paying the Kentucky ICOs nearly [REDACTED] more than if
11 intrastate switched access rates were set at interstate levels.

12 **Table 1**

13 **[BEGIN CONFIDENTIAL]**

14
15
16
17
18
19
20
21 Source: AT&T Transition Analysis

22 **[END CONFIDENTIAL]**
23

⁵⁵ *In the Matter of An Inquiry into Universal Service and Funding Issues*, Adm. Case No. 360, Order (May 22, 1998) at 35.

⁵⁶ Many CLECs did not provide adequate data so it was impossible to do a similar calculation for the CLECs as a group.

Moreover, as a matter of basic fairness, it simply makes no sense to allow obsolete artificial regulations to disparately force some consumers in Kentucky to pay tens of millions more for long distance calling than their counterparts pay, just because they use alternative technologies. This can be fixed by adopting the AT&T Plan, and the proposed rebalancing will still leave ICOs' retail rates at comparable and affordable levels.

B. THE AT&T PLAN INCLUDES A REASONABLE TRANSITION PLAN FOR REBALANCING LOCAL SERVICE RATES.

Q. ISSUE 1(A) ASKS HOW CARRIERS SHOULD RECOVER THE REDUCTION IN ACCESS REVENUE THAT WILL RESULT FROM ACCESS CHARGE REFORM. HOW WILL THE AT&T PLAN ENABLE THE KENTUCKY ICOS TO RECOVER THE REDUCTION OF ACCESS REVENUES?

A. The AT&T Plan proposes that the Commission give Windstream, CBT, and other ICOs, the opportunity to recover the reduction in access revenue by balancing two different approaches. First, the Commission should give ICOs the flexibility to increase retail rates for basic local service up to a reasonable "benchmark" to be established by the Commission. Note, however, that the Commission should not *require* the ICOs to raise local service rates by any amount. Rather, the actual decision to raise prices, and the amount of any such increases (within the constraints of the benchmark), should be left to the ICOs, as they are best positioned to make decisions about their own business.

Second, to the extent that the "benchmark" rate is not sufficient for any given ICO to recover all of its access reductions for all qualified lines, the Commission would allow that ICO to receive support from the KUSF. The level of support will be determined as if the ICO had raised its retail local rate up to the benchmark level so that amount will be

imputed in the calculation.⁵⁷ By using the KUSF as a transitional support mechanism, the Commission can order immediate switched access reductions to the interstate level while gradually phasing in retail rate rebalancing. The AT&T Plan will thus permit an orderly sunset of the current system while avoiding drastic rate changes for consumers.

Q. WHY IS IT APPROPRIATE TO GIVE CARRIERS THE FLEXIBILITY TO INCREASE RETAIL RATES FOR LOCAL SERVICE?

A. As I discussed earlier, high access rates were established under the monopoly regime as a *quid pro quo* to subsidize artificially low retail prices for local service. Thus, it makes perfect sense that as access charge subsidies are reduced, the Commission should also relax the restrictions on retail prices that were the other side of the implicit subsidy arrangement. That will allow local service prices to adjust to more realistic levels that most Kentucky consumers voluntarily pay (without subsidies) and balance out the potential access revenue reduction. The following table contains examples of the higher prices customers are voluntarily paying today for service bundles that are being provided by Kentucky ICOs.

Table 2

Company	Services	Monthly Price
Coalfields Telephone	Phone & Internet "Plus"	\$84.99
Cincinnati Bell Telephone	High Speed Internet & Home Phone	\$55.00
Duo County Telephone Coop	Voice & Broadband Internet Bundle	\$67.40
Logan Telephone Coop	Premium Connect (local phone, 150 long distance minutes, unlimited calling features, SpeedNet Lite)	\$69.94
Windstream East	Unlimited Phone – (Local and Long Distance)	\$49.99

⁵⁷ The details of the rebalancing process are explained in the AT&T Plan. See Exhibit OAO-2.

1 In addition, maintaining artificially low, subsidized rates for local service will
2 continue to distort competitive choices and deprive consumers of the benefits of robust
3 competition. Moreover, the old pricing system will soon collapse anyway, and the
4 Commission needs to get out in front and smooth the transition to a more efficient
5 competitive system where all Kentucky consumers, including those in the RLECs’
6 territories, are able to choose among all types of services without distorted views about
7 price differentials between POTS and broadband.

8 That said, I want to reiterate that I am not advocating that the Commission
9 *mandate* any price increases. The Commission should simply relax the old artificial
10 restrictions and give carriers more flexibility to adjust their retail price levels to the levels
11 dictated by cost and competition. In addition, the Commission can still achieve universal
12 service goals. Further, the benchmark and transition provisions in the AT&T Plan would
13 minimize the impact of any imputed price increase, because it would be limited by the
14 “benchmark level and transitional rate cap.” Carriers who cannot recover all of the
15 revenue reduction from retail rates imputation would receive additional support to make
16 up for the reduction in the legacy access subsidies. Using discovery responses, I have
17 prepared an analysis of the impact on each Kentucky ICO for the first five years of
18 AT&T’s Plan. The result of that analysis is attached as **Exhibit OAO-6**.⁵⁸

⁵⁸ To avoid complexity, the imputed amount for this analysis was calculated using a residential benchmark and residential basic local rates, and the same calculated imputed amounts from the residential data points are assumed for business lines, even though business rates may be higher than the residential benchmark.

1 **Q. WHAT FACTORS SHOULD THE COMMISSION CONSIDER WHEN**
2 **DETERMINING THE BENCHMARK?**
3

4 **A.** The Commission should set a uniform statewide benchmark for all ICOs by applying the
5 following guidelines:

6 (1) the Commission first should ensure that the benchmark is high enough to allow as
7 much recovery of the access reduction from end users as possible, subject to any
8 universal service concerns. This will encourage the right consumer incentives and
9 at the same time limit the burden on the KUSF (which will ultimately be funded
10 by all Kentucky consumers). Bluntly put, the KUSF money is not free; Kentucky
11 consumers will still bear the burden, albeit in a more explicitly and more
12 competitively neutral manner than they do in the current system of implicit access
13 subsidies. A lower benchmark may appear attractive, but in reality it means that
14 more ICO costs would be shifted to consumers all across the Commonwealth (not
15 just in the ICOs' territories) in the form of KUSF contribution.

16 (2) the benchmark should also narrow the gap between urban and rural retail rates. It
17 is fundamentally unfair for urban consumers (some of whom may be below the
18 government defined poverty line) who currently pay more for their local service
19 *to* still be required to pay large subsidies in order to enable rural consumers to
20 enjoy extremely low local rates, especially since the long run cost of providing
21 local service is *lower* in urban areas than in rural areas. To illustrate, consumers
22 currently paying \$18.95 a month for local service in Lexington should not have to

1 pay a high KUSF contributions surcharge just so people in Brandenburg can keep
2 heavily-subsidized retail basic rates as low as \$5.60 per month.⁵⁹

3 (3) the Commission should adopt rules necessary to authorize and implement KUSF
4 support.

5 **Q. COULD YOU ILLUSTRATE HOW THE BENCHMARK WOULD WORK?**

6 **A.** Section 4 (and subparts) of the AT&T Plan contains instructive details, but I will
7 summarize briefly here. The Commission would first determine the reduction in access
8 revenue that will occur for each ICO once that ICO reduces its intrastate switched access
9 rates to parity with interstate rates. Next, the Commission would give each ICO the
10 flexibility (but not a requirement) to increase its rates for basic local service up to a
11 reasonable benchmark amount. The distribution from KUSF would be calculated as if
12 the ICO had set its retail rate to the benchmark level, *i.e.*, if the difference between the
13 current rate and the benchmark was less than the transitional cap, otherwise the
14 imputation would be up to the transitional cap.⁶⁰

15 Based on an analysis of the data provided by the ICOs in this proceeding, I have
16 calculated a range of reasonable benchmarks for the Kentucky ICOs to be between
17 \$18.50 and \$23.50, and for illustration in this testimony let's consider a hypothetical in
18 which the Commission establishes an initial benchmark rate of \$20.50 per month (which,
19 by using the AT&T Plan's transitional cap provision, it will phase in over time). As I
20 explain below, the \$20.50 is at the low end of reasonable ranges of possible benchmarks
21 that states have adopted across the country.

⁵⁹ There are other areas where the retail rates are also extremely low that deserve similar attention and must be reformed and restructured as proposed by the AT&T Plan.

⁶⁰ The AT&T Plan requires that any rate increase by an ICO would be limited to \$2.00 annually until the benchmark is reached, and any revenue reductions balance would be adjusted annually for line erosions experienced by each ICO in the preceding year.

1 With that caveat, I will address how an illustrative \$20.50 benchmark would
2 work. To the extent that raising basic local rates up to the \$20.50 benchmark level would
3 not be enough to rebalance the reduction in access revenues for a particular ICO, that
4 ICO would be eligible for transitional support from the KUSF. The Commission would
5 determine the amount of KUSF support (if any) that the ICO could receive by identifying
6 the ICO's total access reduction and subtracting the imputed additional revenues the ICO
7 would realize by gradually increasing its local rates to the benchmark level, but subject to
8 the annual transition cap and line erosion adjustment provisions of the AT&T Plan.

9 **Q. WHAT DATA SHOULD CARRIERS PROVIDE TO CALCULATE THE**
10 **AMOUNT OF REVENUE REPLACEMENT TO BE DRAWN FROM A KUSF?**

11 **A.** To recover any access replacement revenue from the KUSF, a carrier should be required
12 to provide a report that identifies (1) the amount of its switched access reduction,⁶¹ (2) the
13 amount of revenue it would recover (or impute) if it raised its retail rates to the
14 benchmark level (but subject to the annual transition cap),⁶² and (3) the net funding for
15 which it qualifies, *i.e.*, the amount of its switched access reduction in (1) above less the
16 amount it would recover (or impute) if it raised its rates to the benchmark level in (2)
17 above, and less any adjustment for line erosions.⁶³

⁶¹ Specifically, access reduction will be calculated as: the product of the difference of Intrastate Rate Less the Interstate Rate (Target Rate) Times the annual Intrastate Demand. That is,

$$\text{Intrastate Rev. Loss} = (\text{Intrastate Rate} - \text{Interstate Rate}) \times (\text{Annual Intrastate Demand})$$

For accuracy, the calculation should be performed at the rate element basis and the revenue reductions from all the rate elements (usage based and non-usage based) will be summed to derive a total.

⁶² To calculate this figure, a carrier would (i) collect the number of lines as of October 31 of the most recent calendar year prior to when the report is being prepared; and (ii) multiply the line count figure in (i) by 12, and then by the difference between current retail rate and the benchmark to derive the potential incremental retail annual revenue.

⁶³ For simplicity, the calculation could be on a per line basis such that if the access reduction per line was \$3.00 and the ICO could recover \$2.00 per line from retail rate flexibility, that ICO would potentially draw \$1.00 per line for every qualified line in service.

1 **Q. BASED ON YOUR ANALYSIS, WHAT IS THE RANGE OF REVENUE**
2 **REDUCTIONS PER LINE (I.E., ACCESS SHIFT PER LINE) THAT THE ICOS**
3 **WILL EXPERIENCE IF THEY REDUCED THEIR INTRASTATE ACCESS**
4 **RATES TO MIRROR INTERSTATE RATES LEVELS AND STRUCTURES?**

5 **A.** Again based on the ICOs' 2010 data, the access shift per line will range from [REDACTED]
6 (for CBT) to [REDACTED] (for Leslie County) per line per month. That means every month
7 Leslie County Telephone collects [REDACTED] per line from long distance customers all
8 across Kentucky (in form of a hidden fee) while it charges a monthly basic rate of only
9 \$11.90 per line directly to its customers. *See* Exhibit OAO-6.

10 **Q. AS FOR THE PER LINE AMOUNTS AT THE HIGH END OF THIS RANGE,**
11 **ARE YOU SUGGESTING THOSE AMOUNTS SHOULD BE IMPUTED**
12 **IMMEDIATELY OR ALL AT ONCE?**

13 **A.** No. First, I note that not all ILECs would face that type of increase. For example, CBT,
14 who is at the low end of the range shown above, reports a monthly basic rate of \$16.69
15 per line and would have the opportunity to impute up to \$3.81 to its monthly local retail
16 rates, although it will not need that whole amount before it fully recovers its switched
17 access revenue reduction.

18 In any event, for those carriers (*e.g.*, Brandenburg and Thacker-Grigsby) whose
19 rates are far below the benchmark and report large access revenue reductions per line
20 (*i.e.*, [REDACTED] and [REDACTED] respectively), the AT&T Plan includes a phase-in provision
21 to make the imputation process easier and not burden their customers. Under that phase-
22 in process, an ICO would only impute up to \$2.00 per line to its retail rate each year.⁶⁴ In
23 the case of Brandenburg and Thacker-Grigsby, although mathematically they can impute
24 up to \$14.90 and \$14.76, respectively, to their monthly local retail rates, the AT&T Plan
25 limits any such imputation to only \$2.00 annually. The Plan recommends that while

⁶⁴ *See* Exhibit OAO-2 (AT&T Plan at ¶ 3).

calculating the KUSF draw for these ICOs, and others in similar situations, the Commission only impute \$2.00 per line each year over five years from the potential retail rate flexibility, until each rate is calculated to reach the \$20.50 benchmark. During this phase-in period, the eligible ICO would receive KUSF support to address any additional access reduction that the ICO would not be able to recover because of the assumed \$2 limit on rate increase opportunities. In this way, the KUSF support would be phased down each year as the ICO is able to increase its local rates by an additional \$2.00 per line.

The actual impact of the proposed rebalancing on each Kentucky ICO (based on AT&T's analysis of the ICOs' 2010 data) is summarized in Exhibit OAO-6.

Q. STICKING WITH THE ILLUSTRATIVE \$20.50 BENCHMARK, HOW MUCH KUSF SUPPORT WOULD BE AVAILABLE FOR ELIGIBLE CARRIERS?

A. Based on AT&T's five-year transition analysis, rebalancing the basic local rates of Windstream and other ICOs to a \$20.50 benchmark level (subject to a \$2.00 annual transitional cap) will require about [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] for Year 1 to Year 5, respectively, from the KUSF. That means by Year 5, a sum of [REDACTED] would have been imputed partly to retail rates or adjusted as revenue decline due to line erosions, leaving a balance of [REDACTED] as KUSF support by end of Year 5.

Q. ISSUE 1(C) ASKS ABOUT THE ADVANTAGES AND DISADVANTAGES OF HAVING ONE RECOVERY METHOD (REBALANCING RETAIL RATES) VERSUS ANOTHER (KUSF SUPPORT). WOULD ALTERNATIVE REVENUE RECOVERY PROPOSALS, E.G., 100 PERCENT RECOVERY FROM RETAIL RATES OR 100 PERCENT DRAW FROM KUSF, BE IN THE PUBLIC INTEREST?

A. No. The AT&T Plan allows the Commission to strike its preferred balance between either (i) allowing each ICO to recover all of its access revenue reduction from its own

1 customers, or (ii) using only the KUSF to fully recover the forgone revenue. In the latter
2 extreme case, setting the retail rate benchmark too low will overburden the KUSF and
3 consumers in the form of higher surcharges. Adopting a low benchmark level would
4 mean that the amount to be recovered from the ICOs' retail customers will also decrease,
5 and consequently the size of the KUSF increases. It is important to recall again that the
6 KUSF funding comes ultimately from all consumers across Kentucky. End users
7 eventually pay for all telecommunications costs, whether paid directly, through implicit
8 subsidies in switched access rates, or explicit subsidies in universal service funds.
9 Conversely, setting the benchmark too high would, for some ICOs, allow retail rates to
10 increase at a rate that policy makers may consider too precipitous in light of the very low
11 rates some carriers have been permitted to charge historically, and to which customers
12 may have therefore become accustomed.

13 The following chart (Figure 3) illustrates how the KUSF would decrease or
14 increase if the Commission adopts a benchmark higher or lower than the \$20.50
15 illustrative benchmark.

1 [BEGIN CONFIDENTIAL]

2 **Figure 3**

3
4
5
6
7
8
9 Notes:

10 - Total KUSF based on actual 2010 data provided by Kentucky ICOs in Response to Data Request.

11 - Illustrative Benchmarks based on AT&T's analysis. Commission will set final benchmark rate.

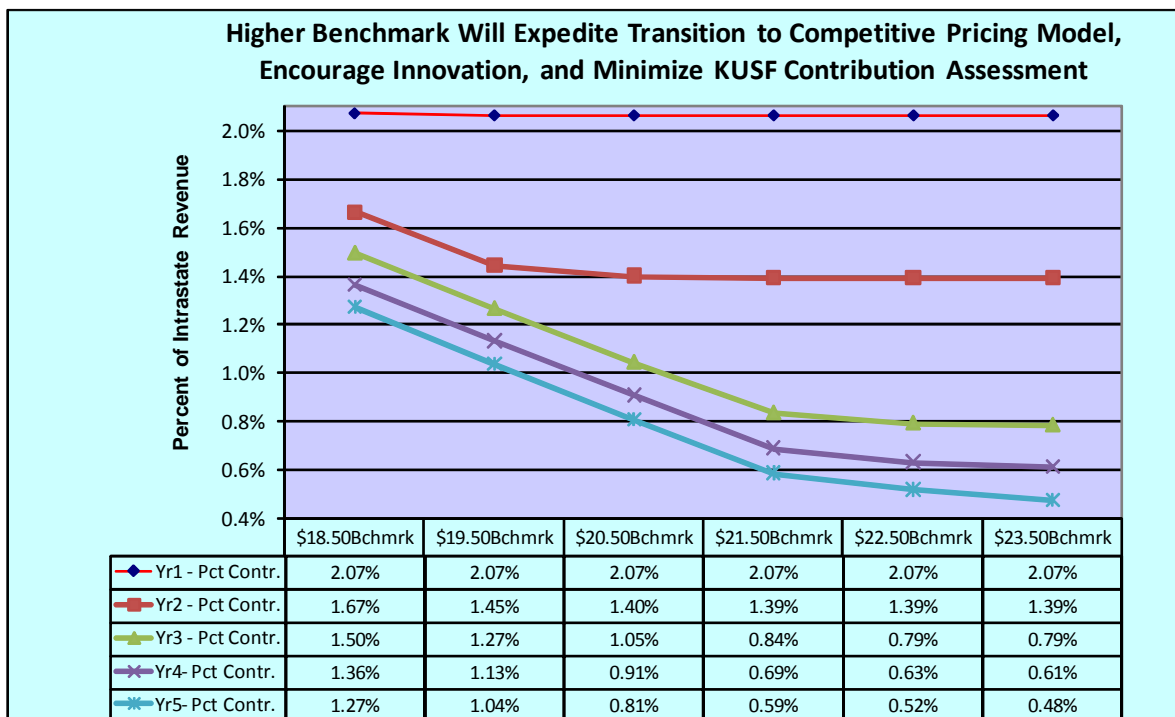
12 - Imputation to Retail Rate – means amount that could be recovered by increasing retail local exchange rates. ILECs are assumed to have
13 flexibility to increase retail local rates up to benchmark, but are not mandated to do so. CLECs can use their existing unlimited retail rate
14 flexibility to allow full recover from their customers any forgone revenues, therefore their data re not included in this analysis.

15
16 [END CONFIDENTIAL]

17 Another way to look at this is to calculate the contribution surcharges all Kentucky
18 consumers will be required to pay in order to fund the KUSF at various benchmark
19 levels. For purposes of this illustration, AT&T assumes that all communications service
20 providers would assess a USF surcharge upon their subscribers, including, by way of
21 example, cable telephony providers, other VoIP providers, and wireless carriers.
22 Assessing the contribution obligation broadly, across all providers, accomplishes two

goals: (1) it keeps the contribution percentage (burden) as small as possible, and (2) it minimizes unjust discrimination where only some consumers must pay the surcharge. Here again, as the size of the benchmark increases, the level of the contribution assessment on Kentucky consumers will decrease. This is illustrated by the chart below (Figure 4):

Figure 4



Notes:

- 1). Based in part on analysis of access revenue reduction and access replacement requirement as presented in the Transition Results.
- 2). Benchmark Ranges based on AT&T's analysis for illustration purpose only. Commission will set final benchmark.
- 3). % Assessment (Contribution) = Total 12 month KUSF Fund Requirement ÷ Total 12 month Kentucky retail intrastate communications revenues from all providers, i.e. ILECs, CLECs, Toll, wireless, (and VOIP if state law or regulation permits).
- 4) Intrastate Revenue from FCC Monitoring Report, released December 2010, Table 1.15 Intrastate Communications Revenues: 2008 End-User

1 **Q. ALTHOUGH THE AT&T PLAN DOES NOT SUGGEST ANY MANDATED**
2 **RETAIL RATE INCREASE, IF A CARRIER CHOSE TO INCREASE RATES,**
3 **HOW WOULD THAT AFFECT AFFORDABILITY AND COMPARABILITY IN**
4 **LIGHT OF YOUR SUGGESTED \$20.50 BENCHMARK?**

5 **A.** First, I reiterate again that the AT&T Plan anticipates retail rate imputation only for the
6 purpose of calculating the amount of KUSF an ICO will be eligible to draw. It does not
7 suggest that any rate increase should be mandated. As explained above, the AT&T Plan
8 enables gradual transition from an implicit subsidy to a market-based model and it would
9 be left to the carriers to determine whether or when any increase would occur. Second,
10 with respect to the \$20.50 benchmark, it is reasonable and would enable carriers to set
11 rates that are closer to cost, and still affordable and comparable with rates that many
12 consumers pay in the urban areas. In fact, my illustration used a benchmark at the low
13 end of a reasonable range. Consider Windstream, for example. For most of
14 Windstream's exchanges, even if Windstream chose to raise its rates to the \$20.50
15 illustrative benchmark, those rates would just be adjusted to about the same level as if
16 they had just kept up with inflation since the last time Windstream's rates were changed.
17 Table 2 below shows, based on publicly available data that Windstream's inflation-
18 adjusted retail rates for residential local service in most exchanges would range between
19 \$16.77 and \$24.13.⁶⁵ So as a practical matter, under this scenario, Windstream's rates
20 will just be catching up with inflation (*i.e.*, there will be no increase in real terms).

⁶⁵ With inflation, the adjusted weighted average retail rate calculations for Windstream East is \$19.86 (with 94 exchanges), and for Windstream West is \$11.47 (with only two exchanges). The overall (blended) inflation adjusted residential weighted average retail rate for Windstream based on proportion of residential lines would be \$19.52 compared to \$15.38 that Windstream assesses today.

1

Table 3

SUMMARY OF AT&T BENCHMARK ANALYSIS		
	Current Rate	Benchmark Result
1. Based on Urban/Rural Comparability (Using 125% Factor)		
Highest Urban Rate	\$18.95	\$23.69
2. Based on Inflation/GDPPI Adjustment - Windstream Weighted Average		
Windstream West (Wt. Avg. 1FR)	\$9.30	\$11.47
Windstream East (Wt. Avg. 1FR)	\$15.63	\$19.86
Total Windstream Blended (Wt. Avg. 1FR)^	\$15.38	\$19.52
3. Based on Inflation/GDPPI Adjustment - by Windstream Rate Groups		
Rate Group 1 (Highest Rate)	\$13.20	\$16.77
Rate Group 2 (Highest Rate)	\$14.37	\$18.26
Rate Group 3 (Highest Rate)	\$15.64	\$19.87
Rate Group 4 (Highest Rate)	\$18.99	\$24.13
Rate Group 5 (Highest Rate)	\$18.95	\$24.08
Rate Group 6 (Highest Rate)	\$17.07	\$21.69

2

3

Notes:

4

^ Blended Windstream Rate calculated using proportion of residential lines (Windstream East has ██████████ Res lines in 94 exchanges; Windstream West has ██████████ Res lines in (2 exchanges).

5

6

7

The same is true when we apply the inflation analysis to CBT's rates, *i.e.*, if the rates are

8

adjusted for inflation, the range would be \$16.06 to \$24.55.⁶⁶ In terms of all the

9

Kentucky ICOs combined (*i.e.*, Windstream, CBT, and the RLECs), the weighted

10

average range is \$18.57 to \$20.33.⁶⁷ Moreover, the illustrative \$20.50 benchmark is

11

significantly lower than rates currently charged by ICOs (including Windstream) in other

12

states. For example, in Georgia, Windstream charges retail rates as high as \$26.25,⁶⁸ and

⁶⁶ See Exhibit OAO-7.

⁶⁷ *Id.*

⁶⁸ Windstream General Customer Services Tariff, Sec. S3 found at http://www.windstream.com/tariffs/GA/gamlcl_win.pdf

1 in Ohio, TDS's Arcadia Telephone Company charges retail rates as high as \$24.65.⁶⁹
2 Likewise, other states have adopted benchmarks significantly higher than \$20.50. For
3 example, New York has a \$23.00 rate cap.⁷⁰ For the 12-month period beginning July 1,
4 2010, the Wyoming benchmark is \$32.09 for basic local exchange telephone service.⁷¹
5 And most recently, Pennsylvania just increased the retail rate cap for rural LECs from
6 \$18.00 to \$23.00.⁷²

7 Finally, a \$20.50 benchmark is quite low when one considers prices that
8 consumers voluntarily pay. Today households across the country readily pay \$50.00 or
9 more every month on bundled local and long distance packages, wireless services and
10 broadband connectivity.⁷³ A benchmark of \$20.50 per month is hardly earth-shaking --
11 particularly when it comes hand in hand with the benefits of access reform.
12 It is misleading, however, to look just at the potential local rate increase in isolation. The
13 foregoing discussion accounts for only half of the picture. If local service prices are
14 increased to compensate for access rate reductions, the access rate reductions themselves
15 would be expected to cause long distance prices to decline, as Dr. Aron demonstrated in
16 her empirical study, and as AT&T's Response to RLECs First Data Request 12 reveals.
17 Lower wireline long distance prices would provide significant benefit for Kentucky
18 consumers and the potential elimination of artificial regulatory distortions would

⁶⁹ See TDS property Arcadia Telephone Company Ohio Tariff, Section 4, Sheet 4 found at <http://www.puco.ohio.gov/emplibrary/files/docketing/tariffs/Local%20exchange%20company/Arcadia%20Telephone%20Company/PUCO%208.%20Local/Section%2004.%20Local%20Exchange.pdf>

⁷⁰ NY PSC Case 05-C-0616, Order issued April 11, 2006

⁷¹ Specifically, according to the Wyoming Commission, "...[F]or the twelve-month period beginning July 1, 2010, the weighted statewide average local exchange service rate is established at \$24.69. The associated 130% support benchmark is established at \$32.09. Therefore, no Wyoming customer should pay more than \$32.09 per month (excluding taxes, fees, surcharges, custom calling features and other optional services) for basic local exchange telephone service." See WY PSC Docket No. 90072-32-XO-10 (Record No. 12473), Order Issued May 14, 2010, at ¶ 36.

⁷² See fn. 42, *supra*.

⁷³ FCC's *Trends in Telephone Service, Industry Analysis and Technology Division, Wireline Competition Bureau, September 2010*, Table 3.2, http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-301823A1.pdf

engender robust competition that will enable carriers to provide a variety of innovative services that consumers want.

Q. HOW SHOULD THE COMMISSION IMPLEMENT KUSF RULES TO AUTHORIZE THE REBALANCING OF ACCESS REDUCTIONS PROPOSED BY AT&T?

A. To the extent the Commission decides to use the KUSF for access revenue replacement as described above, the Commission should include provisions that clearly authorize the use of KUSF support to recover reductions in access revenues. The provisions needed would include at least the following:

- (i) a provision that allows eligible ICOs to receive support for switched access revenues reduced as a result of Commission action, specifically describing how the amount to be drawn would be calculated, and identifying the supporting documentation that the eligible carrier must provide in order to qualify for revenue replacement support;
- (ii) a provision describing the contribution methodology and the sources of contributions to the fund, and giving carriers an option to recover their contribution assessment through an explicit end user surcharge; and
- (iii) a provision that specifies eligibility criteria for carriers to draw access replacement support.

The AT&T Plan attached as Exhibit OAO-2 to my testimony contains specific language that the Commission may adopt when drafting the KUSF rules.

Q. PLEASE ILLUSTRATE HOW THE CONTRIBUTION ASSESSMENT WILL BE CALCULATED.

A. The Commission must first determine the assessment factor which can be calculated as follows:

- Assessment Factor (percent) = Total 12 month KUSF Requirement⁷⁴ ÷ Total (projected next calendar year) Kentucky retail intrastate communications revenues.

This percentage will be assessed equally on all communications providers in Kentucky, including interconnected VOIP providers and wireless providers to the extent allowed by Kentucky law. Each provider's dollar assessment will be calculated as follows:

- Provider's Monthly Assessment = Assessment Factor (percent) x Provider's (current monthly actual) retail intrastate communications revenues.

Figure 4 above shows that, based on a range of assumed benchmark levels (*i.e.*, \$18.50 to \$23.50), the percent contribution assessment ranges from a high of 2 percent of total communications revenues received by Kentucky providers (*i.e.*, ILECs, CLECs, Wireless carriers, interconnected VoIP, and IXC), and declines consistently as the benchmark level is increased, and the calculated contribution surcharge (*i.e.*, 0.48%) on Kentucky consumers is lowest with the highest benchmark option (*i.e.*, \$23.50) in Year 5.

V. KENTUCKY CONSUMERS SHOULD NOT BE REQUIRED TO CONTINUE SUBSIDIZING THE KENTUCKY CLECS (ISSUE 3)

Q. ISSUE 3 NOTES THAT FEDERAL REGULATION CURRENTLY REQUIRES CLECS TO MIRROR THE INTERSTATE ACCESS RATES OF ILECS, UNLESS SPECIFIC COST JUSTIFICATION IS PROVIDED FOR HAVING HIGHER INTERSTATE RATES. SHOULD KENTUCKY IMPLEMENT THIS SAME POLICY FOR THE INTRASTATE RATES FOR CLECS?

A. Yes, in part. Specifically the Commission should adopt rules that result in "capping" CLECs' intrastate rates so that they cannot exceed the corresponding rates of the ILECs in whose service territory they compete, just as the FCC did for the CLEC interstate rates

⁷⁴ The calculation of the KUSF funding requirement should include projected disbursements, administrative costs including fees to administrator, costs of an audit of the fund, the development of a cash reserve (2 months of projected payments) and any other known costs of operating the fund.

1 in 2001.⁷⁵ But the CLECs should not be given an “out” to seek to impose higher access
2 rates by claiming that higher costs justify such rates.⁷⁶

3 **Q. WHY SHOULD THE COMMISSION NOT ALLOW CLECS TO JUSTIFY A**
4 **HIGHER ACCESS RATE IF THEY ALLEGE THEIR ACCESS COSTS ARE**
5 **HIGHER THAN THE ILEC’S ACCESS RATES?**
6

7 A. There are several good reasons for the Commission to reject CLEC efforts to impose
8 higher access rates. In the first place, the CLECs’ specific costs are irrelevant because
9 the level or type of costs CLECs incur does not determine what they could charge in a
10 competitive market in which their prices would be constrained by the incumbent’s
11 prices. New entrants like CLECs have access to the most efficient technology, they have
12 the right to pick and choose where to provide service, and they are subject to more
13 relaxed retail pricing regulations. Thus, they should be able to compete effectively for
14 local exchange services without the excessive subsidy that exists in intrastate access
15 charges, by improving efficiency. CLECs should rely only on their own merits to recoup
16 any lost revenue in the retail market through retail rate increases and improved service
17 offerings. If they are unable to do so, they should not be permitted to mask their
18 inefficiencies by extracting subsidies from Kentucky wireline long distance customers,
19 particularly from customers of carriers with which the CLEC competes. It would be bad
20 economics and bad regulatory policy to encourage or reward inefficient CLEC operations
21 in Kentucky with implicit subsidies. The FCC imposed pricing constraint on CLECs’
22 interstate access rates a decade ago, regardless of their costs, and a number of other

⁷⁵ *In the Matter of Access Charge Reform, Reform of Access Charges Imposed by Competitive Local Exchange Carriers*, CC Docket No. 96-262, Seventh Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 9923, ¶ 3 (2001) (“CLEC Access Reform Order”).

⁷⁶ It should be noted that FCC rules do not provide for higher CLEC switched rates based on specific cost justification. If a CLEC has high costs, it must either recover them from its own retail customers or negotiate a higher switched access rate with the IXC.

1 states, including Massachusetts and New Jersey, already have agreed that CLECs should
2 not be allowed to charge higher intrastate access rates, whether or not they incur higher
3 costs. A list of these states is attached as Exhibit OAO-5.

4 Significantly, even the FCC has not found any reasons to waive its CLEC capping
5 rules for interstate calls since 2001, despite numerous petitions that followed the
6 establishment of those rules. The most recent of such petitions was filed by Northern
7 Telephone and Data Corporation (NTD), and in January 2010 the FCC steadfastly
8 affirmed its earlier decisions and rejected NTD's contention that higher costs should
9 entitle it to higher rates, thus maintaining the 2001 limit of the interstate access charges
10 NTD may impose on interexchange carriers.⁷⁷

11 Moreover, giving CLECs an "out" if they claim excessive costs would simply
12 invite baseless CLEC petitions to raise access rates, followed by lengthy and contentious
13 litigation over the CLECs' cost studies. At a minimum, if the Commission does allow
14 CLECs to offer cost documentation for review, the access cap AT&T proposes here
15 should remain effective until and unless the Commission has completed its review of the
16 CLEC cost materials (in a separate proceeding) and found that such costs justify allowing
17 the affected CLEC to charge higher rates. Stated another way, the CLECs should be
18 required to reduce their rates first, and seek to prove the necessity from a higher rate

⁷⁷ See, *In the Matter of Petition of Northern Telephone and Data Corporation for the Waiver of Section 61.26(b)(1) of the Commission Rules*, WC Docket No. 09-216, NTD Order, January 13, 2010. In this NTD ruling, the FCC cites to similar requests since 2001 which it has rejected in the same fashion. For example: 1) See *CLEC Access Reconsideration Order*, 19 FCC Red at 9112, ¶ 9, also at 9136, ¶ 57; 2) see *Access Charge Reform*, CC Docket No. 96-262, TDS Metrocom, Inc. Petition for Waiver (filed June 20, 2001); 3) See generally *PrairieWave Order*, 23 FCC Red 2556 (finding that PrairieWave's request to base its access charges on costs was not in the public interest); 4) See *Petition of OrbitCom, Inc. for Forbearance from CLEC Access Charge Rules*, WC Docket No. 08-162, Memorandum Opinion and Order, 23 FCC Red 13187 (2008) (finding that OrbitCom provided no evidence to support its request).

1 afterwards.⁷⁸ In no event should the Commission allow a CLEC to unilaterally raise its
2 access rates before the Commission decides whether the increase is justified.

3 **Q. THE CLECS DID NOT HAVE HISTORICAL MONOPOLIES ON LOCAL**
4 **SERVICE. WHY SHOULD THEY HAVE THEIR ACCESS CHARGES**
5 **REDUCED ALONG WITH THE ILECS' CHARGES?**
6

7 **A.** For at least four reasons. First, I have already shown that implicit subsidies and inflated
8 access charges are hurting Kentucky consumers. Those harms occur no matter which
9 LEC assesses and collects the charges. By the same token, reductions in CLEC access
10 rates will benefit Kentucky consumers in the same way that reductions in ICO rates will
11 benefit consumers. The Commission should reform access charges for all LECs, without
12 giving some group a free pass (or, put another way, without letting some group continue
13 to hurt consumers). Indeed, CLEC access rates are generally higher than ILEC rates, and
14 it would make no sense to exempt the worst offenders from reform.⁷⁹ Second, while
15 CLECs do not have market power in retail local service, they (and other LECs) do have
16 and have always had market power in the wholesale access market. If an AT&T end user
17 calls a home or business served by a CLEC, AT&T *must* deliver the call to that CLEC for
18 which the CLEC assesses excessive terminating access charge. AT&T simply has no
19 choice. It is not permitted to block the call, nor can it deliver that call to a different LEC
20 and avoid the CLEC's high access expense. Moreover, AT&T cannot charge a higher
21 long-distance price for that call (or for calls to customers of that CLEC), to give the end

⁷⁸ Such capping will not deny the CLECs any cost recovery. After all, they already have retail pricing flexibility, and the Commission will only be adopting a ruling similar to the FCC and asking the CLECs to attempt to recover their costs from their retail customers for whom those costs were incurred. *See CLEC Access Reform Order, supra*. Those customers have competitive options and can compel the CLECs to either become more efficient (thereby reducing costs) or exit the market.

⁷⁹ Many CLECs did not respond to data requests, so I could not calculate their ARPM in order to compare to the ILECs. CLECs' rates, however, are generally set higher than the ILECs' rates.

1 user an incentive to avoid calling that CLEC's customers. Instead, AT&T has to average
2 its long-distance prices for all customers in a geographic region.⁸⁰

3 The same is true for originating access: If an AT&T IXC end user chooses a
4 particular CLEC for local service, AT&T has to accept that end user's long-distance calls
5 for which the CLEC assesses originating access charges. AT&T cannot block calls, it
6 cannot forbid its end users to choose a particular CLEC for local service, and because of
7 geographic averaging requirements, AT&T cannot charge higher rates to end users that
8 use a particular CLEC for local phone service. Under these circumstances, consumers
9 receive incorrect price signals, are unaware of the true cost of the service they receive,
10 and they select a CLEC without knowing that their decisions cause their long-distance
11 carrier and other consumers to pay the CLEC's excessive access charges.

12 Third, the access service that CLECs provide is identical, in all material respects,
13 to the access service that ILECs provide. CLECs should not receive preferential
14 treatment, and they should not receive higher payments than the ILECs for what is the
15 same function. Such an artificial advantage distorts competition for local service, on top
16 of the distortion that high access charges cause for long-distance communications. It
17 gives CLECs the opportunity to use their inflated access charges to undercut the local
18 exchange rates of the ILECs so that they can win over the end user, who does not know
19 (or care) that the CLEC is only offering a "good deal" on local service because the CLEC
20 is receiving massive subsidies that all Kentucky consumers are paying through higher
21 long-distance prices.

22 Fourth, the fact that CLECs did not have historical monopolies on retail local
23 service gives the Commission even *more* reason to reform CLEC access rates. As I

⁸⁰ See 47 U.S.C. § 254(g).

1 discussed earlier, ILECs historically charged high switched access rates to subsidize
2 below-cost local service and were required to serve all consumers in their service
3 territories pursuant to a regulatory compact, *i.e.*, a *quid pro quo* of the monopoly era. But
4 unlike ILECs, CLECs do not have an obligation to provide service to any customer.
5 CLECs pick and choose their retail customers, and they do not have to provide below-
6 cost service to anyone anywhere. So there is no *quid pro quo*: handing a subsidy to a
7 CLEC is just handing a subsidy to the CLEC, with no benefits for universal service.

8 **Q. SHOULD CLECS BE ALLOWED TO DRAW EXPLICIT SUBSIDIES FROM**
9 **THE KUSF?**

10
11 **A.** No, the implicit subsidies which the AT&T Plan proposes to make explicit were not
12 meant for the CLECs in the first place. CLECs already have full pricing flexibility and so
13 they already have the opportunity to rebalance retail rates and fully recover their access
14 revenue reduction without placing any additional subsidy burden on Kentucky consumers
15 through the KUSF.

16 As I explained earlier, the ILECs' access charges were designed to provide
17 additional revenues that implicitly subsidized prices for basic local service in rural and
18 high-cost areas. In exchange, ILECs had their retail prices constrained by regulation, and
19 they had universal service obligations to be ready, willing, and able to serve certain
20 residential customers throughout their respective service territories. Thus, in recognition
21 of that regulatory compact it makes sense that the Commission transition away from the
22 implicit subsidy system by limiting the ILECs' retail rate increases (through the
23 benchmark approach I described above) and providing transitional explicit support
24 through the KUSF.

1 By contrast, CLECs stand in a very different position from the ILECs. They have
2 never been subjected to universal service requirements, and they have been free to choose
3 which customers and geographic areas to serve. Further, they have been given the
4 opportunity to price their services under a more flexible system than existed traditionally
5 for the ILECs.

6
7 **VI. THE COMMISSION SHOULD NOT IGNORE THE NEED FOR ACCESS**
8 **REFORM, OR WAIT FOR FCC ACTION THAT MAY NEVER COME.**
9

10 **Q. SOME PARTIES SUGGEST THAT THE COMMISSION DO NOTHING ABOUT**
11 **THE HARMS OF HIGH ACCESS CHARGES AND INSTEAD WAIT FOR THE**
12 **FCC TO DO SOMETHING.⁸¹ HOW DO YOU RESPOND?**
13

14 **A.** I completely disagree. There is no real dispute that high intrastate access charges are
15 hurting Kentucky consumers. Doing nothing about the problem is a terrible idea.
16 First, there is no assurance that the FCC will do anything about intrastate charges anytime
17 soon. The FCC has been talking about intercarrier compensation reforms for a decade,
18 with no concrete results. Further, the FCC's recent Notice of Proposed Rulemaking
19 suggests that the FCC's first option is to let states take the lead on intrastate access
20 rates.⁸² It makes no sense for the Commission to wait for FCC action, when the FCC
21 may very well reaffirm that the states were supposed to act.

22 Second, the FCC itself has explicitly encouraged states to act and *not* wait on
23 intrastate reforms. The FCC is fully aware that some states "have undertaken intrastate
24 access charge reform measures," including the interstate-intrastate parity approach that

⁸¹ See Joint Public Comments of tw telecom of Kentucky, llc and Level 3 Communications, LLC, filed Dec. 20, 2010, at 2

⁸² *In re Connect America Fund: A National Broadband Plan For Our Future*, 2011 WL 466775, ¶ 554 (Notice of Proposed Rulemaking, rel. Feb. 9, 2011) ("2011 NPRM")

1 AT&T proposes here.⁸³ Far from disapproving of such measures, the 2011 NPRM
2 “seek[s] comment on what steps the Commission should take to *encourage* states to
3 reduce intrastate intercarrier compensation rates and how we could do so *without*
4 penalizing states that have already begun” to reform intrastate rates.⁸⁴ The FCC has even
5 proposed that states that have adopted meaningful access reforms would be first in line
6 (or perhaps the only states in line) for the first phase of federal broadband funds, and has
7 “request[ed] accurate information concerning the status of intrastate access state reform
8 activity to determine which states” have implemented enough reform to qualify for
9 federal funds.⁸⁵ Indeed, the FCC expressly singled out “mirroring interstate rates” as a
10 possible criterion for federal support.⁸⁶ That is the same “parity” reform that AT&T
11 proposes here. So the proponents of delay may actually inadvertently create a perverse
12 situation where Kentucky’s rural ICOs and their customers may miss out on significant
13 revenues from federal funding.

14 **Q. DID THE FCC COMMENT SPECIFICALLY ON THE PROBLEMS POSED BY**
15 **INTRASTATE SWITCHED ACCESS CHARGES?**

16
17 **A.** Yes. As the FCC correctly recognized, *intrastate* access charges are the biggest problem
18 area. Access “payments for calls within a state, known as intrastate access charges, are
19 often higher than those that apply to calls across states, or interstate access charges.”⁸⁷
20 This is because the FCC has at least “made incremental efforts to modify interstate access
21 charges to reflect technological changes in the telecommunications network and the

⁸³ *Id.* at ¶ 543 and nn. 816, 819.

⁸⁴ *Id.* at ¶ 544 (emphasis added).

⁸⁵ *Id.* at ¶ 544 and n.819.

⁸⁶ *Id.* at ¶ 544.

⁸⁷ *Id.* at ¶ 494.

1 advent of competition.”⁸⁸ By contrast, while some states “have taken steps to reduce
2 intrastate access rates and realign local residential rates with costs,” others “continue to
3 maintain intrastate access charges that far exceed interstate charges.”⁸⁹ Thus, “[t]here is
4 general industry sentiment that intrastate rates should be reduced first because they are
5 the highest, and because eliminating the discrepancy between intrastate and interstate
6 access charges could reduce arbitrage.”⁹⁰

7 **Q. WHAT ARE THE RISKS IN TAKING NO ACTION?**

8 **A.** As I stated earlier, the present scheme (where some LECs charge artificially low retail
9 rates for local service while they collect implicit subsidies from artificially high access
10 rates) is headed for an inevitable collapse. As consumers and the industry continue to
11 migrate from the traditional POTS service and include wireless, broadband, and IP-
12 enabled systems of delivering telecommunications in their choices, the sources for these
13 subsidies will shrink and may eventually disappear.⁹¹ Ironically, the system that was
14 initially designed to help consumers stay connected to the traditional network may cause
15 some consumers to find themselves without access to any affordable local wireline
16 service, and their ability to connect to the advanced IP-enabled networks may be
17 threatened if an orderly transition does not begin soon.

⁸⁸ *Id.* at ¶ 54.

⁸⁹ *Id.*

⁹⁰ *Id.* at ¶ 554. In fact, many Kentucky ICOs support unified inter- and intrastate access rates. For example, Windstream expressed support for a multi-step process that would lead to a unified intercarrier compensation rate, *i.e.*, where the FCC would “reduce terminating interstate, intrastate, and reciprocal compensation access rates for price cap carriers, phased in equal increments annually, to the lowest CALLS target pursuant to 47 C.F.R. § 61.3(qq)(1) (*i.e.*, \$0.0055) and unify any higher reciprocal compensation rates to that level.” *See* CC Docket No. 01-92, WC Docket No. 05-337, CC Docket No. 96-45, WC Docket No. 06-122, WC Docket No. 99-68, WC Docket No. 08-152, WC Docket No. 07-135, Windstream *ex parte* letter (Appendix) to FCC 10/27/2008 <http://fjallfoss.fcc.gov/ecfs/document/view?id=7020244610>. *See also* CBT Response to AT&T First Data Request 20 *citing* CC Docket No. 01-92, Reply Comments of Cincinnati Bell Inc., filed July 20, 2005; *Ex Parte* Letter of Cincinnati Bell Inc., filed October 3, 2008; Reply Comments of Cincinnati Bell Inc., filed May 23, 2011.

⁹¹ Eventually, there could be no access lines to which the Kentucky ICOs will assess their NTSRR when all consumers have abandoned the implicitly subsidized lines.

1 Many consumers who currently pay below cost (subsidized) rates for traditional
2 local service may not find higher-priced (unsubsidized) broadband service attractive.
3 Also, companies that have not already done so may be reluctant to invest in broadband so
4 long as it competes with below-cost basic local service prices and curtails the subsidy
5 revenues those companies receive from high-priced access charges. The AT&T Plan
6 addresses these problems and offers a gradual rebalancing solution that promotes
7 competition and consumer choice, and at the same time stabilizes the implicit subsidy
8 revenues. With the implicit subsidies removed from intrastate access rates, LECs are
9 assured more stable revenue stream during the transition and they are able to restructure
10 their retail price so that it more accurately reflects costs they incur to provide services to
11 their end users. They are also able to adjust their operations to meet the needs of
12 consumers who demand newer service, thus fostering an environment where all
13 companies can compete on their own relative merits and consumers base purchase
14 decisions on appropriate pricing signals free of the distortions caused by excessive
15 intrastate access rates.⁹²

16 This Commission recognized over 10 years ago that intrastate switched access
17 rates were too high, and it implemented parity for AT&T Kentucky then. The
18 Commission should not wait any longer to correct the problem for other LECs.
19

⁹² It is easier for a consumer to perceive the relative or superior value of broadband and IP-enabled services when the retail rates of the PSTN voice service reflect the true cost and the price differentials are not so drastic.

1 **VII. CONCLUSION AND RECOMMENDATION**

2 **Q. PLEASE SUMMARIZE YOUR POSITIONS IN THIS PROCEEDING.**

3 **A.** The Commission has long recognized the problems created by the implicit subsidies
4 embedded in the current intrastate switched access rates of the Kentucky ICOs. Taking
5 meaningful action now will give consumers across Kentucky the benefits of lower long-
6 distance prices and more aggressive competition in the long-distance and local
7 communications markets. Doing nothing will leave Kentucky's implicit subsidy system
8 on the verge of collapse and subsidized ILECs at risk, and will keep Kentucky out of step
9 with the growing number of states addressing intrastate access reform.

10 Fortunately, the solution is literally right in front of the Commission. It is the
11 same solution that the Commission approved years ago for AT&T Kentucky. It is the
12 same solution that many other states have already implemented. The Commission should
13 order all Kentucky ICOs to reduce their intrastate switched access rates to parity with the
14 corresponding interstate access rates, which reflect significant reforms already
15 implemented by the FCC for interstate calls. Also, the CLECs' access rates must be
16 reduced and capped at the levels of the ILECs with which they compete. In short, the
17 Commission should adopt the AT&T Plan.

18 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

19 **A.** Yes, it does.
20
21

List of Testimonies by Dr. Ola Oyefusi

State	Docket No.	Subject	Date
Pennsylvania	Docket No. C-20027195	AT&T Communications of Pennsylvania, LLC, et. al. (Complainant) v. Verizon North LLC and Verizon Pennsylvania Inc. (Respondents),	March 29, 2011 (Direct), May 10, 2011 (Rebuttal), June 3, 2011 (Surrebuttal)
New Jersey	Docket No. TT11020064	In the Matter of the Motion by Joint Movants AT&T Communications of New Jersey, Rate Counsel and Sprint Requesting The Board Suspend and Investigate CenturyLink's Phase II Access Rate	March 3, 2011 (Direct), March 15, 2011 (Reply)
Massachusetts	D.T.C. 10-2	Petition of Choice One Communications of Massachusetts Inc., Conversent Communications Massachusetts Inc., CTC Communications Corp. and Lightship Telecom, LLC (collectively, "One Communications"), For Exemption from Price Cap on Intrastate Switched Access Rates as Established in D.T.C. 07-9	November 1, 2010 (Rebuttal), January 10, 2011 (Supplemental Testimony)
Kentucky	Docket No. 2007-00503	In the Matter of MCI Communications Services, Inc., Bell Atlantic Communications, Inc., NYNEX Long Distance Company, TTI National, Inc., Teleconnect Long Distance Services & Systems Company and Verizon Select Services, Inc. (Complainants) vs. Windstream Kentucky West, Inc., Windstream Kentucky East, Inc. – Lexington and Windstream Kentucky East, Inc. – London (Defendants)	July 14, 2010 (Direct), August 13, 2010 (Rebuttal)
Illinois	Docket No. 09-0315	In the Matter of Illinois Commerce Commission On its Own Motion vs. McLeodUSA Telecommunications Services, Inc. d/b/a PAETEC Business Services. Investigation into whether Intrastate	February 22, 2010

EXHIBIT OAO-1

		Access Charges of McLeodUSA Telecommunications Services, Inc. d/b/a PAETEC Business Services are just and reasonable.	
Pennsylvania	Docket No. I-00040105; Docket No. C-2009-2098380, et al.	Investigation Regarding Intrastate Access Charges and IntraLATA Toll Rates of Rural Carriers and the Pennsylvania Universal Service Fund AT&T Communications of Pennsylvania, LLC, et. al. (Complainant) vs. Armstrong Telephone Company - Pennsylvania, et al. (Respondents)	July 2, 2009 (Direct), November 30, 2009 (Suppl. Direct), March 10, 2010 (Rebuttal), March 31, 2010 (Surrebuttal), & April 8, 2010 (Rejoinder)
Arizona	DOCKET NO. RT-00000H-97-0137; and T-00000D-00-0672	In the Matter of the Review and Possible Revision of Arizona Universal Service Fund Rules, Article 12 of the Arizona Administrative Code; In the Matter of the Investigation of the Cost of Telecommunications Access.	December 1, 2009 (Direct Testimony), February 5, 2010 (Reply), and March 5, 2010 (Rejoinder)
New Jersey	Docket No. TX08090830	In the Matter of the Board's Investigation and Review of Local Exchange Carrier Intrastate Access Rates	February 13, 2009 (Initial Testimony), April 20, 2009 (Reply), June 22, 2009 (Rebuttal)
Pennsylvania	Docket No. I-00040105	Investigation Regarding Intrastate Access Charges and IntraLATA Toll Rates of Rural Carriers and the Pennsylvania Universal Service Fund	December 10, 2008 (Direct), January 15, 2009 (Rebuttal), & February 10, 2009 (Surrebuttal)
Massachusetts	07-9	Petition for Investigation under Chapter 159, Section 14 of the Intrastate Switched Access Rates of Competitive Local Exchange Carriers	August 20, 2008 (Pre-filed)
Virginia	Case No. PUC-2007-00108	Petition of Sprint Nextel for reductions in the intrastate carrier access rates of Central Telephone	August 1, 2008

EXHIBIT OAO-1

		Company of Virginia and United Telephone-Southeast, Inc.	
New Hampshire	DT 06-067	Bayring Petition into investigation of Verizon New Hampshire's practice of imposing access charges, including carrier common line, on calls which originate from Bayring's network and terminate on wireless carriers' networks.	March 9, 2007 & April 20, 2007
New Jersey	TT 04060442	Application of Verizon New Jersey, Inc. for a Revision of Tariff B.P.U.-N.J. No. 2, providing for a Revenue Neutral Rate Restructure Including a Restructure of Residence and Business Basic Exchange Service and Elimination of 65¢ Monthly Credit	January 18, 2005 (Rebuttal)
New Jersey	TO 01020095	Application of Verizon New Jersey for approval (i) of a new alternative regulation plan, (ii) to reclassify multi-line regulated business as competitive services.	January 9, 2005 (Direct) & February 4, 2005 (Rebuttal)
Pennsylvania	C-20027195	Remand of Verizon access reduction proceeding	June 29, 2005
Pennsylvania	R-00049812	Verizon Pennsylvania Inc.'s Petition for Expedited Adoption of an Interim Rate Pending Determination of Final Rates for Time and Material	November 15, 2004 (Direct) & December 7, 2004 (Rebuttal)
Pennsylvania	C-20027195	Investigation into VZ access rates	July 18, 2003
Virginia	PUC-2002-00088	Petition of Cavalier Telephone LLC for injunction against Verizon Virginia Inc. for Violations of interconnection agreement and for expedited relief to order Verizon to provision Unbundled Network Elements in accordance with the Telecommunications Act of 1996	June 2, 2003
Delaware	96-324, Phase II	In the matter of the application of Verizon Delaware Inc. for approval of its Statement of Terms and Conditions under section 252(f) of the Telecommunications Act of 1996 and code of conduct	September 14, 2001
District of Columbia	Formal Case No. 962	In the Matter of the Implementation of the District of Columbia Telecommunications	October 9, 2001

EXHIBIT OAO-1

		Act of 1996 and Implementation of the Telecommunications Act of 1996	
DC	Formal Case No. 814, Phase IV	rate design for telecommunications services, development of productivity measurements under a price cap plan, use of incremental cost as a price floor for competitive telecommunications services, criteria for determining competitive telecommunications services, critique of the alternative incentive regulation adopted in Phase III, and classification of telecommunications services	July 1, 1995
DC	Formal Case No. 920	telecommunications needs of residents, business community and government entities in the District of Columbia, introduction of new telecommunications services in the District of Columbia, and mechanisms for reviewing and monitoring Bell Atlantic's construction plans and budget	March 18, 1994
DC	Formal Case No. 926	rate design and determination of total factor productivity	July 30, 1993
DC	Formal Case No. 814, Phase III	market structure, determination of market share, pricing flexibility, and significance of economies of scale and economies of scope	October 13, 1992
DC	Formal Case No. 912	rate structure, pricing information and energy conservation	April 3, 1992

AT&T PLAN FOR KENTUCKY SWITCHED ACCESS REFORM

This five year Access Reform Plan ("Plan") ensures that each Kentucky Incumbent Local Exchange Carrier ("ILEC") that reforms its Kentucky intrastate switched access charges to match, in rate level and rate structure, its interstate switched access charges will have the opportunity to recoup for each billable line in service 100% of any reduction in switched access revenues through a combination of increased retail rates and amounts drawn from the Kentucky Universal Service Fund ("KUSF"). The Plan also requires each Competitive Local Exchange Carrier ("CLEC") to reduce its intrastate access rates so that on average they are no higher than the rates of the ILECs with which they compete. The Plan is as follows:

1. Thirty (30) days following a Commission Order adopting the Plan, each CLEC's overall weighted average intrastate switched access rates are capped at, and must be maintained at no greater than, the overall weighted average intrastate rates of the ILEC(s) with which the CLEC competes. CLECs currently have full retail rate pricing flexibility that can be used, in each CLEC's discretion, to recoup any resulting switched access revenue reductions.
2. One-hundred eighty (180) days¹ following the Commission Order, each ILEC shall implement intrastate switched access rates that are identical, in rate level and rate structure, to the ILEC's interstate switched access rates. Whenever changes occur to an ILEC's interstate switched access rates and/or rate structure, the ILEC shall implement identical changes to its provision of intrastate switched access services.
3. The Commission Order will establish a single statewide local exchange service rate benchmark ("Benchmark") applicable to all billable retail local exchange lines in service. To the extent allowed by law, each ILEC will have pricing flexibility to increase its price for any retail basic local exchange service line² to the Benchmark level, except that, unless otherwise ordered by the Commission, the increase implemented in each year of the Plan shall be limited to \$2.00 per line per month (the "Transitional Cap"). To the extent allowed by law, the Commission Order will grant ILECs additional pricing flexibility to increase retail basic local exchange service rates up to \$2.00 per line per month each year of the Plan until rates reach the Benchmark.
 - 3.1. To the extent any ILEC, that elected alternative rate regulation under KRS 278.543 prior to January 1, 2010, has its rates capped at the time this Plan is implemented, the difference between the capped rates and the Benchmark will be replaced with KUSF distributions until the rate cap expires, at which point the ILEC will continue to draw from the KUSF as set forth below.
 - 3.2. In the event an ILEC is allowed during the five years of the Plan to establish new rates for retail local exchange service above the Benchmark, the resulting revenue increase above the Benchmark will not be subtracted from the ILEC's KUSF distribution, if any.
4. Distributions from the KUSF will be determined as follows:

¹ The additional 150 days (five months) provided to ILECs would be used to implement a Kentucky Universal Service Fund ("KUSF").

² The price of all billable local exchange lines of an ILEC, including those contained in a bundled offering, is assumed for purposes of the Plan to be the ILEC's basic local exchange rate in the exchange in which the line is being provided.

- 4.1. Each ILEC's Total Access Revenue Shift will be determined by calculating, for the calendar year prior to the Commission's order, the difference between the ILEC's total intrastate switched access revenues and the switched access revenues the ILEC would have collected had it applied its interstate switched access rates for the provision of intrastate switched access services.
- 4.2. Each ILEC's Per Line Access Shift will be determined by dividing the ILEC's Total Access Revenue Shift by the number of billable retail local exchange lines the ILEC had in service as of October 31 of the calendar year prior to the Commission's order. Administrative and official lines shall not be included in the calculation.
- 4.3. Each year of the Plan, each ILEC will recover from the KUSF its Annual Access Revenue Shift less its Additional Retail Revenue Opportunity, calculated prior to the beginning of the upcoming year ("the upcoming Plan year") as set forth below. If the calculations performed for an upcoming Plan year show that an ILEC's Annual Access Revenue Shift less its Additional Retail Revenue Opportunity produces a number at or less than zero, the ILEC will not be permitted to draw from the KUSF in the upcoming Plan year or in any subsequent year of the Plan. The specific calculations to be performed for each year of the Plan are set forth in Section 4.6, below, and are controlling.
- 4.4. The ILEC's Annual Access Revenue Shift for an upcoming Plan year is equal to the number of billable retail local exchange lines the ILEC had in service as of October 31 in the year prior to the upcoming Plan year times the ILEC's Per Line Access Shift as defined in Section 4.2, above.
- 4.5. The ILEC's Additional Retail Revenue Opportunity for each upcoming Plan year consists of two parts:
 - 4.5.1. For each retail local exchange line which price (inclusive of any increases available, but not taken, under this Plan) is in a range from \$0.01 to \$2.00 below the Benchmark, as of October 31 of the year preceding the upcoming year of the Plan, the difference between the rate and the Benchmark, times 12, totaled for all such lines, plus
 - 4.5.2. For each retail local exchange line which price (inclusive of any increases available, but not taken, under this Plan) is more than \$2 below the Benchmark, as of October 31 of the year preceding the upcoming year of the Plan, \$2 times 12, totaled for all such lines.
 - 4.5.3. The specific calculations to be performed for each year of the Plan are set forth in Section 4.6, below, and are controlling.
- 4.6. Each ILEC will be entitled to recover from the KUSF for each year of the Plan as follows:
 - 4.6.1. Year 1 – Each ILEC will be entitled to recover its Annual Access Revenue Shift less its Additional Retail Revenue Opportunity (as determined in the Commission Order and consistent with Sections 4.3, 4.4 and 4.5, above).
 - 4.6.2. Year 2 – Each ILEC will be entitled to recover the amount it recovered in Year 1, with the following adjustments: (a) adjust for any change in the ILEC's number of

billable retail local exchange lines as of October 31 of Year 1,³ then subtract the sum of (b) for each billable retail local exchange line in service priced below the Benchmark, but within \$2.00 of the Benchmark, as of October 31 in Year 1,⁴ the difference between the rate and the Benchmark, summed for all such lines, times 12, plus (c) for each billable retail local exchange line in service priced more than \$2.00 below the Benchmark as of October 31 of Year 1 (see fn. 3), \$2.00 times the number of such lines, times 12.

4.6.3. Year 3 - Each ILEC will be entitled to recover the amount it recovered in Year 2, with the following adjustments: (a) adjust for any change in the ILEC's number of billable retail local exchange lines as of October 31 of Year 2 (see fn.2), then subtract the sum of (b) for each billable retail local exchange line in service priced below the Benchmark, but within \$2.00 of the Benchmark, as of October 31 in Year 2 (see fn. 3), the difference between the rate and the Benchmark, summed for all such lines, times 12, plus (c) for each billable retail local exchange line in service priced more than \$2.00 below the Benchmark as of October 31 of Year 2 (see fn. 3), \$2.00 times the number of such lines, times 12.

4.6.4. Year 4 - Each ILEC will be entitled to recover the amount it recovered in Year 3, with the following adjustments: (a) adjust for any change in the ILEC's number of billable retail local exchange lines as of October 31 of Year 3 (see fn.2), then subtract the sum of (b) for each billable retail local exchange line in service priced below the Benchmark, but within \$2.00 of the Benchmark, as of October 31 in Year 3 (see fn. 3), the difference between the rate and the Benchmark, summed for all such lines, times 12, plus (c) for each billable retail local exchange line in service priced more than \$2.00 below the Benchmark as of October 31 of Year 3 (see fn. 3), \$2.00 times the number of such lines, times 12.

4.6.5. Year 5 - Each ILEC will be entitled to recover the amount it recovered in Year 4, with the following adjustments: (a) adjust for any change in the ILEC's number of billable retail local exchange lines as of October 31 of Year 4 (see fn.2), then subtract the sum of (b) for each billable retail local exchange line in service priced below the Benchmark, but within \$2.00 of the Benchmark, as of October 31 in Year 4 (see fn. 3), the difference between the rate and the Benchmark, summed for all such lines, times 12, plus (c) for each billable local exchange line in service priced more than \$2.00 below the Benchmark as of October 31 of Year 4 (see fn. 3), \$2.00 times the number of such lines, times 12.

³ If the ILEC's number of billable lines in service increases from the prior October 31, add an amount equal to the increase in lines times the Per Line Access Shift times 12. If the ILEC's number of billable lines in service decreases from the prior October 31, subtract an amount equal to the decrease in lines times the Per Line Access Shift times 12.

⁴ Nothing in the Plan precludes an ILEC from reducing any of its basic local service rates at any time, but any such reductions will be disregarded for purposes of calculating Kentucky USF distributions under the Plan so that an ILEC may not reduce its retail local exchange prices to increase its draw from the Kentucky USF. Likewise, an ILEC may not increase its distribution from the Kentucky USF by electing to forego available retail local exchange service price increases. The price used for this calculation shall be the highest price the ILEC had in effect during the preceding year, adjusted upward for any price increase the ILEC could have implemented under this Plan but elected to forego. See Sections 4.5.1 and 4.5.2.

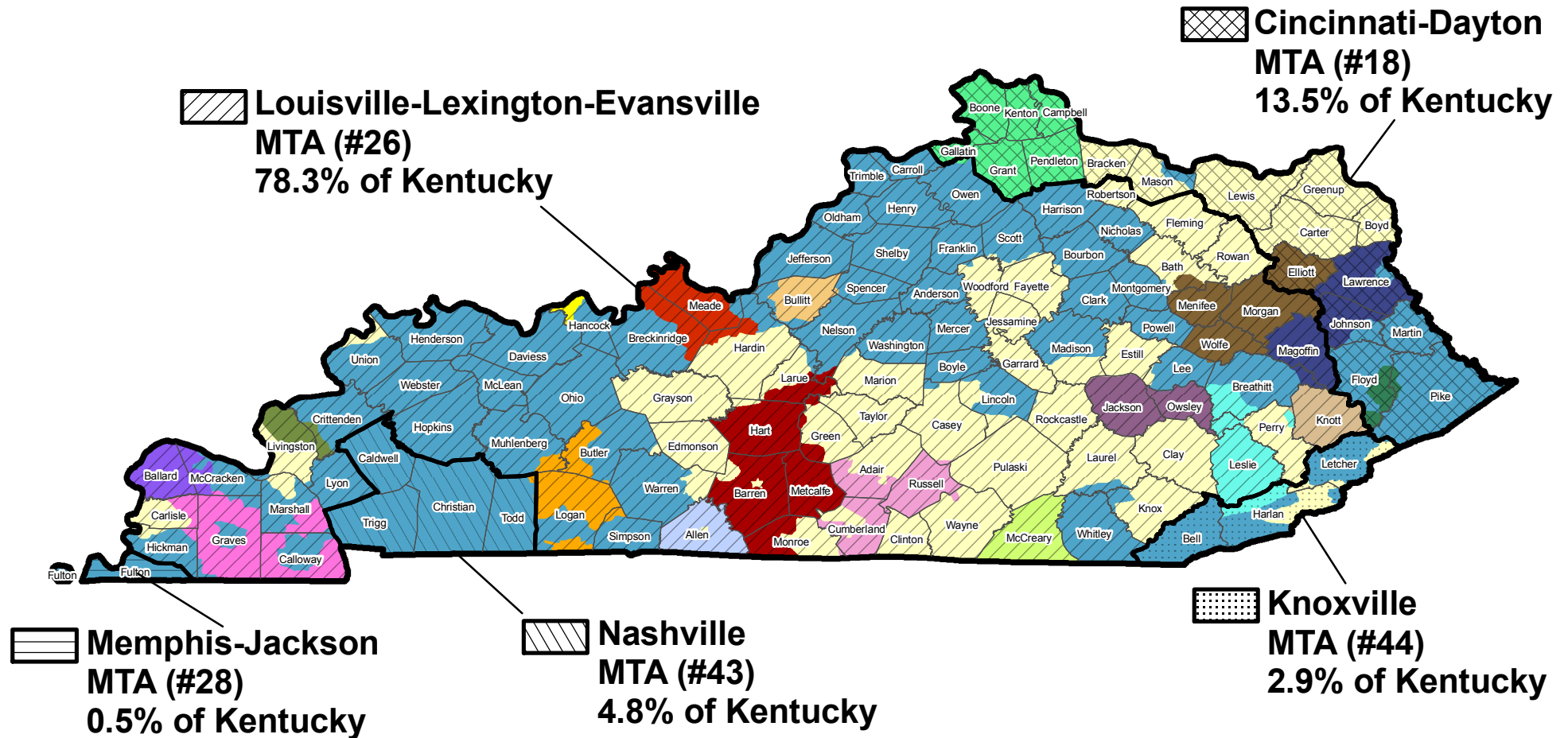
5. No earnings test would be required of the ILECs to qualify for the Kentucky USF distributions.
6. Contributions to the KUSF will occur as follows.
 - 6.1. All providers having Kentucky retail intrastate telecommunications revenues would contribute to the KUSF, including wireline ILECs, CLECs, wireless carriers and IXCs.
 - 6.2. The KUSF contribution assessment will mirror the current Federal USF contribution methodology (*i.e.*, based on intrastate retail telecommunications revenues). If the Federal USF contribution methodology is changed in the future (*e.g.*, to be based upon telephone numbers and/or dedicated connections), then the Commission shall open a proceeding to evaluate the KUSF contribution methodology to consider whether the KUSF contribution methodology should be changed, and if so, how. If the KUSF contribution methodology is revised, the Commission shall allow a reasonable implementation period.
 - 6.3. By November 15 of each year of the Plan, the Commission or its designee will calculate a KUSF assessment for the upcoming Plan year, expressed as a percentage of intrastate retail telecommunications revenues, by dividing the expected KUSF distributions by the expected Kentucky intrastate retail telecommunications revenues, adjusting for a prior-year fund surplus or deficit, if any. Providers will be able to file their Kentucky intrastate retail telecommunications revenue data on a confidential basis.
 - 6.4. Providers are permitted, but not required, to recover their KUSF assessments from their end user customers, and may do so, *e.g.*, through a separate line item for the KUSF assessment on retail customers' bills.

7. Not later than January 1 of Year 5 of the Plan, the Commission shall open a proceeding to review and reevaluate all aspects of the Plan, including the Benchmark and the necessity for continued KUSF distributions, which proceeding shall be completed by December 1 of Year 5 of the Plan. Interested parties shall be provided with notice and an opportunity to comment.

In the event the Federal Communications Commission (FCC) issues an order modifying its current methodology for establishing interstate switched access charges, the Kentucky Commission will open a proceeding to determine what changes, if any, are required to this Plan, such proceeding to be completed within 120 days of the effective date of any such FCC order.

829653

Kentucky Wireless MTA-ILEC Overlay



ILEC

AT&T Kentucky, Inc.
 Ballard Rural Telephone Cooperative Corporation, Inc.
 Brandenburg Telephone Company, Inc.
 Cincinnati Bell Telephone Company
 Duo County Telephone Cooperative Corporation, Inc.
 Foothills Rural Telephone Cooperative Corporation, Inc.

Gearheart Communications Co., Inc. dba Coalfields Telephone Co.
 Highland Telephone Cooperative, Inc.
 Leslie County Telephone Company, Inc.
 Lewisport Telephone Company, Inc.
 Logan Telephone Cooperative, Inc.
 Mountain Telephone Cooperative, Inc.
 North Central Telephone Cooperative, Inc.

Peoples Rural Telephone Cooperative Corporation, Inc.
 Salem Telephone Company
 South Central Rural Telephone Cooperative Corporation, Inc.
 Thacker-Grisby Telephone Company, Inc.
 West Kentucky Rural Telephone Cooperative Corporation, Inc.
 Windstream Kentucky East, Inc.
 Windstream Kentucky West, Inc.



**Ballard Rural Telephone Cooperative Corporation
Recurring Switched Access Charges**

Current Intrastate Access Rate Ballard Rural Telephone Cooperative Corporation**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)		Carrier Common Line Access Service		
<u>Rate Per Access Line Per Month</u>		<u>Rate Per Access Line Per Month</u>		<u>Rate Per Access Line Per Month</u>
Non-Traffic Sensitive Revenue		(Not Allowed)		(\$6.31)
End Office (Section 17.2.3 Page 17-8)		End Office (Section 17.2.3 Page 17-11)		
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
Local Switching (Premium)		Local Switching (Premium)		
Rate Band 1		Rate Band 1		\$.004058
Rate Band 2		Rate Band 2		\$.001704
Rate Band 3		Rate Band 3		(\$.000649)
Rate Band 4		Rate Band 4		(\$.003002)
Rate Band 5		Rate Band 5		(\$.005355)
Rate Band 6		Rate Band 6		(\$.007708)
Rate Band 7		Rate Band 7		(\$.010061)
Local Switching (Non-Premium)		Local Switching (Non-Premium)		
Rate Band 1		Rate Band 1		\$.001827
Rate Band 2		Rate Band 2		\$.000767
Rate Band 3		Rate Band 3		(\$.000292)
Rate Band 4		Rate Band 4		(\$.001350)
Rate Band 5		Rate Band 5		(\$.002409)
Rate Band 6		Rate Band 6		(\$.003468)
Rate Band 7		Rate Band 7		(\$.004527)
<u>Rate Per 100 Access Minutes</u>		<u>Rate Per 100 Access Minutes</u>		<u>Rate Per 100 Access Minutes</u>
Information Surcharge		Information Surcharge		
Premium		Premium		\$.0333
Non-Premium		Non-Premium		\$.0150
Local Transport (Section 17.2.2 Pages 17-4 to 17-7)		Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3)		
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
Tandem Switched Facility (Per Mile)		Tandem Switched Facility (Per Mile)		\$.000213
Tandem Switched Termination		Tandem Switched Termination		\$.001157
Tandem Switching		Tandem Switching		\$.001765
Entrance Facilities		Entrance Facilities		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)		Voice Grade (Two Wire)		\$6.12
Voice Grade (Four Wire)		Voice Grade (Four Wire)		\$9.80
High Capacity DS1		High Capacity DS1		\$37.45
High Capacity DS3		High Capacity DS3		(\$94.75)
Direct-Trunked Transport (Facility)		Direct-Trunked Transport (Facility)		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Mile)		(Per Mile)		
Voice Grade		Voice Grade		\$.43
High Capacity DS1		High Capacity DS1		(\$4.46)
High Capacity DS3		High Capacity DS3		(\$3.89)
Direct-Trunked Termination		Direct-Trunked Termination		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade		Voice Grade		\$4.38
High Capacity DS1		High Capacity DS1		(\$18.21)
High Capacity DS3		High Capacity DS3		(\$36.54)
Multiplexing		Multiplexing		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1		DS3 to DS1		(\$28.06)
DS1 to Voice		DS1 to Voice		(\$10.83)
Customer Node		Customer Node		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Node)		(Per Node)		
OC3		OC3		(\$31.76)
OC12		OC12		(\$91.73)
Customer Premises Port		Customer Premises Port		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Port)		(Per Port)		
OC3		OC3		\$2.00
STS-1		STS-1		(\$12.50)
DS3		DS3		(\$12.50)
DS1		DS1		(\$3.22)
Add/Drop Multiplexing Central Office Port		Add/Drop Multiplexing Central Office Port		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Port)		(Per Port)		
OC3		OC3		\$2.00
DS3		DS3		(\$6.42)
DS1		DS1		(\$2.57)
Transport Interconnection Charge		Transport Interconnection Charge		
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
(Premium)		(Premium)		
Rate Bands 1-4		Rate Bands 1-4		(\$.00506 to \$.012515)
(Non-Premium)		(Non-Premium)		
Rate Bands 1-4		Rate Bands 1-4		(\$.002253 to \$.005632)
Network Blocking		Network Blocking		
<u>Rate Per Blocked Call</u>		<u>Rate Per Blocked Call</u>		<u>Rate Per Blocked Call</u>
Feature Group D only		Feature Group D only		\$.0018
800 Data Base Access Service Queries		800 Data Base Access Service Queries		
<u>Rate Per Query</u>		<u>Rate Per Query</u>		<u>Rate Per Query</u>
Basic		Basic		(\$.0001)
Vertical Feature		Vertical Feature		No Change

EXHIBIT OAO-4

Ballard Rural Telephone Cooperative Corporation Non-Recurring Switched Access Charges

Current Intrastate Access Rate Ballard Rural Telephone Cooperative Corporation**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Pages 17-10 to 17-10.2.1.1)		
<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$161.00	Voice Grade (Two Wire)	\$450.00	\$289.00
Voice Grade (Four Wire)	\$161.00	Voice Grade (Four Wire)	\$450.00	\$289.00
High Capacity DS1	\$181.00	High Capacity DS1	\$330.00	\$149.00
High Capacity DS3	\$499.00	High Capacity DS3	\$445.00	(\$54.00)
<u>Customer Node</u>		<u>Customer Node</u>		
(Per Node)		(Per Node)		
OC3	\$197.00	OC3	\$640.00	\$443.00
OC12	\$197.00	OC12	\$640.00	\$443.00
<u>Customer Premises Port</u>		<u>Customer Premises Port</u>		
(Per Port)		(Per Port)		
STS-1	\$213.00	STS-1	\$640.00	\$427.00
DS3	\$213.00	DS3	\$640.00	\$427.00
DS1	\$54.00	DS1	\$640.00	\$586.00
Interim NXX Translation Per Order		Interim NXX Translation Per Order		
Per LATA or Market Area	\$81.00		\$220.00	\$139.00
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$260.00	FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$442.00	\$182.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$249.00	Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$459.00	\$210.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Common Channel Signaling, Synchronous Optical Channel, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

Local Switching Rate Band 1

Local Transport Rate Band 8

Tandem Switched Transport Rate Band 2

** Source: CCMI/Telview. Concurs with Duo County Telephone Company

EXHIBIT OAO-4

Brandenburg Telephone Company Recurring Switched Access Charges

Current Intrastate Access Rate Brandenburg Telephone Company**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)		Carrier Common Line Access Service		Rate Per Access Line Per Month
Non-Traffic Sensitive Revenue		(Not Allowed)		(\$9.67)
End Office (Section 17.2.3 Page 17-8)		End Office (Section 17.2.3 Page 17-11)		Rate Per Access Minute
Local Switching (Premium)		#NAME?		
Rate Band 1	\$0.09412	Rate Band 1	\$0.031431	\$0.022019
Rate Band 2	\$0.011766	Rate Band 2	\$0.031431	\$0.019665
Rate Band 3	\$0.014119	Rate Band 3	\$0.031431	\$0.017312
Rate Band 4	\$0.016472	Rate Band 4	\$0.031431	\$0.014959
Rate Band 5	\$0.018825	Rate Band 5	\$0.031431	\$0.012606
Rate Band 6	\$0.021178	Rate Band 6	\$0.031431	\$0.010253
Rate Band 7	\$0.023531	Rate Band 7	\$0.031431	\$0.007900
Local Switching (Non-Premium)		Local Switching (Non-Premium)		
Rate Band 1	\$0.004235	Rate Band 1	\$0.014144	\$0.009909
Rate Band 2	\$0.005295	Rate Band 2	\$0.014144	\$0.008849
Rate Band 3	\$0.006354	Rate Band 3	\$0.014144	\$0.007790
Rate Band 4	\$0.007412	Rate Band 4	\$0.014144	\$0.006732
Rate Band 5	\$0.008471	Rate Band 5	\$0.014144	\$0.005673
Rate Band 6	\$0.009530	Rate Band 6	\$0.014144	\$0.004614
Rate Band 7	\$0.010589	Rate Band 7	\$0.014144	\$0.003555
Information Surcharge		Information Surcharge		Rate Per 100 Access Minutes
Premium	\$0.0161	Premium	\$0.0494	\$0.0333
Non-Premium	\$0.0072	Non-Premium	\$0.0222	\$0.0150
Local Transport (Section 17.2.2 Pages 17-4 to 17-7)		Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3)		Rate Per Access Minute
Tandem Switched Facility (Per Mile)	\$0.00189	Tandem Switched Facility (Per Mile)	\$0.00188	(\$0.00001)
Tandem Switched Termination	\$0.000933	Tandem Switched Termination	\$0.000979	\$0.000046
Tandem Switching	\$0.003507	Tandem Switching	\$0.002468	(\$0.001039)
Entrance Facilities		Entrance Facilities		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)	\$37.83	Voice Grade (Two Wire)	\$39.20	\$1.37
Voice Grade (Four Wire)	\$60.53	Voice Grade (Four Wire)	\$62.72	\$2.19
High Capacity DS1	\$176.82	High Capacity DS1	\$191.09	\$14.27
High Capacity DS3	\$2,051.19	High Capacity DS3	\$1,774.81	(\$276.38)
Direct-Trunked Transport (Facility)		Direct-Trunked Transport (Facility)		Rate Per Month
(Per Mile)		(Per Mile)		
Voice Grade	\$2.70	Voice Grade	\$2.79	\$0.09
High Capacity DS1	\$19.14	High Capacity DS1	\$13.09	(\$6.05)
High Capacity DS3	\$131.77	High Capacity DS3	\$114.05	(\$17.72)
Direct-Trunked Termination		Direct-Trunked Termination		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade	\$27.08	Voice Grade	\$28.06	\$0.98
High Capacity DS1	\$94.38	High Capacity DS1	\$67.93	(\$26.45)
High Capacity DS3	\$525.64	High Capacity DS3	\$436.19	(\$89.45)
Multiplexing		Multiplexing		Rate Per Month
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1	\$474.31	DS3 to DS1	\$397.98	(\$76.33)
DS1 to Voice	\$183.12	DS1 to Voice	\$153.65	(\$29.47)
Customer Node		Customer Node		Rate Per Month
(Per Node)		(Per Node)		
OC3	\$495.00	OC3	\$413.13	(\$81.87)
OC12	\$1,430.00	OC12	\$1,193.51	(\$236.49)
Customer Premises Port		Customer Premises Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$135.56	(\$14.44)
STS-1	\$195.00	STS-1	\$162.76	(\$32.24)
DS3	\$195.00	DS3	\$162.76	(\$32.24)
DS1	\$50.00	DS1	\$41.72	(\$8.28)
Add/Drop Multiplexing Central Office Port		Add/Drop Multiplexing Central Office Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$135.56	(\$14.44)
DS3	\$100.00	DS3	\$83.46	(\$16.54)
DS1	\$40.00	DS1	\$33.38	(\$6.62)
Transport Interconnection Charge		Transport Interconnection Charge		Rate Per Access Minute
(Premium)		(Premium)		
Rate Bands 1-4	\$0.00506 to \$0.012515	Rate Bands 1-4	No Allowed	(\$0.00506 to \$0.012515)
(Non-Premium)		(Non-Premium)		
Rate Bands 1-4	\$0.002253 to \$0.005632	Rate Bands 1-4	No Allowed	(\$0.002253 to \$0.005632)
Network Blocking		Network Blocking		Rate Per Blocked Call
Feature Group D only	\$0.0135	Feature Group D only	\$0.0153	\$0.0018
800 Data Base Access Service Queries		800 Data Base Access Service Queries		Rate Per Query
Basic	\$0.0054	Basic	\$0.0053	(\$0.0001)
Vertical Feature	\$0.0059	Vertical Feature	\$0.0059	No Change

EXHIBIT OAO-4

Brandenburg Telephone Company Non-Recurring Switched Access Charges

Current Intrastate Access Rate Brandenburg Telephone Company**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Pages 17-10 to 17-10.2.1.1)		
<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$161.00	Voice Grade (Two Wire)	\$450.00	\$289.00
Voice Grade (Four Wire)	\$161.00	Voice Grade (Four Wire)	\$450.00	\$289.00
High Capacity DS1	\$181.00	High Capacity DS1	\$330.00	\$149.00
High Capacity DS3	\$499.00	High Capacity DS3	\$445.00	(\$54.00)
<u>Customer Node</u>		<u>Customer Node</u>		
(Per Node)		(Per Node)		
OC3	\$197.00	OC3	\$640.00	\$443.00
OC12	\$197.00	OC12	\$640.00	\$443.00
<u>Customer Premises Port</u>		<u>Customer Premises Port</u>		
(Per Port)		(Per Port)		
STS-1	\$213.00	STS-1	\$640.00	\$427.00
DS3	\$213.00	DS3	\$640.00	\$427.00
DS1	\$54.00	DS1	\$640.00	\$586.00
Interim NXX Translation Per Order		Interim NXX Translation Per Order		
Per LATA or Market Area	\$81.00		\$220.00	\$139.00
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$260.00	FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$442.00	\$182.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$249.00	Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$459.00	\$210.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Common Channel Signaling, Synchronous Optical Channel, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11
 Local Switching Rate Band 5
 Local Transport Rate Band 7
 Tandem Switched Transport Rate Band 1
 ** Source: CCMI/Telview. Concurs with Duo County Telephone Company

EXHIBIT OAO-4

Duo County Telephone Cooperative Corp, Inc. Recurring Switched Access Charges

Current Intrastate Access Rate Duo County Telephone Cooperative Corp, Inc. PSC KY No. 2A**	Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*	Change
(A)	(B)	(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2) <u>Rate Per Access Line Per Month</u> Non-Traffic Sensitive Revenue \$8.52	Carrier Common Line Access Service <u>Rate Per Access Line Per Month</u> (Not Allowed) \$0.00	<u>Rate Per Access Line Per Month</u> (\$8.52)
End Office (Section 17.2.3 Page 17-8) <u>Rate Per Access Minute</u> Local Switching (Premium) Rate Band 1 \$.009412 Rate Band 2 \$.011766 Rate Band 3 \$.014119 Rate Band 4 \$.016472 Rate Band 5 \$.018825 Rate Band 6 \$.021178 Rate Band 7 \$.023531 Local Switching (Non-Premium) Rate Band 1 \$.004235 Rate Band 2 \$.005295 Rate Band 3 \$.006354 Rate Band 4 \$.007412 Rate Band 5 \$.008471 Rate Band 6 \$.009530 Rate Band 7 \$.010589 <u>Rate Per 100 Access Minutes</u> Information Surcharge Premium \$.0161 Non-Premium \$.0072	End Office (Section 17.2.3 Page 17-11) <u>Rate Per Access Minute</u> Local Switching (Premium) Rate Band 1 \$.017961 Rate Band 2 \$.017961 Rate Band 3 \$.017961 Rate Band 4 \$.017961 Rate Band 5 \$.017961 Rate Band 6 \$.017961 Rate Band 7 \$.017961 Local Switching (Non-Premium) Rate Band 1 \$.008082 Rate Band 2 \$.008082 Rate Band 3 \$.008082 Rate Band 4 \$.008082 Rate Band 5 \$.008082 Rate Band 6 \$.008082 Rate Band 7 \$.008082 <u>Rate Per 100 Access Minutes</u> Information Surcharge Premium \$.0494 Non-Premium \$.0222	<u>Rate Per Access Minute</u> \$.008549 \$.006195 \$.003842 \$.001489 (\$.000864) (\$.003217) (\$.005570) \$.003847 \$.002787 \$.001728 \$.000670 (\$.000389) (\$.001448) (\$.002507) <u>Rate Per 100 Access Minutes</u> \$.0333 \$.0150
Local Transport (Section 17.2.2 Pages 17-4 to 17-7) <u>Rate Per Access Minute</u> Tandem Switched Facility (Per Mile) \$.000189 Tandem Switched Termination \$.000933 Tandem Switching \$.003507 <u>Rate Per Month</u> Entrance Facilities (Per Termination) Voice Grade (Two Wire) \$37.83 Voice Grade (Four Wire) \$60.53 High Capacity DS1 \$176.82 High Capacity DS3 \$2,051.19 <u>Rate Per Month</u> Direct-Trunked Transport (Facility) (Per Mile) Voice Grade \$2.70 High Capacity DS1 \$19.14 High Capacity DS3 \$131.77 <u>Rate Per Month</u> Direct-Trunked Termination (Per Termination) Voice Grade \$27.08 High Capacity DS1 \$94.38 High Capacity DS3 \$525.64 <u>Rate Per Month</u> Multiplexing (Per Arrangement) DS3 to DS1 \$474.31 DS1 to Voice \$183.12 <u>Rate Per Month</u> Customer Node (Per Node) OC3 \$495.00 OC12 \$1,430.00 <u>Rate Per Month</u> Customer Premises Port (Per Port) OC3 \$150.00 STS-1 \$195.00 DS3 \$195.00 DS1 \$50.00 <u>Rate Per Month</u> Add/Drop Multiplexing Central Office Port (Per Port) OC3 \$150.00 DS3 \$100.00 DS1 \$40.00 <u>Rate Per Access Minute</u> Transport Interconnection Charge (Premium) Rate Bands 1-4 \$.00506 to \$.012515 (Non-Premium) Rate Bands 1-4 \$.002253 to \$.005632 <u>Rate Per Blocked Call</u> Network Blocking Feature Group D only \$.0135 <u>Rate Per Query</u> 800 Data Base Access Service Queries Basic \$.0054 Vertical Feature \$.0059	Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3) <u>Rate Per Access Minute</u> Tandem Switched Facility (Per Mile) \$.000188 Tandem Switched Termination \$.000979 Tandem Switching \$.002468 <u>Rate Per Month</u> Entrance Facilities (Per Termination) Voice Grade (Two Wire) \$43.95 Voice Grade (Four Wire) \$70.33 High Capacity DS1 \$214.27 High Capacity DS3 \$1,956.44 <u>Rate Per Month</u> Direct-Trunked Transport (Facility) (Per Mile) Voice Grade \$3.13 High Capacity DS1 \$14.68 High Capacity DS3 \$127.88 <u>Rate Per Month</u> Direct-Trunked Termination (Per Termination) Voice Grade \$31.46 High Capacity DS1 \$76.17 High Capacity DS3 \$489.10 <u>Rate Per Month</u> Multiplexing (Per Arrangement) DS3 to DS1 \$446.25 DS1 to Voice \$172.29 <u>Rate Per Month</u> Customer Node (Per Node) OC3 \$463.24 OC12 \$1,338.27 <u>Rate Per Month</u> Customer Premises Port (Per Port) OC3 \$152.00 STS-1 \$182.50 DS3 \$182.50 DS1 \$46.78 <u>Rate Per Month</u> Add/Drop Multiplexing Central Office Port (Per Port) OC3 \$152.00 DS3 \$93.58 DS1 \$37.43 <u>Rate Per Access Minute</u> Transport Interconnection Charge (Premium) Rate Bands 1-4 No Allowed (Non-Premium) Rate Bands 1-4 No Allowed <u>Rate Per Blocked Call</u> Network Blocking Feature Group D only \$.0153 <u>Rate Per Query</u> 800 Data Base Access Service Queries Basic \$.0053 Vertical Feature \$.0059	<u>Rate Per Access Minute</u> (\$.000001) \$.000046 (\$.001039) \$6.12 \$9.80 \$37.45 (\$94.75) \$4.3 (\$4.46) (\$3.89) \$4.38 (\$18.21) (\$36.54) \$28.06 (\$10.83) \$31.76 (\$91.73) \$2.00 (\$12.50) (\$12.50) (\$3.22) \$2.00 (\$6.42) (\$2.57) (\$.00506 to \$.012515) (\$.002253 to \$.005632) <u>Rate Per Blocked Call</u> \$.0018 <u>Rate Per Query</u> (\$.0001) No Change

EXHIBIT OAO-4

Duo County Telephone Cooperative Corp, Inc. Non-Recurring Switched Access Charges

Current Intrastate Access Rate Duo County Telephone Cooperative Corp, Inc. PSC KY No. 2A**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Pages 17-10 to 17-10.2.1.1)		
<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$161.00	Voice Grade (Two Wire)	\$450.00	\$289.00
Voice Grade (Four Wire)	\$161.00	Voice Grade (Four Wire)	\$450.00	\$289.00
High Capacity DS1	\$181.00	High Capacity DS1	\$330.00	\$149.00
High Capacity DS3	\$499.00	High Capacity DS3	\$445.00	(\$54.00)
<u>Customer Node</u>		<u>Customer Node</u>		
(Per Node)		(Per Node)		
OC3	\$197.00	OC3	\$640.00	\$443.00
OC12	\$197.00	OC12	\$640.00	\$443.00
<u>Customer Premises Port</u>		<u>Customer Premises Port</u>		
(Per Port)		(Per Port)		
STS-1	\$213.00	STS-1	\$640.00	\$427.00
DS3	\$213.00	DS3	\$640.00	\$427.00
DS1	\$54.00	DS1	\$640.00	\$586.00
Interim NXX Translation Per Order		Interim NXX Translation Per Order		
Per LATA or Market Area	\$81.00		\$220.00	\$139.00
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$260.00	FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$442.00	\$182.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$249.00	Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$459.00	\$210.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Common Channel Signaling, Synchronous Optical Channel, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11
Local Switching Rate Band 2
Local Transport Rate Band 8
Tandem Switched Transport Rate Band 1
** Source: CCMI/Telview

**Foothills Rural Telephone Cooperative Corporation
Recurring Switched Access Charges**

Current Intrastate Access Rate Foothills Rural Telephone Cooperative Corporation**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)		Carrier Common Line Access Service		Rate Per Access Line Per Month
Non-Traffic Sensitive Revenue		(Not Allowed)		(\$9.53)
End Office (Section 17.2.3 Page 17-8)		End Office (Section 17.2.3 Page 17.11)		Rate Per Access Minute
Local Switching (Premium)		Local Switching (Premium)		
Rate Band 1	\$0.09412	Rate Band 1	\$0.013470	\$0.004058
Rate Band 2	\$0.011766	Rate Band 2	\$0.013470	\$0.001704
Rate Band 3	\$0.014119	Rate Band 3	\$0.013470	(\$0.00649)
Rate Band 4	\$0.016472	Rate Band 4	\$0.013470	(\$0.003002)
Rate Band 5	\$0.018825	Rate Band 5	\$0.013470	(\$0.005355)
Rate Band 6	\$0.021178	Rate Band 6	\$0.013470	(\$0.007708)
Rate Band 7	\$0.023531	Rate Band 7	\$0.013470	(\$0.010061)
Local Switching (Non-Premium)		Local Switching (Non-Premium)		
Rate Band 1	\$0.004235	Rate Band 1	\$0.006062	\$0.001827
Rate Band 2	\$0.005295	Rate Band 2	\$0.006062	\$0.000767
Rate Band 3	\$0.006354	Rate Band 3	\$0.006062	(\$0.000292)
Rate Band 4	\$0.007412	Rate Band 4	\$0.006062	(\$0.001350)
Rate Band 5	\$0.008471	Rate Band 5	\$0.006062	(\$0.002409)
Rate Band 6	\$0.009530	Rate Band 6	\$0.006062	(\$0.003468)
Rate Band 7	\$0.010589	Rate Band 7	\$0.006062	(\$0.004527)
Information Surcharge		Information Surcharge		Rate Per 100 Access Minutes
Premium	\$0.0161	Premium	\$0.0494	\$0.0333
Non-Premium	\$0.0072	Non-Premium	\$0.0222	\$0.0150
Local Transport (Section 17.2.2 Pages 17-4 to 17-7)		Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3)		Rate Per Access Minute
Tandem Switched Facility (Per Mile)	\$0.000189	Tandem Switched Facility (Per Mile)	\$0.000188	(\$0.000001)
Tandem Switched Termination	\$0.000933	Tandem Switched Termination	\$0.000979	\$0.000046
Tandem Switching	\$0.003507	Tandem Switching	\$0.002468	(\$0.001039)
Entrance Facilities		Entrance Facilities		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)	\$37.83	Voice Grade (Two Wire)	\$76.23	\$38.40
Voice Grade (Four Wire)	\$60.53	Voice Grade (Four Wire)	\$121.99	\$61.46
High Capacity DS1	\$176.82	High Capacity DS1	\$371.65	\$194.83
High Capacity DS3	\$2,051.19	High Capacity DS3	\$3,393.45	\$1,342.26
Direct-Trunked Transport (Facility)		Direct-Trunked Transport (Facility)		Rate Per Month
(Per Mile)		(Per Mile)		
Voice Grade	\$2.70	Voice Grade	\$5.43	\$2.73
High Capacity DS1	\$19.14	High Capacity DS1	\$25.46	\$6.32
High Capacity DS3	\$131.77	High Capacity DS3	\$221.81	\$90.04
Direct-Trunked Termination		Direct-Trunked Termination		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade	\$27.08	Voice Grade	\$54.57	\$27.49
High Capacity DS1	\$94.38	High Capacity DS1	\$132.12	\$37.74
High Capacity DS3	\$525.64	High Capacity DS3	\$848.34	\$322.70
Multiplexing		Multiplexing		Rate Per Month
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1	\$474.31	DS3 to DS1	\$774.02	\$299.71
DS1 to Voice	\$183.12	DS1 to Voice	\$298.84	\$115.72
Customer Node		Customer Node		Rate Per Month
(Per Node)		(Per Node)		
OC3	\$495.00	OC3	\$803.49	\$308.49
OC12	\$1,430.00	OC12	\$2,321.23	\$891.23
Customer Premises Port		Customer Premises Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$263.64	\$113.64
STS-1	\$195.00	STS-1	\$316.55	\$121.55
DS3	\$195.00	DS3	\$316.55	\$121.55
DS1	\$50.00	DS1	\$81.14	\$31.14
Add/Drop Multiplexing Central Office Port		Add/Drop Multiplexing Central Office Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$263.64	\$113.64
DS3	\$100.00	DS3	\$162.31	\$62.31
DS1	\$40.00	DS1	\$64.92	\$24.92
Transport Interconnection Charge		Transport Interconnection Charge		Rate Per Access Minute
(Premium)		(Premium)		
Rate Bands 1-4	\$0.00506 to \$0.012515	Rate Bands 1-4	No Allowed	(\$0.00506 to \$0.012515)
(Non-Premium)		(Non-Premium)		
Rate Bands 1-4	\$0.002253 to \$0.005632	Rate Bands 1-4	No Allowed	(\$0.002253 to \$0.005632)
Network Blocking		Network Blocking		Rate Per Blocked Call
Feature Group D only	\$0.0135	Feature Group D only	\$0.0153	\$0.0018
800 Data Base Access Service Queries		800 Data Base Access Service Queries		Rate Per Query
Basic	\$0.0054	Basic	\$0.0053	(\$0.0001)
Vertical Feature	\$0.0059	Vertical Feature	\$0.0059	No Change

EXHIBIT OAO-4

Foothills Rural Telephone Cooperative Corporation Non-Recurring Switched Access Charges

Current Intrastate Access Rate Foothills Rural Telephone Cooperative Corporation**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Pages 17-10 to 17-10.2.1.1)		
<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$161.00	Voice Grade (Two Wire)	\$450.00	\$289.00
Voice Grade (Four Wire)	\$161.00	Voice Grade (Four Wire)	\$450.00	\$289.00
High Capacity DS1	\$181.00	High Capacity DS1	\$330.00	\$149.00
High Capacity DS3	\$499.00	High Capacity DS3	\$445.00	(\$54.00)
<u>Customer Node</u>		<u>Customer Node</u>		
(Per Node)		(Per Node)		
OC3	\$197.00	OC3	\$640.00	\$443.00
OC12	\$197.00	OC12	\$640.00	\$443.00
<u>Customer Premises Port</u>		<u>Customer Premises Port</u>		
(Per Port)		(Per Port)		
STS-1	\$213.00	STS-1	\$640.00	\$427.00
DS3	\$213.00	DS3	\$640.00	\$427.00
DS1	\$54.00	DS1	\$640.00	\$586.00
Interim NXX Translation Per Order		Interim NXX Translation Per Order		
Per LATA or Market Area	\$81.00		\$220.00	\$139.00
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$260.00	FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$442.00	\$182.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$249.00	Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$459.00	\$210.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Common Channel Signaling, Synchronous Optical Channel, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

Local Switching Rate Band 1

Local Transport Rate Band 10

Tandem Switched Transport Rate Band 1

** Source: CCMI/Telview. Concurs with Duo County Telephone Company

**Gearheart Communications Company d/b/a Coalfields Telephone Company
Recurring Switched Access Charges**

Current Intrastate Access Rate		Current Interstate & Proposed Intrastate Access Rate		Change
Gearheart Communications Company d/b/a Coalfields Telephone Company**		John Staurulakis, Inc. TARIFF F.C.C. NO. 1*		
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)	<u>Rate Per Access Line Per Month</u>	Carrier Common Line Access Service	<u>Rate Per Access Line Per Month</u>	<u>Rate Per Access Line Per Month</u>
Non-Traffic Sensitive Revenue	\$10.38	(Not Allowed)	\$0.00	(\$10.38)
End Office (Section 17.2.3 Page 17-8)	<u>Rate Per Access Minute</u>	End Office (Section 17.2.3 Page 17-858)	<u>Rate Per Access Minute</u>	<u>Rate Per Access Minute</u>
Local Switching (Premium)		Local Switching (Premium)		
Rate Band 1	\$0.09412	Rate Band 1	\$0.007000	(\$0.02412)
Rate Band 2	\$0.011766	Rate Band 2	\$0.007000	(\$0.004766)
Rate Band 3	\$0.014119	Rate Band 3	\$0.007000	(\$0.007119)
Rate Band 4	\$0.016472	Rate Band 4	\$0.007000	(\$0.009472)
Rate Band 5	\$0.018825	Rate Band 5	\$0.007000	(\$0.011825)
Rate Band 6	\$0.021178	Rate Band 6	\$0.007000	(\$0.014178)
Rate Band 7	\$0.023531	Rate Band 7	\$0.007000	(\$0.016531)
Local Switching (Non-Premium)		Local Switching (Non-Premium)		
Rate Band 1	\$0.004235	Rate Band 1	\$0.003150	(\$0.001085)
Rate Band 2	\$0.005295	Rate Band 2	\$0.003150	(\$0.002145)
Rate Band 3	\$0.006354	Rate Band 3	\$0.003150	(\$0.003204)
Rate Band 4	\$0.007412	Rate Band 4	\$0.003150	(\$0.004262)
Rate Band 5	\$0.008471	Rate Band 5	\$0.003150	(\$0.005321)
Rate Band 6	\$0.009530	Rate Band 6	\$0.003150	(\$0.006380)
Rate Band 7	\$0.010589	Rate Band 7	\$0.003150	(\$0.007439)
	<u>Rate Per 100 Access Minutes</u>		<u>Rate Per 100 Access Minutes</u>	<u>Rate Per 100 Access Minutes</u>
Information Surcharge		Information Surcharge		
Premium	\$0.0161	Premium	\$0.0143	(\$0.0018)
Non-Premium	\$0.0072	Non-Premium	\$0.0006	(\$0.0066)
Local Transport (Section 17.2.2 Pages 17-4 to 17-7)	<u>Rate Per Access Minute</u>	Local Transport (Section 17.2.2 Pages 17-855 to 17-856)	<u>Rate Per Access Minute</u>	<u>Rate Per Access Minute</u>
Tandem Switched Facility (Per Mile)	\$0.000189	Tandem Switched Facility (Per Mile)	\$0.000344	\$0.000155
Tandem Switched Termination	\$0.000933	Tandem Switched Termination	\$0.001697	\$0.000764
Tandem Switching	\$0.003507	Tandem Switching	\$0.005787	\$0.002280
Entrance Facilities	<u>Rate Per Month</u>	Entrance Facilities	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)	\$37.83	Voice Grade (Two Wire)	\$33.28	(\$4.55)
Voice Grade (Four Wire)	\$60.53	Voice Grade (Four Wire)	\$53.25	(\$7.28)
High Capacity DS1	\$176.82	High Capacity DS1	\$142.30	(\$34.52)
High Capacity DS3	\$2,051.19	High Capacity DS3	\$1,650.68	(\$400.51)
Direct-Trunked Transport (Facility)	<u>Rate Per Month</u>	Direct-Trunked Transport (Facility)	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Mile)		(Per Mile)		
Voice Grade	\$2.70	Voice Grade	\$2.37	(\$.33)
High Capacity DS1	\$19.14	High Capacity DS1	\$15.40	(\$3.74)
High Capacity DS3	\$131.77	High Capacity DS3	\$106.04	(\$25.73)
Direct-Trunked Termination	<u>Rate Per Month</u>	Direct-Trunked Termination	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade	\$27.08	Voice Grade	\$23.82	(\$3.26)
High Capacity DS1	\$94.38	High Capacity DS1	\$75.95	(\$18.43)
High Capacity DS3	\$525.64	High Capacity DS3	\$423.01	(\$102.63)
Multiplexing	<u>Rate Per Month</u>	Multiplexing (Section 17.2.2 Page 28)	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1	\$474.31	DS3 to DS1	\$409.45	(\$64.86)
DS1 to Voice	\$183.12	DS1 to Voice	\$158.08	(\$25.04)
Customer Node	<u>Rate Per Month</u>	Customer Node***	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Node)		(Per Node)		
OC3	\$495.00	OC3	N/A	N/A
OC12	\$1,430.00	OC12	N/A	N/A
Customer Premises Port	<u>Rate Per Month</u>	Customer Premises Port***	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	N/A	N/A
STS-1	\$195.00	STS-1	N/A	N/A
DS3	\$195.00	DS3	N/A	N/A
DS1	\$50.00	DS1	N/A	N/A
Add/Drop Multiplexing Central Office Port	<u>Rate Per Month</u>	Add/Drop Multiplexing Central Office Port***	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	N/A	N/A
DS3	\$100.00	DS3	N/A	N/A
DS1	\$40.00	DS1	N/A	N/A
Transport Interconnection Charge	<u>Rate Per Access Minute</u>	Transport Interconnection Charge	<u>Rate Per Access Minute</u>	<u>Rate Per Access Minute</u>
(Premium)		(Premium)		
Rate Bands 1-4	\$0.00506 to \$0.012515	Rate Bands 1-4	No Allowed	(\$0.00506 to \$0.012515)
(Non-Premium)		(Non-Premium)		
Rate Bands 1-4	\$0.002253 to \$0.005632	Rate Bands 1-4	No Allowed	(\$0.002253 to \$0.005632)
Network Blocking	<u>Rate Per Blocked Call</u>	Network Blocking	<u>Rate Per Blocked Call</u>	<u>Rate Per Blocked Call</u>
Feature Group D only	\$0.0135	Feature Group D only	\$0.0089	(\$0.0046)
800 Data Base Access Service Queries	<u>Rate Per Query</u>	800 Data Base Access Service Queries	<u>Rate Per Query</u>	<u>Rate Per Query</u>
Basic	\$0.0054	Basic	\$0.0040	(\$0.0014)
Vertical Feature	\$0.0059	Vertical Feature	\$0.0043	(\$0.0016)

EXHIBIT OAO-4

Gearheart Communications Company d/b/a Coalfields Telephone Company Non-Recurring Switched Access Charges

Current Intrastate Access Rate		Current Interstate & Proposed Intrastate Access Rate		Change
Gearheart Communications Company d/b/a Coalfields Telephone Company**		John Staurulakis, Inc. TARIFF F.C.C. NO. 1*		
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Page 17-854)		
<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$161.00	Voice Grade (Two Wire)	\$248.98	\$87.98
Voice Grade (Four Wire)	\$161.00	Voice Grade (Four Wire)	\$248.98	\$87.98
High Capacity DS1	\$181.00	High Capacity DS1	\$300.66	\$119.66
High Capacity DS3	\$499.00	High Capacity DS3	\$380.79	(\$118.21)
<u>Customer Node</u>		<u>Customer Node***</u>		
(Per Node)		(Per Node)		
OC3	\$197.00	OC3	N/A	N/A
OC12	\$197.00	OC12	N/A	N/A
<u>Customer Premises Port</u>		<u>Customer Premises Port***</u>		
(Per Port)		(Per Port)		
STS-1	\$213.00	STS-1	N/A	N/A
DS3	\$213.00	DS3	N/A	N/A
DS1	\$54.00	DS1	N/A	N/A
Interim NXX Translation Per Order	\$81.00	Interim NXX Translation Per Order	\$93.00	\$12.00
Per LATA or Market Area				
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$260.00	FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$347.00	\$87.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$249.00	Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$338.00	\$89.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Synchronous Optical Channel, Common Channel Signaling, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

** Source: CCM/Telview. Concurs with Duo County Telephone Company

*** Tariffed under Special Access

**Highland Telephone Cooperative, Inc.
Recurring Switched Access Charges**

Current Intrastate Access Rate Highland Telephone Cooperative, Inc.**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)		Carrier Common Line Access Service		Rate Per Access Line Per Month
Non-Traffic Sensitive Revenue		(Not Allowed)		(\$8.80)
End Office (Section 17.2.3 Page 17-8)		End Office (Section 17.2.3 Page 17-11)		Rate Per Access Minute
Local Switching (Premium)		Local Switching (Premium)		
Rate Band 1	\$0.09412	Rate Band 1	\$0.13470	\$0.04058
Rate Band 2	\$0.11766	Rate Band 2	\$0.13470	\$0.01704
Rate Band 3	\$0.14119	Rate Band 3	\$0.13470	(\$0.00649)
Rate Band 4	\$0.16472	Rate Band 4	\$0.13470	(\$0.03002)
Rate Band 5	\$0.18825	Rate Band 5	\$0.13470	(\$0.05355)
Rate Band 6	\$0.21178	Rate Band 6	\$0.13470	(\$0.07708)
Rate Band 7	\$0.23531	Rate Band 7	\$0.13470	(\$0.10061)
Local Switching (Non-Premium)		Local Switching (Non-Premium)		
Rate Band 1	\$0.04235	Rate Band 1	\$0.00602	\$0.01827
Rate Band 2	\$0.05295	Rate Band 2	\$0.00602	\$0.00767
Rate Band 3	\$0.06354	Rate Band 3	\$0.00602	(\$0.00292)
Rate Band 4	\$0.07412	Rate Band 4	\$0.00602	(\$0.01350)
Rate Band 5	\$0.08471	Rate Band 5	\$0.00602	(\$0.02409)
Rate Band 6	\$0.09530	Rate Band 6	\$0.00602	(\$0.03468)
Rate Band 7	\$0.10589	Rate Band 7	\$0.00602	(\$0.04527)
Information Surcharge		Information Surcharge		Rate Per 100 Access Minutes
Premium	\$0.161	Premium	\$0.0494	\$0.0333
Non-Premium	\$0.0072	Non-Premium	\$0.0222	\$0.0150
Local Transport (Section 17.2.2 Pages 17-4 to 17-7)		Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3)		Rate Per Access Minute
Tandem Switched Facility (Per Mile)	\$0.00189	Tandem Switched Facility (Per Mile)	\$0.00402	\$0.00213
Tandem Switched Termination	\$0.00933	Tandem Switched Termination	\$0.002090	\$0.01157
Tandem Switching	\$0.003507	Tandem Switching	\$0.005272	\$0.01765
Entrance Facilities		Entrance Facilities		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)	\$37.83	Voice Grade (Two Wire)	\$39.20	\$1.37
Voice Grade (Four Wire)	\$60.53	Voice Grade (Four Wire)	\$62.72	\$2.19
High Capacity DS1	\$176.82	High Capacity DS1	\$191.09	\$14.27
High Capacity DS3	\$2,051.19	High Capacity DS3	\$1,774.81	(\$276.38)
Direct-Trunked Transport (Facility)		Direct-Trunked Transport (Facility)		Rate Per Month
(Per Mile)		(Per Mile)		
Voice Grade	\$2.70	Voice Grade	\$2.79	\$0.09
High Capacity DS1	\$19.14	High Capacity DS1	\$13.09	(\$6.05)
High Capacity DS3	\$131.77	High Capacity DS3	\$114.05	(\$17.72)
Direct-Trunked Termination		Direct-Trunked Termination		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade	\$27.08	Voice Grade	\$28.06	\$0.98
High Capacity DS1	\$94.38	High Capacity DS1	\$67.93	(\$26.45)
High Capacity DS3	\$525.64	High Capacity DS3	\$436.19	(\$89.45)
Multiplexing		Multiplexing		Rate Per Month
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1	\$474.31	DS3 to DS1	\$397.98	(\$76.33)
DS1 to Voice	\$183.12	DS1 to Voice	\$153.65	(\$29.47)
Customer Node		Customer Node		Rate Per Month
(Per Node)		(Per Node)		
OC3	\$495.00	OC3	\$413.13	(\$81.87)
OC12	\$1,430.00	OC12	\$1,193.51	(\$236.49)
Customer Premises Port		Customer Premises Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$135.56	(\$14.44)
STS-1	\$195.00	STS-1	\$162.76	(\$32.24)
DS3	\$195.00	DS3	\$162.76	(\$32.24)
DS1	\$50.00	DS1	\$41.72	(\$8.28)
Add/Drop Multiplexing Central Office Port		Add/Drop Multiplexing Central Office Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$135.56	(\$14.44)
DS3	\$100.00	DS3	\$83.46	(\$16.54)
DS1	\$40.00	DS1	\$33.38	(\$6.62)
Transport Interconnection Charge		Transport Interconnection Charge		Rate Per Access Minute
(Premium)		(Premium)		
Rate Bands 1-4	\$0.00506 to \$0.012515	Rate Bands 1-4	No Allowed	(\$0.00506 to \$0.012515)
(Non-Premium)		(Non-Premium)		
Rate Bands 1-4	\$0.002253 to \$0.005632	Rate Bands 1-4	No Allowed	(\$0.002253 to \$0.005632)
Network Blocking		Network Blocking		Rate Per Blocked Call
Feature Group D only	\$0.0135	Feature Group D only	\$0.0153	\$0.0018
800 Data Base Access Service Queries		800 Data Base Access Service Queries		Rate Per Query
Basic	\$0.0054	Basic	\$0.0053	(\$0.0001)
Vertical Feature	\$0.0059	Vertical Feature	\$0.0059	No Change

EXHIBIT OAO-4

Highland Telephone Cooperative, Inc. Non-Recurring Switched Access Charges

Current Intrastate Access Rate Highland Telephone Cooperative, Inc.**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Pages 17-10 to 17-10.2.1.1)		
<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$161.00	Voice Grade (Two Wire)	\$450.00	\$289.00
Voice Grade (Four Wire)	\$161.00	Voice Grade (Four Wire)	\$450.00	\$289.00
High Capacity DS1	\$181.00	High Capacity DS1	\$330.00	\$149.00
High Capacity DS3	\$499.00	High Capacity DS3	\$445.00	(\$54.00)
<u>Customer Node</u>		<u>Customer Node</u>		
(Per Node)		(Per Node)		
OC3	\$197.00	OC3	\$640.00	\$443.00
OC12	\$197.00	OC12	\$640.00	\$443.00
<u>Customer Premises Port</u>		<u>Customer Premises Port</u>		
(Per Port)		(Per Port)		
STS-1	\$213.00	STS-1	\$640.00	\$427.00
DS3	\$213.00	DS3	\$640.00	\$427.00
DS1	\$54.00	DS1	\$640.00	\$586.00
Interim NXX Translation Per Order		Interim NXX Translation Per Order		
Per LATA or Market Area	\$81.00		\$220.00	\$139.00
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$260.00	FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$442.00	\$182.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$249.00	Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$459.00	\$210.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Common Channel Signaling, Synchronous Optical Channel, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

Local Switching Rate Band 1

Local Transport Rate Band 7

Tandem Switched Transport Rate Band 2

** Source: CCMI/Telview. Concurs with Duo County Telephone Company

EXHIBIT OAO-4

Cincinnati Bell Telephone, Inc.
Recurring Switched Access Charges

Current Intrastate Access Rate Cincinnati Bell Telephone Company PSC KY No. 2*		Current Interstate & Proposed Intrastate Access Rate Cincinnati Bell Telephone TARIFF F.C.C. NO. 35**		Change
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 3.8 Page 110)		Carrier Common Line Access Service (Sec. 3.9 Page 102.24)		<u>Rate Per Access Minute</u>
CCL - Originating	<u>Rate Per Minute</u> \$0.0000000	(Not Allowed)	<u>Rate Per Access Minute</u> \$0.000000	No Change
CCL - Terminating	\$0.0327933	(Not Allowed)	\$0.000000	(\$0.032793)
End Office (Section 6.8.3 Page 263)		End Office (Section 6.8.3 Page 108.124)		<u>Rate Per Access Minute</u>
Local Switching 1 (Premium)	\$0.005404	Local Switching 1 (Premium)	\$0.003863	(\$0.001542)
Local Switching 2 (Premium)	\$0.005404	Local Switching 2 (Premium)	\$0.003863	(\$0.001542)
Local Switching (Non-Premium)	\$0.000000	Local Switching (Non-Premium)	\$0.000000	No Change
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute***</u>		<u>Rate Per Access Minute***</u>
Information Surcharge (Section 6.8.8 Page 274)		Information Surcharge (Sec. 6.8.8 Page 108.138)		
Premium	\$0.0002660	Premium	\$0.000000	(\$0.000266)
Non-Premium	\$0.0000000	Non-Premium	\$0.000000	\$0.000000
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
End Office Common Trunk Port	\$0.00978	End Office Common Trunk Port	\$0.00968	(\$0.00010)
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
End Office Direct Trunk Port (DS1)	\$6.17	End Office Direct Trunk Port (DS1)	\$6.51	\$0.34
Local Transport (Section 6.8.2 Pages 260-260.2)		Local Transport (Section 6.8.2 Pages 108.121 to 108.122.1)		<u>Rate Per Access Minute</u>
Tandem Switched Facility (Per Mile) Zones 1-3	\$0.00102	Tandem Switched Facility (Per Mile) Zones 1-3	\$0.00117	\$0.00015
Tandem Switched Termination Zones 1-3	\$0.00600	Tandem Switched Termination Zones 1-3	\$0.00600	No Change
Tandem Switching Zones 1-3	\$0.002845	Tandem Switching Zones 1-3	\$0.002001	(\$0.000844)
Access tandem trunk port	\$6.17	Access tandem trunk port	\$6.17	No Change
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
Entrance Facilities (Per Termination)		Entrance Facilities (Per Termination)		
Voice Grade (Two Wire)	\$31.00	Voice Grade (Two Wire)	\$31.00	No Change
Voice Grade (Four Wire)	\$49.60	Voice Grade (Four Wire)	\$49.60	No Change
High Capacity DS1 (Zones 1-3)	\$135.79	High Capacity DS1 Zones 1-3	\$135.79	No Change
High Capacity DS3 (Zones 1-3)	\$1,800.00	High Capacity DS3 Zones 1-3	\$1,500.00	(\$300.00)
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
Direct-Trunked Transport (Facility) (Per Mile)		Direct-Trunked Transport (Facility) (Per Mile)		
Voice Grade	\$1.25	Voice Grade	\$0.64	(\$0.61)
High Capacity DS1 (Zones 1-3 all mileage bands)	\$12.50	High Capacity DS1 Zones 1-3 all mileage bands	\$9.42	(\$3.08)
High Capacity DS3 (Zones 1-3)	\$90.00	High Capacity DS3 Zones 1-3	\$80.00	(\$10.00)
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
Direct-Trunked Termination (Per Termination)		Direct-Trunked Termination (Per Termination)		
Voice Grade	\$61.00	Voice Grade	\$61.00	No Change
High Capacity DS1 (Zones 1-3 all mileage bands)	\$113.37	High Capacity DS1 Zones 1-3 All mileage bands	\$100.00	(\$13.37)
High Capacity DS3 (Zones 1-3)	\$800.00	High Capacity DS3 Zones 1-3	\$703.48	(\$96.52)
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
Multiplexing (Per Arrangement)		Multiplexing (Per Arrangement)		
DS3 to DS1	\$678.02	DS3 to DS1	\$678.02	No Change
DS1 to Voice	\$285.45	DS1 to Voice	\$285.45	No Change
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
Tandem multiplexing	\$0.000240	Tandem multiplexing	\$0.000240	No Change
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
Residual Interconnection Charge (Sec. 6.8.1 Page 260)		Residual Interconnection Charge (Sec. 6.8.1 Page 108.121) (Not Allowed)		
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
<u>Originating non-transport provided access</u>		<u>Originating non-transport provided access</u>		
Premium	\$0.000592	Premium	\$0.000000	(\$0.000592)
Transitional	\$0.000296	Transitional	\$0.000000	(\$0.000296)
<u>Rate Per Query</u>		<u>Rate Per Query</u>		<u>Rate Per Query</u>
800 Data Base Access Service Queries (Sec 6.8.3 Page 263)		800/888/877 Data Base Access Service Queries (Sec. 6.8.3 Page 108.124)		
Basic	\$0.0024	Basic	\$0.0024	(\$0.000009)
Vertical Feature	\$0.0002	Enhanced/Vertical Query	\$0.0002	No Change

Cincinnati Bell Telephone, Inc.
Non-Recurring Switched Access Charges

Current Intrastate Access Rate Cincinnati Bell Telephone Company PSC KY No. 2*		Current Interstate & Proposed Intrastate Access Rate Cincinnati Bell Telephone TARIFF F.C.C. NO. 35**		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 6.8.2 Page 260)		Local Transport (Section 6.8.2 Page 108.122.1)		
<u>Installation</u> (Per Entrance Facility)	<u>Nonrecurring Charge</u>	<u>Installation</u> (Per Entrance Facility)	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
Voice Grade (Two Wire)	\$0.00	Voice Grade (Two Wire)	\$0.00	No Change
Voice Grade (Four Wire)	\$0.00	Voice Grade (Four Wire)	\$0.00	No Change
High Capacity DS1	\$0.00	High Capacity DS1	\$0.00	No Change
High Capacity DS3	\$0.00	High Capacity DS3	\$0.00	No Change
Installation per line or trunk	\$0.00	Installation per line or trunk	\$0.00	No Change
CCSAC Trunk Conversion		CCSAC Trunk Conversion		
-per first trunk	\$0.00	-per first trunk	\$0.00	No Change
-per additional trunk	\$0.00	-per additional trunk	\$0.00	No Change

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, 500/900 Service, Synchronous Optical Channel, Network Blocking, Non-Local Transport Restructure, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Source CCM/Telview

** In effect 7/1/11

*** Interstate rate for Information Surcharge converted to per access minute

Leslie County Telephone Co., Inc
Recurring Switched Access Charges

Current Intrastate Access Rate Leslie County Telephone Co., Inc**	Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*	Change
(A)	(B)	(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2) <u>Rate Per Access Line Per Month</u> Non-Traffic Sensitive Revenue \$4.82	Carrier Common Line Access Service <u>Rate Per Access Line Per Month</u> (Not Allowed) \$0.00	<u>Rate Per Access Line Per Month</u> (\$4.82)
End Office (Section 17.2.3 Page 17-4) <u>Rate Per Access Minute</u> Local Switching 1 and 2 (Premium) \$0.041200 Local Switching (Non-Premium) \$0.018500 <u>Rate Per 100 Access Minutes</u> Information Surcharge Premium \$0.0267 Non-Premium \$0.0120	End Office (Section 17.2.3 Page 17-11) <u>Rate Per Access Minute</u> Local Switching (Premium) \$0.013470 Local Switching (Non-Premium) \$0.006062 <u>Rate Per 100 Access Minutes</u> Information Surcharge Premium \$0.0494 Non-Premium \$0.0222	<u>Rate Per Access Minute</u> (\$0.027730) (\$0.012438) <u>Rate Per 100 Access Minutes</u> \$0.0227 \$0.0102
Local Transport (Section 17.2.2 Pages 17.3.1 to 17-3.3) <u>Rate Per Access Minute</u> Tandem Switched Facility (Per Mile) \$0.000156 Tandem Switched Termination \$0.000722 Tandem Switching \$0.000990 <u>Rate Per Month</u> Entrance Facilities (Per Termination) Voice Grade (Two Wire) \$36.34 Voice Grade (Four Wire) \$58.14 High Capacity DS1 \$266.87 High Capacity DS3 \$2,802.11 <u>Rate Per Month</u> Direct-Trunked Transport (Facility) (Per Mile) Voice Grade \$2.59 High Capacity DS1 \$33.76 High Capacity DS3 \$371.35 <u>Rate Per Month</u> Direct-Trunked Termination (Per Termination) Voice Grade \$26.01 High Capacity DS1 \$156.02 High Capacity DS3 \$858.11 <u>Rate Per Month</u> Multiplexing (Per Arrangement) DS3 to DS1 \$711.40 DS1 to Voice \$212.35 <u>Rate Per Access Minute</u> Transport Interconnection Charge Premium \$0.013179 Non-Premium \$0.005931 <u>Rate Per Blocked Call</u> Network Blocking Feature Group D only \$0.0359 <u>Rate Per Query</u> 800 Data Base Access Service Queries Basic \$0.0075 Vertical Feature \$0.0077	Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3) <u>Rate Per Access Minute</u> Tandem Switched Facility (Per Mile) \$0.000188 Tandem Switched Termination \$0.000979 Tandem Switching \$0.002090 <u>Rate Per Month</u> Entrance Facilities (Per Termination) Voice Grade (Two Wire) \$43.95 Voice Grade (Four Wire) \$70.33 High Capacity DS1 \$214.27 High Capacity DS3 \$1,956.44 <u>Rate Per Month</u> Direct-Trunked Transport (Facility) (Per Mile) Voice Grade \$3.13 High Capacity DS1 \$14.68 High Capacity DS3 \$127.88 <u>Rate Per Month</u> Direct-Trunked Termination (Per Termination) Voice Grade \$31.46 High Capacity DS1 \$76.17 High Capacity DS3 \$489.10 <u>Rate Per Month</u> Multiplexing (Per Arrangement) DS3 to DS1 \$446.25 DS1 to Voice \$172.29 <u>Rate Per Access Minute</u> Transport Interconnection Charge (Not Allowed) \$0.00 (Not Allowed) \$0.00 <u>Rate Per Blocked Call</u> Network Blocking Feature Group D only \$0.0153 <u>Rate Per Query</u> 800 Data Base Access Service Queries Basic \$0.0053 Vertical Feature \$0.0059	<u>Rate Per Access Minute</u> \$0.000032 \$0.000257 \$0.001100 <u>Rate Per Month</u> \$7.61 \$12.19 (\$52.60) (\$845.67) <u>Rate Per Month</u> \$0.54 (\$19.08) (\$243.47) <u>Rate Per Month</u> \$5.45 (\$79.85) (\$369.01) <u>Rate Per Month</u> (\$265.15) (\$40.06) <u>Rate Per Access Minute</u> (\$0.013179) (\$0.005931) <u>Rate Per Blocked Call</u> (\$0.0206) <u>Rate Per Query</u> (\$0.0022) (\$0.0018)

Leslie County Telephone Co., Inc
Non-Recurring Switched Access Charges

Current Intrastate Access Rate Leslie County Telephone Co., Inc**	Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*	Change
(A)	(B)	(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3) <u>Nonrecurring Charge</u> Installation (Per Entrance Facility) Voice Grade (Two Wire) \$227.00 Voice Grade (Four Wire) \$227.00 High Capacity DS1 \$178.00 High Capacity DS3 \$941.60 Interim NXX Translation Per Order Per LATA \$124.00 FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order) \$242.00 Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order) \$242.00	Local Transport (Section 17.2.1 Page 17-10) <u>Nonrecurring Charge</u> Installation (Per Entrance Facility) Voice Grade (Two Wire) \$450.00 Voice Grade (Four Wire) \$450.00 High Capacity DS1 \$330.00 High Capacity DS3 \$445.00 Interim NXX Translation Per Order \$220.00 FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order) \$442.00 Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order) \$459.00	<u>Nonrecurring Charge</u> \$223.00 \$223.00 \$152.00 (\$496.60) \$96.00 \$200.00 \$217.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Synchronous Optical Channel, Common Channel Signaling, Non-Local Transport Restructure, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11
Local Switching Rate Band 1
Local Transport Rate Band 8
Tandem Switched Transport Rate Band 1
** Source: CCM/Telview. Concurs with Lewisport Telephone Company

EXHIBIT OAO-4

Lewisport Telephone Company Recurring Switched Access Charges

Current Intrastate Access Rate Lewisport Telephone Company PSC KY No. 3**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)		Carrier Common Line Access Service		
<u>Rate Per Access Line Per Month</u>		<u>Rate Per Access Line Per Month</u>		<u>Rate Per Access Line Per Month</u>
Non-Traffic Sensitive Revenue		(Not Allowed)		(\$4.00)
End Office (Section 17.2.3 Page 17-4)		End Office (Section 17.2.3 Page 17-11)		
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
Local Switching 1 and 2 (Premium)		Local Switching (Premium)		(\$0.05278)
Local Switching (Non-Premium)		Local Switching (Non-Premium)		(\$0.02335)
<u>Rate Per 100 Access Minutes</u>		<u>Rate Per 100 Access Minutes</u>		<u>Rate Per 100 Access Minutes</u>
Information Surcharge		Information Surcharge		
Premium		Premium		\$0.0227
Non-Premium		Non-Premium		\$0.0102
Local Transport (Section 17.2.2 Pages 17.3.1 to 17-3.3)		Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3)		
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
Tandem Switched Facility (Per Mile)		Tandem Switched Facility (Per Mile)		\$0.00246
Tandem Switched Termination		Tandem Switched Termination		\$0.001368
Tandem Switching		Tandem Switching		\$0.004282
Entrance Facilities		Entrance Facilities		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)		Voice Grade (Two Wire)		\$7.61
Voice Grade (Four Wire)		Voice Grade (Four Wire)		\$12.19
High Capacity DS1		High Capacity DS1		(\$52.60)
High Capacity DS3		High Capacity DS3		(\$845.67)
Direct-Trunked Transport (Facility)		Direct-Trunked Transport (Facility)		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Mile)		(Per Mile)		
Voice Grade		Voice Grade		\$0.54
High Capacity DS1		High Capacity DS1		(\$19.08)
High Capacity DS3		High Capacity DS3		(\$243.47)
Direct-Trunked Termination		Direct-Trunked Termination		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade		Voice Grade		\$5.45
High Capacity DS1		High Capacity DS1		(\$79.85)
High Capacity DS3		High Capacity DS3		(\$369.01)
Multiplexing		Multiplexing		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1		DS3 to DS1		(\$265.15)
DS1 to Voice		DS1 to Voice		(\$40.06)
Transport Interconnection Charge		Transport Interconnection Charge		
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
Premium		(Not Allowed)		(\$0.013179)
Non-Premium		(Not Allowed)		(\$0.005931)
Network Blocking		Network Blocking		
<u>Rate Per Blocked Call</u>		<u>Rate Per Blocked Call</u>		<u>Rate Per Blocked Call</u>
Feature Group D only		Feature Group D only		(\$0.0206)
800 Data Base Access Service Queries		800 Data Base Access Service Queries		
<u>Rate Per Query</u>		<u>Rate Per Query</u>		<u>Rate Per Query</u>
Basic		Basic		(\$0.0022)
Vertical Feature		Vertical Feature		(\$0.0018)

Lewisport Telephone Company Non-Recurring Switched Access Charges

Current Intrastate Access Rate Lewisport Telephone Company PSC KY No. 3**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Page 17-10)		
<u>Nonrecurring Charge</u>		<u>Nonrecurring Charge</u>		<u>Nonrecurring Charge</u>
Installation		Installation		
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)		Voice Grade (Two Wire)		\$223.00
Voice Grade (Four Wire)		Voice Grade (Four Wire)		\$223.00
High Capacity DS1		High Capacity DS1		\$152.00
High Capacity DS3		High Capacity DS3		(\$496.60)
Interim NXX Translation Per Order Per LATA		Interim NXX Translation Per Order		\$96.00
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)		FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)		\$200.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)		Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)		\$217.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Synchronous Optical Channel, Common Channel Signaling, Non-Local Transport Restructure, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11
 Local Switching Rate Band 6
 Local Transport Rate Band 8
 Tandem Switched Transport Rate Band 2
 ** Source: CCM/Telview.

**Logan Telephone Cooperative Incorporated
Recurring Switched Access Charges**

Current Intrastate Access Rate Logan Telephone Cooperative Incorporated**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)		Carrier Common Line Access Service		Rate Per Access Line Per Month
Non-Traffic Sensitive Revenue		(Not Allowed)		(\$4.84)
End Office (Section 17.2.3 Page 17-8)		End Office (Section 17.2.3 Page 17-11)		Rate Per Access Minute
Local Switching (Premium)		Local Switching (Premium)		
Rate Band 1	\$0.09412	Rate Band 1	\$0.017961	\$0.008549
Rate Band 2	\$0.011766	Rate Band 2	\$0.017961	\$0.006195
Rate Band 3	\$0.014119	Rate Band 3	\$0.017961	\$0.003842
Rate Band 4	\$0.016472	Rate Band 4	\$0.017961	\$0.001489
Rate Band 5	\$0.018825	Rate Band 5	\$0.017961	(\$0.000864)
Rate Band 6	\$0.021178	Rate Band 6	\$0.017961	(\$0.003217)
Rate Band 7	\$0.023531	Rate Band 7	\$0.017961	(\$0.005570)
Local Switching (Non-Premium)		Local Switching (Non-Premium)		
Rate Band 1	\$0.004235	Rate Band 1	\$0.008082	\$0.003847
Rate Band 2	\$0.005295	Rate Band 2	\$0.008082	\$0.002787
Rate Band 3	\$0.006354	Rate Band 3	\$0.008082	\$0.001728
Rate Band 4	\$0.007412	Rate Band 4	\$0.008082	\$0.000670
Rate Band 5	\$0.008471	Rate Band 5	\$0.008082	(\$0.000389)
Rate Band 6	\$0.009530	Rate Band 6	\$0.008082	(\$0.001448)
Rate Band 7	\$0.010589	Rate Band 7	\$0.008082	(\$0.002507)
Information Surcharge		Information Surcharge		Rate Per 100 Access Minutes
Premium	\$0.0161	Premium	\$0.0494	\$0.0333
Non-Premium	\$0.0072	Non-Premium	\$0.0222	\$0.0150
Local Transport (Section 17.2.2 Pages 17-4 to 17-7)		Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3)		Rate Per Access Minute
Tandem Switched Facility (Per Mile)	\$0.00189	Tandem Switched Facility (Per Mile)	\$0.00188	(\$0.000001)
Tandem Switched Termination	\$0.000933	Tandem Switched Termination	\$0.000979	\$0.000046
Tandem Switching	\$0.003507	Tandem Switching	\$0.002468	(\$0.001039)
Entrance Facilities		Entrance Facilities		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)	\$37.83	Voice Grade (Two Wire)	\$43.95	\$6.12
Voice Grade (Four Wire)	\$60.53	Voice Grade (Four Wire)	\$70.33	\$9.80
High Capacity DS1	\$176.82	High Capacity DS1	\$214.27	\$37.45
High Capacity DS3	\$2,051.19	High Capacity DS3	\$1,956.44	(\$94.75)
Direct-Trunked Transport (Facility)		Direct-Trunked Transport (Facility)		Rate Per Month
(Per Mile)		(Per Mile)		
Voice Grade	\$2.70	Voice Grade	\$3.13	\$0.43
High Capacity DS1	\$19.14	High Capacity DS1	\$14.68	(\$4.46)
High Capacity DS3	\$131.77	High Capacity DS3	\$127.88	(\$3.89)
Direct-Trunked Termination		Direct-Trunked Termination		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade	\$27.08	Voice Grade	\$31.46	\$4.38
High Capacity DS1	\$94.38	High Capacity DS1	\$76.17	(\$18.21)
High Capacity DS3	\$525.64	High Capacity DS3	\$489.10	(\$36.54)
Multiplexing		Multiplexing		Rate Per Month
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1	\$474.31	DS3 to DS1	\$446.25	(\$28.06)
DS1 to Voice	\$183.12	DS1 to Voice	\$172.29	(\$10.83)
Customer Node		Customer Node		Rate Per Month
(Per Node)		(Per Node)		
OC3	\$495.00	OC3	\$463.24	(\$31.76)
OC12	\$1,430.00	OC12	\$1,338.27	(\$91.73)
Customer Premises Port		Customer Premises Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$152.00	\$2.00
STS-1	\$195.00	STS-1	\$182.50	(\$12.50)
DS3	\$195.00	DS3	\$182.50	(\$12.50)
DS1	\$50.00	DS1	\$46.78	(\$3.22)
Add/Drop Multiplexing Central Office Port		Add/Drop Multiplexing Central Office Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$152.00	\$2.00
DS3	\$100.00	DS3	\$93.58	(\$6.42)
DS1	\$40.00	DS1	\$37.43	(\$2.57)
Transport Interconnection Charge		Transport Interconnection Charge		Rate Per Access Minute
(Premium)		(Premium)		
Rate Bands 1-4	\$0.00506 to \$0.012515	Rate Bands 1-4	No Allowed	(\$0.00506 to \$0.012515)
(Non-Premium)		(Non-Premium)		
Rate Bands 1-4	\$0.002253 to \$0.005632	Rate Bands 1-4	No Allowed	(\$0.002253 to \$0.005632)
Network Blocking		Network Blocking		Rate Per Blocked Call
Feature Group D only	\$0.0135	Feature Group D only	\$0.0153	\$0.0018
800 Data Base Access Service Queries		800 Data Base Access Service Queries		Rate Per Query
Basic	\$0.0054	Basic	\$0.0053	(\$0.0001)
Vertical Feature	\$0.0059	Vertical Feature	\$0.0059	No Change

EXHIBIT OAO-4

Logan Telephone Cooperative Incorporated Non-Recurring Switched Access Charges

Current Intrastate Access Rate Logan Telephone Cooperative Incorporated**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Pages 17-10 to 17-10.2.1.1)		
<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$161.00	Voice Grade (Two Wire)	\$450.00	\$289.00
Voice Grade (Four Wire)	\$161.00	Voice Grade (Four Wire)	\$450.00	\$289.00
High Capacity DS1	\$181.00	High Capacity DS1	\$330.00	\$149.00
High Capacity DS3	\$499.00	High Capacity DS3	\$445.00	(\$54.00)
<u>Customer Node</u>		<u>Customer Node</u>		
(Per Node)		(Per Node)		
OC3	\$197.00	OC3	\$640.00	\$443.00
OC12	\$197.00	OC12	\$640.00	\$443.00
<u>Customer Premises Port</u>		<u>Customer Premises Port</u>		
(Per Port)		(Per Port)		
STS-1	\$213.00	STS-1	\$640.00	\$427.00
DS3	\$213.00	DS3	\$640.00	\$427.00
DS1	\$54.00	DS1	\$640.00	\$586.00
Interim NXX Translation Per Order		Interim NXX Translation Per Order		
Per LATA or Market Area	\$81.00		\$220.00	\$139.00
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$260.00	FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$442.00	\$182.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$249.00	Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$459.00	\$210.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Common Channel Signaling, Synchronous Optical Channel, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

Local Switching Rate Band 2

Local Transport Rate Band 8

Tandem Switched Transport Rate Band 1

** Source: CCMI/Telview. Concurs with Duo County Telephone Company

**Mountain Rural Telephone Cooperative Corporation
Recurring Switched Access Charges**

Current Intrastate Access Rate Mountain Rural Telephone Cooperative Corporation**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)		Carrier Common Line Access Service		Rate Per Access Line Per Month
Non-Traffic Sensitive Revenue		(Not Allowed)		(\$10.88)
End Office (Section 17.2.3 Page 17-8)		End Office (Section 17.2.3 Page 17-11)		Rate Per Access Minute
Local Switching (Premium)		Local Switching (Premium)		
Rate Band 1	\$0.09412	Rate Band 1	\$0.13470	\$0.04058
Rate Band 2	\$0.11766	Rate Band 2	\$0.13470	\$0.01704
Rate Band 3	\$0.14119	Rate Band 3	\$0.13470	(\$0.00649)
Rate Band 4	\$0.16472	Rate Band 4	\$0.13470	(\$0.03002)
Rate Band 5	\$0.18825	Rate Band 5	\$0.13470	(\$0.05355)
Rate Band 6	\$0.21178	Rate Band 6	\$0.13470	(\$0.07708)
Rate Band 7	\$0.23531	Rate Band 7	\$0.13470	(\$0.10061)
Local Switching (Non-Premium)		Local Switching (Non-Premium)		
Rate Band 1	\$0.04235	Rate Band 1	\$0.06062	\$0.01827
Rate Band 2	\$0.05295	Rate Band 2	\$0.06062	\$0.00767
Rate Band 3	\$0.06354	Rate Band 3	\$0.06062	(\$0.00292)
Rate Band 4	\$0.07412	Rate Band 4	\$0.06062	(\$0.01350)
Rate Band 5	\$0.08471	Rate Band 5	\$0.06062	(\$0.02409)
Rate Band 6	\$0.09530	Rate Band 6	\$0.06062	(\$0.03468)
Rate Band 7	\$0.10589	Rate Band 7	\$0.06062	(\$0.04527)
Information Surcharge		Information Surcharge		Rate Per 100 Access Minutes
Premium	\$0.161	Premium	\$0.0494	\$0.333
Non-Premium	\$0.072	Non-Premium	\$0.222	\$0.150
Local Transport (Section 17.2.2 Pages 17-4 to 17-7)		Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3)		Rate Per Access Minute
Tandem Switched Facility (Per Mile)	\$0.00189	Tandem Switched Facility (Per Mile)	\$0.00188	(\$0.00001)
Tandem Switched Termination	\$0.00933	Tandem Switched Termination	\$0.00979	\$0.00046
Tandem Switching	\$0.03507	Tandem Switching	\$0.02468	(\$0.01039)
Entrance Facilities		Entrance Facilities		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)	\$37.83	Voice Grade (Two Wire)	\$31.46	(\$6.37)
Voice Grade (Four Wire)	\$60.53	Voice Grade (Four Wire)	\$50.34	(\$10.19)
High Capacity DS1	\$176.82	High Capacity DS1	\$153.37	(\$23.45)
High Capacity DS3	\$2,051.19	High Capacity DS3	\$1,400.34	(\$650.85)
Direct-Trunked Transport (Facility)		Direct-Trunked Transport (Facility)		Rate Per Month
(Per Mile)		(Per Mile)		
Voice Grade	\$2.70	Voice Grade	\$2.24	(\$.46)
High Capacity DS1	\$19.14	High Capacity DS1	\$10.51	(\$8.63)
High Capacity DS3	\$131.77	High Capacity DS3	\$91.53	(\$40.24)
Direct-Trunked Termination		Direct-Trunked Termination		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade	\$27.08	Voice Grade	\$22.52	(\$4.56)
High Capacity DS1	\$94.38	High Capacity DS1	\$54.52	(\$39.86)
High Capacity DS3	\$525.64	High Capacity DS3	\$350.08	(\$175.56)
Multiplexing		Multiplexing		Rate Per Month
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1	\$474.31	DS3 to DS1	\$319.41	(\$154.90)
DS1 to Voice	\$183.12	DS1 to Voice	\$123.32	(\$59.80)
Customer Node		Customer Node		Rate Per Month
(Per Node)		(Per Node)		
OC3	\$495.00	OC3	\$331.57	(\$163.43)
OC12	\$1,430.00	OC12	\$957.88	(\$472.12)
Customer Premises Port		Customer Premises Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$108.80	(\$41.20)
STS-1	\$195.00	STS-1	\$130.63	(\$64.37)
DS3	\$195.00	DS3	\$130.63	(\$64.37)
DS1	\$50.00	DS1	\$33.48	(\$16.52)
Add/Drop Multiplexing Central Office Port		Add/Drop Multiplexing Central Office Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$108.80	(\$41.20)
DS3	\$100.00	DS3	\$66.98	(\$33.02)
DS1	\$40.00	DS1	\$26.79	(\$13.21)
Transport Interconnection Charge		Transport Interconnection Charge		Rate Per Access Minute
(Premium)		(Premium)		
Rate Bands 1-4	\$0.0506 to \$0.12515	Rate Bands 1-4	No Allowed	(\$0.0506 to \$0.12515)
(Non-Premium)		(Non-Premium)		
Rate Bands 1-4	\$0.02253 to \$0.05632	Rate Bands 1-4	No Allowed	(\$0.02253 to \$0.05632)
Network Blocking		Network Blocking		Rate Per Blocked Call
Feature Group D only	\$0.135	Feature Group D only	\$0.153	\$0.018
800 Data Base Access Service Queries		800 Data Base Access Service Queries		Rate Per Query
Basic	\$0.0054	Basic	\$0.0053	(\$0.0001)
Vertical Feature	\$0.0059	Vertical Feature	\$0.0059	No Change

EXHIBIT OAO-4

Mountain Rural Telephone Cooperative Corporation Non-Recurring Switched Access Charges

Current Intrastate Access Rate Mountain Rural Telephone Cooperative Corporation**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Pages 17-10 to 17-10.2.1.1)		
<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$161.00	Voice Grade (Two Wire)	\$450.00	\$289.00
Voice Grade (Four Wire)	\$161.00	Voice Grade (Four Wire)	\$450.00	\$289.00
High Capacity DS1	\$181.00	High Capacity DS1	\$330.00	\$149.00
High Capacity DS3	\$499.00	High Capacity DS3	\$445.00	(\$54.00)
<u>Customer Node</u>		<u>Customer Node</u>		
(Per Node)		(Per Node)		
OC3	\$197.00	OC3	\$640.00	\$443.00
OC12	\$197.00	OC12	\$640.00	\$443.00
<u>Customer Premises Port</u>		<u>Customer Premises Port</u>		
(Per Port)		(Per Port)		
STS-1	\$213.00	STS-1	\$640.00	\$427.00
DS3	\$213.00	DS3	\$640.00	\$427.00
DS1	\$54.00	DS1	\$640.00	\$586.00
Interim NXX Translation Per Order		Interim NXX Translation Per Order		
Per LATA or Market Area	\$81.00		\$220.00	\$139.00
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$260.00	FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$442.00	\$182.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$249.00	Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$459.00	\$210.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Common Channel Signaling, Synchronous Optical Channel, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

Local Switching Rate Band 1

Local Transport Rate Band 6

Tandem Switched Transport Rate Band 1

** Source: CCMI/Telview. Concurs with Duo County Telephone Company

North Central Telephone Cooperative, Inc
Recurring Switched Access Charges

Current Intrastate Access Rate North Central Telephone Cooperative, Inc**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)		Carrier Common Line Access Service		Rate Per Access Line Per Month
Non-Traffic Sensitive Revenue		(Not Allowed)		(\$8.74)
End Office (Section 17.2.3 Page 17-8)		End Office (Section 17.2.3 Page 17-11)		Rate Per Access Minute
Local Switching (Premium)		Local Switching (Premium)		
Rate Band 1	\$0.09412	Rate Band 1	\$0.013470	\$0.004058
Rate Band 2	\$0.011766	Rate Band 2	\$0.013470	\$0.001704
Rate Band 3	\$0.014119	Rate Band 3	\$0.013470	(\$0.00649)
Rate Band 4	\$0.016472	Rate Band 4	\$0.013470	(\$0.003002)
Rate Band 5	\$0.018825	Rate Band 5	\$0.013470	(\$0.005355)
Rate Band 6	\$0.021178	Rate Band 6	\$0.013470	(\$0.007708)
Rate Band 7	\$0.023531	Rate Band 7	\$0.013470	(\$0.010061)
Local Switching (Non-Premium)		Local Switching (Non-Premium)		
Rate Band 1	\$0.004235	Rate Band 1	\$0.006062	\$0.001827
Rate Band 2	\$0.005295	Rate Band 2	\$0.006062	\$0.000767
Rate Band 3	\$0.006354	Rate Band 3	\$0.006062	(\$0.000292)
Rate Band 4	\$0.007412	Rate Band 4	\$0.006062	(\$0.001350)
Rate Band 5	\$0.008471	Rate Band 5	\$0.006062	(\$0.002409)
Rate Band 6	\$0.009530	Rate Band 6	\$0.006062	(\$0.003468)
Rate Band 7	\$0.010589	Rate Band 7	\$0.006062	(\$0.004527)
Information Surcharge		Information Surcharge		Rate Per 100 Access Minutes
Premium	\$0.0161	Premium	\$0.0494	\$0.0333
Non-Premium	\$0.0072	Non-Premium	\$0.0222	\$0.0150
Local Transport (Section 17.2.2 Pages 17-4 to 17-7)		Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3)		Rate Per Access Minute
Tandem Switched Facility (Per Mile)	\$0.00189	Tandem Switched Facility (Per Mile)	\$0.00188	(\$0.00001)
Tandem Switched Termination	\$0.000933	Tandem Switched Termination	\$0.000979	\$0.000046
Tandem Switching	\$0.003507	Tandem Switching	\$0.002468	(\$0.001039)
Entrance Facilities		Entrance Facilities		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)	\$37.83	Voice Grade (Two Wire)	\$31.46	(\$6.37)
Voice Grade (Four Wire)	\$60.53	Voice Grade (Four Wire)	\$50.34	(\$10.19)
High Capacity DS1	\$176.82	High Capacity DS1	\$153.37	(\$23.45)
High Capacity DS3	\$2,051.19	High Capacity DS3	\$1,400.34	(\$650.85)
Direct-Trunked Transport (Facility)		Direct-Trunked Transport (Facility)		Rate Per Month
(Per Mile)		(Per Mile)		
Voice Grade	\$2.70	Voice Grade	\$2.24	(\$.46)
High Capacity DS1	\$19.14	High Capacity DS1	\$10.51	(\$8.63)
High Capacity DS3	\$131.77	High Capacity DS3	\$91.53	(\$40.24)
Direct-Trunked Termination		Direct-Trunked Termination		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade	\$27.08	Voice Grade	\$22.52	(\$4.56)
High Capacity DS1	\$94.38	High Capacity DS1	\$54.52	(\$39.86)
High Capacity DS3	\$525.64	High Capacity DS3	\$350.08	(\$175.56)
Multiplexing		Multiplexing		Rate Per Month
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1	\$474.31	DS3 to DS1	\$319.41	(\$154.90)
DS1 to Voice	\$183.12	DS1 to Voice	\$123.32	(\$59.80)
Customer Node		Customer Node		Rate Per Month
(Per Node)		(Per Node)		
OC3	\$495.00	OC3	\$331.57	(\$163.43)
OC12	\$1,430.00	OC12	\$957.88	(\$472.12)
Customer Premises Port		Customer Premises Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$108.80	(\$41.20)
STS-1	\$195.00	STS-1	\$130.63	(\$64.37)
DS3	\$195.00	DS3	\$130.63	(\$64.37)
DS1	\$50.00	DS1	\$33.48	(\$16.52)
Add/Drop Multiplexing Central Office Port		Add/Drop Multiplexing Central Office Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$108.80	(\$41.20)
DS3	\$100.00	DS3	\$66.98	(\$33.02)
DS1	\$40.00	DS1	\$26.79	(\$13.21)
Transport Interconnection Charge		Transport Interconnection Charge		Rate Per Access Minute
(Premium)		(Premium)		
Rate Bands 1-4	\$0.00506 to \$0.012515	Rate Bands 1-4	No Allowed	(\$0.00506 to \$0.012515)
(Non-Premium)		(Non-Premium)		
Rate Bands 1-4	\$0.002253 to \$0.005632	Rate Bands 1-4	No Allowed	(\$0.002253 to \$0.005632)
Network Blocking		Network Blocking		Rate Per Blocked Call
Feature Group D only	\$0.0135	Feature Group D only	\$0.0153	\$0.0018
800 Data Base Access Service Queries		800 Data Base Access Service Queries		Rate Per Query
Basic	\$0.0054	Basic	\$0.0053	(\$0.0001)
Vertical Feature	\$0.0059	Vertical Feature	\$0.0059	No Change

EXHIBIT OAO-4

North Central Telephone Cooperative, Inc Non-Recurring Switched Access Charges

Current Intrastate Access Rate North Central Telephone Cooperative, Inc**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Pages 17-10 to 17-10.2.1.1)		
<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$161.00	Voice Grade (Two Wire)	\$450.00	\$289.00
Voice Grade (Four Wire)	\$161.00	Voice Grade (Four Wire)	\$450.00	\$289.00
High Capacity DS1	\$181.00	High Capacity DS1	\$330.00	\$149.00
High Capacity DS3	\$499.00	High Capacity DS3	\$445.00	(\$54.00)
<u>Customer Node</u>		<u>Customer Node</u>		
(Per Node)		(Per Node)		
OC3	\$197.00	OC3	\$640.00	\$443.00
OC12	\$197.00	OC12	\$640.00	\$443.00
<u>Customer Premises Port</u>		<u>Customer Premises Port</u>		
(Per Port)		(Per Port)		
STS-1	\$213.00	STS-1	\$640.00	\$427.00
DS3	\$213.00	DS3	\$640.00	\$427.00
DS1	\$54.00	DS1	\$640.00	\$586.00
Interim NXX Translation Per Order		Interim NXX Translation Per Order		
Per LATA or Market Area	\$81.00		\$220.00	\$139.00
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$260.00	FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$442.00	\$182.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$249.00	Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$459.00	\$210.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Common Channel Signaling, Synchronous Optical Channel, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

Local Switching Rate Band 1

Local Transport Rate Band 6

Tandem Switched Transport Rate Band 1

** Source: CCMI/Telview. Concurs with Duo County Telephone Company

**Peoples Rural Telephone Cooperative Corporation, Inc.
Recurring Switched Access Charges**

Current Intrastate Access Rate		Current Interstate & Proposed Intrastate Access Rate		Change
Peoples Rural Telephone Cooperative Corporation, Inc. PSC KY No. 4**		National Exchange Carriers Association TARIFF F.C.C. NO. 5*		
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)	<u>Rate Per Access Line Per Month</u>	Carrier Common Line Access Service	<u>Rate Per Access Line Per Month</u>	<u>Rate Per Access Line Per Month</u>
Non-Traffic Sensitive Revenue	\$10.46	(Not Allowed)	\$0.00	(\$10.46)
End Office (Section 17.2.3 Page 17-8)	<u>Rate Per Access Minute</u>	End Office (Section 17.2.3 Page 17.11)	<u>Rate Per Access Minute</u>	<u>Rate Per Access Minute</u>
Local Switching (Premium)		Local Switching (Premium)		
Rate Band 1	\$0.09412	Rate Band 1	\$0.026941	\$0.017529
Rate Band 2	\$0.011766	Rate Band 2	\$0.026941	\$0.015175
Rate Band 3	\$0.014119	Rate Band 3	\$0.026941	\$0.012822
Rate Band 4	\$0.016472	Rate Band 4	\$0.026941	\$0.010469
Rate Band 5	\$0.018825	Rate Band 5	\$0.026941	\$0.008116
Rate Band 6	\$0.021178	Rate Band 6	\$0.026941	\$0.005763
Rate Band 7	\$0.023531	Rate Band 7	\$0.026941	\$0.003410
Local Switching (Non-Premium)		Local Switching (Non-Premium)		
Rate Band 1	\$0.004235	Rate Band 1	\$0.012123	\$0.007888
Rate Band 2	\$0.005295	Rate Band 2	\$0.012123	\$0.006828
Rate Band 3	\$0.006354	Rate Band 3	\$0.012123	\$0.005769
Rate Band 4	\$0.007412	Rate Band 4	\$0.012123	\$0.004711
Rate Band 5	\$0.008471	Rate Band 5	\$0.012123	\$0.003652
Rate Band 6	\$0.009530	Rate Band 6	\$0.012123	\$0.002593
Rate Band 7	\$0.010589	Rate Band 7	\$0.012123	\$0.001534
	<u>Rate Per 100 Access Minutes</u>		<u>Rate Per 100 Access Minutes</u>	<u>Rate Per 100 Access Minutes</u>
Information Surcharge		Information Surcharge		
Premium	\$0.0161	Premium	\$0.0494	\$0.0333
Non-Premium	\$0.0072	Non-Premium	\$0.0222	\$0.0150
Local Transport (Section 17.2.2 Pages 17-4 to 17-7)	<u>Rate Per Access Minute</u>	Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3)	<u>Rate Per Access Minute</u>	<u>Rate Per Access Minute</u>
Tandem Switched Facility (Per Mile)	\$0.00189	Tandem Switched Facility (Per Mile)	\$0.00188	(\$0.00001)
Tandem Switched Termination	\$0.000933	Tandem Switched Termination	\$0.000979	\$0.000046
Tandem Switching	\$0.003507	Tandem Switching	\$0.002468	(\$0.01039)
Entrance Facilities	<u>Rate Per Month</u>	Entrance Facilities	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)	\$37.83	Voice Grade (Two Wire)	\$76.23	\$38.40
Voice Grade (Four Wire)	\$60.53	Voice Grade (Four Wire)	\$121.99	\$61.46
High Capacity DS1	\$176.82	High Capacity DS1	\$371.65	\$194.83
High Capacity DS3	\$2,051.19	High Capacity DS3	\$3,393.45	\$1,342.26
Direct-Trunked Transport (Facility)	<u>Rate Per Month</u>	Direct-Trunked Transport (Facility)	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Mile)		(Per Mile)		
Voice Grade	\$2.70	Voice Grade	\$5.43	\$2.73
High Capacity DS1	\$19.14	High Capacity DS1	\$25.46	\$6.32
High Capacity DS3	\$131.77	High Capacity DS3	\$221.81	\$90.04
Direct-Trunked Termination	<u>Rate Per Month</u>	Direct-Trunked Termination	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade	\$27.08	Voice Grade	\$54.57	\$27.49
High Capacity DS1	\$94.38	High Capacity DS1	\$132.12	\$37.74
High Capacity DS3	\$525.64	High Capacity DS3	\$848.34	\$322.70
Multiplexing	<u>Rate Per Month</u>	Multiplexing	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1	\$474.31	DS3 to DS1	\$774.02	\$299.71
DS1 to Voice	\$183.12	DS1 to Voice	\$298.84	\$115.72
Customer Node	<u>Rate Per Month</u>	Customer Node	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Node)		(Per Node)		
OC3	\$495.00	OC3	\$803.49	\$308.49
OC12	\$1,430.00	OC12	\$2,321.23	\$891.23
Customer Premises Port	<u>Rate Per Month</u>	Customer Premises Port	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$263.64	\$113.64
STS-1	\$195.00	STS-1	\$316.55	\$121.55
DS3	\$195.00	DS3	\$316.55	\$121.55
DS1	\$50.00	DS1	\$81.14	\$31.14
Add/Drop Multiplexing Central Office Port	<u>Rate Per Month</u>	Add/Drop Multiplexing Central Office Port	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$263.64	\$113.64
DS3	\$100.00	DS3	\$162.31	\$62.31
DS1	\$40.00	DS1	\$64.92	\$24.92
Transport Interconnection Charge	<u>Rate Per Access Minute</u>	Transport Interconnection Charge	<u>Rate Per Access Minute</u>	<u>Rate Per Access Minute</u>
(Premium)		(Premium)		
Rate Bands 1-4	\$0.00506 to \$0.012515	Rate Bands 1-4	No Allowed	(\$0.00506 to \$0.012515)
(Non-Premium)		(Non-Premium)		
Rate Bands 1-4	\$0.002253 to \$0.005632	Rate Bands 1-4	No Allowed	(\$0.002253 to \$0.005632)
Network Blocking	<u>Rate Per Blocked Call</u>	Network Blocking	<u>Rate Per Blocked Call</u>	<u>Rate Per Blocked Call</u>
Feature Group D only	\$0.0135	Feature Group D only	\$0.0153	\$0.0018
800 Data Base Access Service Queries	<u>Rate Per Query</u>	800 Data Base Access Service Queries	<u>Rate Per Query</u>	<u>Rate Per Query</u>
Basic	\$0.0054	Basic	\$0.0053	(\$0.0001)
Vertical Feature	\$0.0059	Vertical Feature	\$0.0059	No Change

EXHIBIT OAO-4

Peoples Rural Telephone Cooperative Corporation, Inc. Non-Recurring Switched Access Charges

Current Intrastate Access Rate Peoples Rural Telephone Cooperative Corporation, Inc. PSC KY No. 4**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Pages 17-10 to 17-10.2.1.1)		
<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$161.00	Voice Grade (Two Wire)	\$450.00	\$289.00
Voice Grade (Four Wire)	\$161.00	Voice Grade (Four Wire)	\$450.00	\$289.00
High Capacity DS1	\$181.00	High Capacity DS1	\$330.00	\$149.00
High Capacity DS3	\$499.00	High Capacity DS3	\$445.00	(\$54.00)
<u>Customer Node</u>		<u>Customer Node</u>		
(Per Node)		(Per Node)		
OC3	\$197.00	OC3	\$640.00	\$443.00
OC12	\$197.00	OC12	\$640.00	\$443.00
<u>Customer Premises Port</u>		<u>Customer Premises Port</u>		
(Per Port)		(Per Port)		
STS-1	\$213.00	STS-1	\$640.00	\$427.00
DS3	\$213.00	DS3	\$640.00	\$427.00
DS1	\$54.00	DS1	\$640.00	\$586.00
Interim NXX Translation Per Order		Interim NXX Translation Per Order		
Per LATA or Market Area	\$81.00		\$220.00	\$139.00
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$260.00	FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$442.00	\$182.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$249.00	Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$459.00	\$210.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Common Channel Signaling, Synchronous Optical Channel, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

Local Switching Rate Band 4

Local Transport Rate Band 10

Tandem Switched Transport Rate Band 1

** Source: CCMI/Telview. Concurs with Duo County Telephone Company

EXHIBIT OAO-4

Salem Telephone Company Recurring Switched Access Charges

Current Intrastate Access Rate Salem Telephone Company Inc**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)		Carrier Common Line Access Service		
<u>Rate Per Access Line Per Month</u>		<u>Rate Per Access Line Per Month</u>		<u>Rate Per Access Line Per Month</u>
Non-Traffic Sensitive Revenue		(Not Allowed)		(\$2.71)
End Office (Section 17.2.3 Page 17-4)		End Office (Section 17.2.3 Page 17-11)		
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
Local Switching 1 and 2 (Premium)		Local Switching (Premium)		(\$0.014259)
Local Switching (Non-Premium)		Local Switching (Non-Premium)		(\$0.006377)
<u>Rate Per 100 Access Minutes</u>		<u>Rate Per 100 Access Minutes</u>		<u>Rate Per 100 Access Minutes</u>
Information Surcharge		Information Surcharge		
Premium		Premium		\$0.0227
Non-Premium		Non-Premium		\$0.0102
Local Transport (Section 17.2.2 Pages 17.3.1 to 17-3.3)		Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3)		
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
Tandem Switched Facility (Per Mile)		Tandem Switched Facility (Per Mile)		\$0.00246
Tandem Switched Termination		Tandem Switched Termination		\$0.001368
Tandem Switching		Tandem Switching		\$0.004282
Entrance Facilities		Entrance Facilities		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)		Voice Grade (Two Wire)		\$7.61
Voice Grade (Four Wire)		Voice Grade (Four Wire)		\$12.19
High Capacity DS1		High Capacity DS1		(\$52.60)
High Capacity DS3		High Capacity DS3		(\$845.67)
Direct-Trunked Transport (Facility)		Direct-Trunked Transport (Facility)		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Mile)		(Per Mile)		
Voice Grade		Voice Grade		\$0.54
High Capacity DS1		High Capacity DS1		(\$19.08)
High Capacity DS3		High Capacity DS3		(\$243.47)
Direct-Trunked Termination		Direct-Trunked Termination		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade		Voice Grade		\$5.45
High Capacity DS1		High Capacity DS1		(\$79.85)
High Capacity DS3		High Capacity DS3		(\$369.01)
Multiplexing		Multiplexing		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1		DS3 to DS1		(\$265.15)
DS1 to Voice		DS1 to Voice		(\$40.06)
Transport Interconnection Charge		Transport Interconnection Charge		
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
Premium		(Not Allowed)		(\$0.013179)
Non-Premium		(Not Allowed)		(\$0.005931)
Network Blocking		Network Blocking		
<u>Rate Per Blocked Call</u>		<u>Rate Per Blocked Call</u>		<u>Rate Per Blocked Call</u>
Feature Group D only		Feature Group D only		(\$0.0206)
800 Data Base Access Service Queries		800 Data Base Access Service Queries		
<u>Rate Per Query</u>		<u>Rate Per Query</u>		<u>Rate Per Query</u>
Basic		Basic		(\$0.0022)
Vertical Feature		Vertical Feature		(\$0.0018)

Salem Telephone Company Non-Recurring Switched Access Charges

Current Intrastate Access Rate Salem Telephone Company Inc**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Page 17-10)		
<u>Nonrecurring Charge</u>		<u>Nonrecurring Charge</u>		<u>Nonrecurring Charge</u>
Installation		Installation		
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)		Voice Grade (Two Wire)		\$223.00
Voice Grade (Four Wire)		Voice Grade (Four Wire)		\$223.00
High Capacity DS1		High Capacity DS1		\$152.00
High Capacity DS3		High Capacity DS3		(\$496.60)
Interim NXX Translation Per Order Per LATA		Interim NXX Translation Per Order		\$96.00
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)		FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)		\$200.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)		Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)		\$217.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Synchronous Optical Channel, Common Channel Signaling, Non-Local Transport Restructure, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11
 Local Switching Rate Band 4
 Local Transport Rate Band 8
 Tandem Switched Transport Rate Band 2
 ** Source: CCM/Telview. Concurs with Lewisport Telephone Company

**South Central Rural Telephone Cooperative Corporation, Inc.
Recurring Switched Access Charges**

Current Intrastate Access Rate		Current Interstate & Proposed Intrastate Access Rate		Change
South Central Rural Telephone Cooperative Corporation, Inc. PSC KY Tariff No. 3**		John Staurulakis, Inc. TARIFF F.C.C. NO. 1*		
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)	<u>Rate Per Access Line Per Month</u>	Carrier Common Line Access Service	<u>Rate Per Access Line Per Month</u>	<u>Rate Per Access Line Per Month</u>
Non-Traffic Sensitive Revenue	\$5.81	(Not Allowed)	\$0.00	(\$5.81)
End Office (Section 17.2.3 Page 17-8)	<u>Rate Per Access Minute</u>	End Office (Section 17.2.3 Page 17-715)	<u>Rate Per Access Minute</u>	<u>Rate Per Access Minute</u>
Local Switching (Premium)		Local Switching (Premium)		
Rate Band 1	\$0.09412	Rate Band 1	\$0.00192	(\$0.07420)
Rate Band 2	\$0.011766	Rate Band 2	\$0.00192	(\$0.09774)
Rate Band 3	\$0.014119	Rate Band 3	\$0.00192	(\$0.012127)
Rate Band 4	\$0.016472	Rate Band 4	\$0.00192	(\$0.014480)
Rate Band 5	\$0.018825	Rate Band 5	\$0.00192	(\$0.016833)
Rate Band 6	\$0.021178	Rate Band 6	\$0.00192	(\$0.019186)
Rate Band 7	\$0.023531	Rate Band 7	\$0.00192	(\$0.021539)
Local Switching (Non-Premium)		Local Switching (Non-Premium)		
Rate Band 1	\$0.004235	Rate Band 1	\$0.00192	(\$0.002243)
Rate Band 2	\$0.005295	Rate Band 2	\$0.00192	(\$0.003303)
Rate Band 3	\$0.006354	Rate Band 3	\$0.00192	(\$0.004362)
Rate Band 4	\$0.007412	Rate Band 4	\$0.00192	(\$0.005420)
Rate Band 5	\$0.008471	Rate Band 5	\$0.00192	(\$0.006479)
Rate Band 6	\$0.009530	Rate Band 6	\$0.00192	(\$0.007538)
Rate Band 7	\$0.010589	Rate Band 7	\$0.00192	(\$0.008597)
	<u>Rate Per 100 Access Minutes</u>		<u>Rate Per 100 Access Minutes</u>	<u>Rate Per 100 Access Minutes</u>
Information Surcharge		Information Surcharge		
Premium	\$0.0161	Premium	\$0.0157	(\$0.0004)
Non-Premium	\$0.0072	Non-Premium	\$0.0157	\$0.0085
Local Transport (Section 17.2.2 Pages 17-4 to 17-7)	<u>Rate Per Access Minute</u>	Local Transport (Section 17.2.2 Pages 17-712 to 17-713)	<u>Rate Per Access Minute</u>	<u>Rate Per Access Minute</u>
Tandem Switched Facility (Per Mile)	\$0.00189	Tandem Switched Facility (Per Mile)	\$0.000809	\$0.000620
Tandem Switched Termination	\$0.000933	Tandem Switched Termination	\$0.000212	(\$0.000721)
Tandem Switching	\$0.003507	Tandem Switching	\$0.000000	(\$0.003507)
Entrance Facilities	<u>Rate Per Month</u>	Entrance Facilities	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)	\$37.83	Voice Grade (Two Wire)	\$4.01	(\$33.82)
Voice Grade (Four Wire)	\$60.53	Voice Grade (Four Wire)	\$6.44	(\$54.09)
High Capacity DS1	\$176.82	High Capacity DS1	\$17.20	(\$159.62)
High Capacity DS3	\$2,051.19	High Capacity DS3	ICB	ICB
Direct-Trunked Transport (Facility)	<u>Rate Per Month</u>	Direct-Trunked Transport (Facility)	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Mile)		(Per Mile)		
Voice Grade	\$2.70	Voice Grade	\$0.82	(\$1.88)
High Capacity DS1	\$19.14	High Capacity DS1	\$5.33	(\$13.81)
High Capacity DS3	\$131.77	High Capacity DS3	ICB	ICB
Direct-Trunked Termination	<u>Rate Per Month</u>	Direct-Trunked Termination	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade	\$27.08	Voice Grade	\$8.25	(\$18.83)
High Capacity DS1	\$94.38	High Capacity DS1	\$26.32	(\$68.06)
High Capacity DS3	\$525.64	High Capacity DS3	ICB	ICB
Multiplexing	<u>Rate Per Month</u>	Multiplexing	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1	\$474.31	DS3 to DS1	\$474.31	No Change
DS1 to Voice	\$183.12	DS1 to Voice	\$183.12	No Change
Customer Node	<u>Rate Per Month</u>	Customer Node***	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Node)		(Per Node)		
OC3	\$495.00	OC3	N/A	N/A
OC12	\$1,430.00	OC12	N/A	N/A
Customer Premises Port	<u>Rate Per Month</u>	Customer Premises Port***	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	N/A	N/A
STS-1	\$195.00	STS-1	N/A	N/A
DS3	\$195.00	DS3	N/A	N/A
DS1	\$50.00	DS1	N/A	N/A
Add/Drop Multiplexing Central Office Port	<u>Rate Per Month</u>	Add/Drop Multiplexing Central Office Port***	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	N/A	N/A
DS3	\$100.00	DS3	N/A	N/A
DS1	\$40.00	DS1	N/A	N/A
Transport Interconnection Charge	<u>Rate Per Access Minute</u>	Transport Interconnection Charge	<u>Rate Per Access Minute</u>	<u>Rate Per Access Minute</u>
(Premium)		(Premium)		
Rate Bands 1-4	\$0.00506 to \$0.012515	Rate Bands 1-4	No Allowed	(\$0.00506 to \$0.012515)
(Non-Premium)		(Non-Premium)		
Rate Bands 1-4	\$0.002253 to \$0.005632	Rate Bands 1-4	No Allowed	(\$0.002253 to \$0.005632)
Network Blocking	<u>Rate Per Blocked Call</u>	Network Blocking	<u>Rate Per Blocked Call</u>	<u>Rate Per Blocked Call</u>
Feature Group D only	\$0.0135	Feature Group D only	ICB	ICB
800 Data Base Access Service Queries	<u>Rate Per Query</u>	800 Data Base Access Service Queries	<u>Rate Per Query</u>	<u>Rate Per Query</u>
Basic	\$0.0054	Basic	\$0.0035	(\$0.0020)
Vertical Feature	\$0.0059	Vertical Feature	\$0.0038	(\$0.0021)

EXHIBIT OAO-4

South Central Rural Telephone Cooperative Corporation, Inc. Non-Recurring Switched Access Charges

Current Intrastate Access Rate		Current Interstate & Proposed Intrastate Access Rate		Change
South Central Rural Telephone Cooperative Corporation, Inc. PSC KY Tariff No. 3**		John Staurulakis, Inc. TARIFF F.C.C. NO. 1*		
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Page 17-711)		
<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$161.00	Voice Grade (Two Wire)	ICB	ICB
Voice Grade (Four Wire)	\$161.00	Voice Grade (Four Wire)	ICB	ICB
High Capacity DS1	\$181.00	High Capacity DS1	ICB	ICB
High Capacity DS3	\$499.00	High Capacity DS3	ICB	ICB
<u>Customer Node</u>		<u>Customer Node***</u>		
(Per Node)		(Per Node)		
OC3	\$197.00	OC3	N/A	N/A
OC12	\$197.00	OC12	N/A	N/A
<u>Customer Premises Port</u>		<u>Customer Premises Port***</u>		
(Per Port)		(Per Port)		
STS-1	\$213.00	STS-1	N/A	N/A
DS3	\$213.00	DS3	N/A	N/A
DS1	\$54.00	DS1	N/A	N/A
Interim NXX Translation Per Order	\$81.00	Interim NXX Translation Per Order	\$76.00	(\$5.00)
Per LATA or Market Area				
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$260.00	FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	ICB	ICB
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$249.00	Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$376.00	\$127.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements , including for example, Synchronous Optical Channel, Common Channel Signaling, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

** Source: CCMI/Telview. Concurs with Duo County Telephone Company

*** Tariffed under Special Access

**Thacker-Grigsby Telephone Company
Recurring Switched Access Charges**

Current Intrastate Access Rate Thacker-Grigsby Telephone Company**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)		Carrier Common Line Access Service		
<u>Rate Per Access Line Per Month</u>		<u>Rate Per Access Line Per Month</u>		<u>Rate Per Access Line Per Month</u>
Non-Traffic Sensitive Revenue		(Not Allowed)		(\$10.64)
End Office (Section 17.2.3 Page 17-8)		End Office (Section 17.2.3 Page 17-11)		
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
Local Switching (Premium)		Local Switching (Premium)		
Rate Band 1	\$.009412	Rate Band 1	\$.017961	\$.008549
Rate Band 2	\$.011766	Rate Band 2	\$.017961	\$.006195
Rate Band 3	\$.014119	Rate Band 3	\$.017961	\$.003842
Rate Band 4	\$.016472	Rate Band 4	\$.017961	\$.001489
Rate Band 5	\$.018825	Rate Band 5	\$.017961	(\$.000864)
Rate Band 6	\$.021178	Rate Band 6	\$.017961	(\$.003217)
Rate Band 7	\$.023531	Rate Band 7	\$.017961	(\$.005570)
Local Switching (Non-Premium)		Local Switching (Non-Premium)		
Rate Band 1	\$.004235	Rate Band 1	\$.008082	\$.003847
Rate Band 2	\$.005295	Rate Band 2	\$.008082	\$.002787
Rate Band 3	\$.006354	Rate Band 3	\$.008082	\$.001728
Rate Band 4	\$.007412	Rate Band 4	\$.008082	\$.000670
Rate Band 5	\$.008471	Rate Band 5	\$.008082	(\$.000389)
Rate Band 6	\$.009530	Rate Band 6	\$.008082	(\$.001448)
Rate Band 7	\$.010589	Rate Band 7	\$.008082	(\$.002507)
<u>Rate Per 100 Access Minutes</u>		<u>Rate Per 100 Access Minutes</u>		<u>Rate Per 100 Access Minutes</u>
Information Surcharge		Information Surcharge		
Premium	\$.0161	Premium	\$.0494	\$.0333
Non-Premium	\$.0072	Non-Premium	\$.0222	\$.0150
Local Transport (Section 17.2.2 Pages 17-4 to 17-7)		Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3)		
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
Tandem Switched Facility (Per Mile)		Tandem Switched Facility (Per Mile)		\$.000213
Tandem Switched Termination		Tandem Switched Termination		\$.001157
Tandem Switching		Tandem Switching		\$.001765
Entrance Facilities		Entrance Facilities		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)	\$37.83	Voice Grade (Two Wire)	\$43.95	\$6.12
Voice Grade (Four Wire)	\$60.53	Voice Grade (Four Wire)	\$70.33	\$9.80
High Capacity DS1	\$176.82	High Capacity DS1	\$214.27	\$37.45
High Capacity DS3	\$2,051.19	High Capacity DS3	\$1,956.44	(\$94.75)
Direct-Trunked Transport (Facility)		Direct-Trunked Transport (Facility)		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Mile)		(Per Mile)		
Voice Grade	\$2.70	Voice Grade	\$3.13	\$.43
High Capacity DS1	\$19.14	High Capacity DS1	\$14.68	(\$4.46)
High Capacity DS3	\$131.77	High Capacity DS3	\$127.88	(\$3.89)
Direct-Trunked Termination		Direct-Trunked Termination		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade	\$27.08	Voice Grade	\$31.46	\$4.38
High Capacity DS1	\$94.38	High Capacity DS1	\$76.17	(\$18.21)
High Capacity DS3	\$525.64	High Capacity DS3	\$489.10	(\$36.54)
Multiplexing		Multiplexing		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1	\$474.31	DS3 to DS1	\$446.25	(\$28.06)
DS1 to Voice	\$183.12	DS1 to Voice	\$172.29	(\$10.83)
Customer Node		Customer Node		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Node)		(Per Node)		
OC3	\$495.00	OC3	\$463.24	(\$31.76)
OC12	\$1,430.00	OC12	\$1,338.27	(\$91.73)
Customer Premises Port		Customer Premises Port		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$152.00	\$2.00
STS-1	\$195.00	STS-1	\$182.50	(\$12.50)
DS3	\$195.00	DS3	\$182.50	(\$12.50)
DS1	\$50.00	DS1	\$46.78	(\$3.22)
Add/Drop Multiplexing Central Office Port		Add/Drop Multiplexing Central Office Port		
<u>Rate Per Month</u>		<u>Rate Per Month</u>		<u>Rate Per Month</u>
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$152.00	\$2.00
DS3	\$100.00	DS3	\$93.58	(\$6.42)
DS1	\$40.00	DS1	\$37.43	(\$2.57)
Transport Interconnection Charge		Transport Interconnection Charge		
<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>
(Premium)		(Premium)		
Rate Bands 1-4	\$.00506 to \$.012515	Rate Bands 1-4	No Allowed	(\$.00506 to \$.012515)
(Non-Premium)		(Non-Premium)		
Rate Bands 1-4	\$.002253 to \$.005632	Rate Bands 1-4	No Allowed	(\$.002253 to \$.005632)
Network Blocking		Network Blocking		
<u>Rate Per Blocked Call</u>		<u>Rate Per Blocked Call</u>		<u>Rate Per Blocked Call</u>
Feature Group D only		Feature Group D only		\$.0018
800 Data Base Access Service Queries		800 Data Base Access Service Queries		
<u>Rate Per Query</u>		<u>Rate Per Query</u>		<u>Rate Per Query</u>
Basic		Basic		(\$.0001)
Vertical Feature		Vertical Feature		No Change

EXHIBIT OAO-4

Thacker-Grigsby Telephone Company Non-Recurring Switched Access Charges

Current Intrastate Access Rate Thacker-Grigsby Telephone Company**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Pages 17-10 to 17-10.2.1.1)		
<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$161.00	Voice Grade (Two Wire)	\$450.00	\$289.00
Voice Grade (Four Wire)	\$161.00	Voice Grade (Four Wire)	\$450.00	\$289.00
High Capacity DS1	\$181.00	High Capacity DS1	\$330.00	\$149.00
High Capacity DS3	\$499.00	High Capacity DS3	\$445.00	(\$54.00)
<u>Customer Node</u>		<u>Customer Node</u>		
(Per Node)		(Per Node)		
OC3	\$197.00	OC3	\$640.00	\$443.00
OC12	\$197.00	OC12	\$640.00	\$443.00
<u>Customer Premises Port</u>		<u>Customer Premises Port</u>		
(Per Port)		(Per Port)		
STS-1	\$213.00	STS-1	\$640.00	\$427.00
DS3	\$213.00	DS3	\$640.00	\$427.00
DS1	\$54.00	DS1	\$640.00	\$586.00
Interim NXX Translation Per Order		Interim NXX Translation Per Order		
Per LATA or Market Area	\$81.00		\$220.00	\$139.00
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$260.00	FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$442.00	\$182.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$249.00	Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$459.00	\$210.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Common Channel Signaling, Synchronous Optical Channel, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

Local Switching Rate Band 2

Local Transport Rate Band 8

Tandem Switched Transport Rate Band 2

** Source: CCMI/Telview. Concurs with Duo County Telephone Company

**West Kentucky Rural Telephone Cooperative Corporation
Recurring Switched Access Charges**

Current Intrastate Access Rate West Kentucky Rural Telephone Cooperative Corporation**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2)		Carrier Common Line Access Service		Rate Per Access Line Per Month
Non-Traffic Sensitive Revenue		(Not Allowed)		(\$7.39)
End Office (Section 17.2.3 Page 17-8)		End Office (Section 17.2.3 Page 17-11)		Rate Per Access Minute
Local Switching (Premium)		Local Switching (Premium)		
Rate Band 1	\$0.09412	Rate Band 1	\$0.13470	\$0.04058
Rate Band 2	\$0.11766	Rate Band 2	\$0.13470	\$0.01704
Rate Band 3	\$0.14119	Rate Band 3	\$0.13470	(\$0.00649)
Rate Band 4	\$0.16472	Rate Band 4	\$0.13470	(\$0.03002)
Rate Band 5	\$0.18825	Rate Band 5	\$0.13470	(\$0.05355)
Rate Band 6	\$0.21178	Rate Band 6	\$0.13470	(\$0.07708)
Rate Band 7	\$0.23531	Rate Band 7	\$0.13470	(\$0.10061)
Local Switching (Non-Premium)		Local Switching (Non-Premium)		
Rate Band 1	\$0.04235	Rate Band 1	\$0.00602	\$0.01827
Rate Band 2	\$0.05295	Rate Band 2	\$0.00602	\$0.00767
Rate Band 3	\$0.06354	Rate Band 3	\$0.00602	(\$0.000292)
Rate Band 4	\$0.07412	Rate Band 4	\$0.00602	(\$0.01350)
Rate Band 5	\$0.08471	Rate Band 5	\$0.00602	(\$0.02409)
Rate Band 6	\$0.09530	Rate Band 6	\$0.00602	(\$0.03468)
Rate Band 7	\$0.10589	Rate Band 7	\$0.00602	(\$0.04527)
Information Surcharge		Information Surcharge		Rate Per 100 Access Minutes
Premium	\$0.161	Premium	\$0.0494	\$0.333
Non-Premium	\$0.0072	Non-Premium	\$0.0222	\$0.150
Local Transport (Section 17.2.2 Pages 17-4 to 17-7)		Local Transport (Section 17.2.2 Pages 17-10.1 to 17-10.3)		Rate Per Access Minute
Tandem Switched Facility (Per Mile)	\$0.00189	Tandem Switched Facility (Per Mile)	\$0.00402	\$0.00213
Tandem Switched Termination	\$0.00933	Tandem Switched Termination	\$0.002090	\$0.01157
Tandem Switching	\$0.03507	Tandem Switching	\$0.005272	\$0.01765
Entrance Facilities		Entrance Facilities		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)	\$37.83	Voice Grade (Two Wire)	\$43.95	\$6.12
Voice Grade (Four Wire)	\$60.53	Voice Grade (Four Wire)	\$70.33	\$9.80
High Capacity DS1	\$176.82	High Capacity DS1	\$214.27	\$37.45
High Capacity DS3	\$2,051.19	High Capacity DS3	\$1,956.44	(\$94.75)
Direct-Trunked Transport (Facility)		Direct-Trunked Transport (Facility)		Rate Per Month
(Per Mile)		(Per Mile)		
Voice Grade	\$2.70	Voice Grade	\$3.13	\$0.43
High Capacity DS1	\$19.14	High Capacity DS1	\$14.68	(\$4.46)
High Capacity DS3	\$131.77	High Capacity DS3	\$127.88	(\$3.89)
Direct-Trunked Termination		Direct-Trunked Termination		Rate Per Month
(Per Termination)		(Per Termination)		
Voice Grade	\$27.08	Voice Grade	\$31.46	\$4.38
High Capacity DS1	\$94.38	High Capacity DS1	\$76.17	(\$18.21)
High Capacity DS3	\$525.64	High Capacity DS3	\$489.10	(\$36.54)
Multiplexing		Multiplexing		Rate Per Month
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1	\$474.31	DS3 to DS1	\$446.25	(\$28.06)
DS1 to Voice	\$183.12	DS1 to Voice	\$172.29	(\$10.83)
Customer Node		Customer Node		Rate Per Month
(Per Node)		(Per Node)		
OC3	\$495.00	OC3	\$463.24	(\$31.76)
OC12	\$1,430.00	OC12	\$1,338.27	(\$91.73)
Customer Premises Port		Customer Premises Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$152.00	\$2.00
STS-1	\$195.00	STS-1	\$182.50	(\$12.50)
DS3	\$195.00	DS3	\$182.50	(\$12.50)
DS1	\$50.00	DS1	\$46.78	(\$3.22)
Add/Drop Multiplexing Central Office Port		Add/Drop Multiplexing Central Office Port		Rate Per Month
(Per Port)		(Per Port)		
OC3	\$150.00	OC3	\$152.00	\$2.00
DS3	\$100.00	DS3	\$93.58	(\$6.42)
DS1	\$40.00	DS1	\$37.43	(\$2.57)
Transport Interconnection Charge		Transport Interconnection Charge		Rate Per Access Minute
(Premium)		(Premium)		
Rate Bands 1-4	\$0.00506 to \$0.12515	Rate Bands 1-4	No Allowed	(\$0.00506 to \$0.12515)
(Non-Premium)		(Non-Premium)		
Rate Bands 1-4	\$0.002253 to \$0.005632	Rate Bands 1-4	No Allowed	(\$0.002253 to \$0.005632)
Network Blocking		Network Blocking		Rate Per Blocked Call
Feature Group D only	\$0.0135	Feature Group D only	\$0.0153	\$0.0018
800 Data Base Access Service Queries		800 Data Base Access Service Queries		Rate Per Query
Basic	\$0.0054	Basic	\$0.0053	(\$0.0001)
Vertical Feature	\$0.0059	Vertical Feature	\$0.0059	No Change

EXHIBIT OAO-4

West Kentucky Rural Telephone Cooperative Corporation Non-Recurring Switched Access Charges

Current Intrastate Access Rate West Kentucky Rural Telephone Cooperative Corporation**		Current Interstate & Proposed Intrastate Access Rate National Exchange Carriers Association TARIFF F.C.C. NO. 5*		Change
(A)		(B)		(C) = (B) - (A)
Local Transport (Section 17.2.1 Page 17-3)		Local Transport (Section 17.2.1 Pages 17-10 to 17-10.2.1.1)		
<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Installation</u>	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$161.00	Voice Grade (Two Wire)	\$450.00	\$289.00
Voice Grade (Four Wire)	\$161.00	Voice Grade (Four Wire)	\$450.00	\$289.00
High Capacity DS1	\$181.00	High Capacity DS1	\$330.00	\$149.00
High Capacity DS3	\$499.00	High Capacity DS3	\$445.00	(\$54.00)
<u>Customer Node</u>		<u>Customer Node</u>		
(Per Node)		(Per Node)		
OC3	\$197.00	OC3	\$640.00	\$443.00
OC12	\$197.00	OC12	\$640.00	\$443.00
<u>Customer Premises Port</u>		<u>Customer Premises Port</u>		
(Per Port)		(Per Port)		
STS-1	\$213.00	STS-1	\$640.00	\$427.00
DS3	\$213.00	DS3	\$640.00	\$427.00
DS1	\$54.00	DS1	\$640.00	\$586.00
Interim NXX Translation Per Order		Interim NXX Translation Per Order		
Per LATA or Market Area	\$81.00		\$220.00	\$139.00
FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$260.00	FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$442.00	\$182.00
Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$249.00	Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	\$459.00	\$210.00

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, Common Channel Signaling, Synchronous Optical Channel, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

Local Switching Rate Band 1

Local Transport Rate Band 8

Tandem Switched Transport Rate Band 2

** Source: CCMI/Telview. Concurs with Duo County Telephone Company

EXHIBIT OAO-4

Windstream Kentucky East, Inc. - Lexington Recurring Switched Access Charges

Current Intrastate Access Rate		Current Interstate & Proposed Intrastate Access Rate		Change
Windstream Kentucky East, Inc. - Lexington PSC KY No. 8**		Windstream Telephone system TARIFF F.C.C. NO. 6*		
(A)		(B)		(C) = (B) - (A)
Carrier Common Line Access (Section 12.5 Page 4)	<u>Rate Per Access Line Per Month</u> \$2.11	Carrier Common Line Access Service	<u>Rate Per Access Line Per Month</u> (Not Allowed) \$0.00	<u>Rate Per Access Line Per Month</u> (\$2.11)
Rates and Charges (Section 4.6.3 Page 141)	<u>Rate Per Access Minute</u>	End Office (Section 17.2.3 Pages 46-51)	<u>Rate Per Access Minute</u>	<u>Rate Per Access Minute</u>
Local Switching Originating (Premium)	\$0.014242	Local Switching Originating (Premium)	\$0.001382	(\$0.012860)
Local Switching Terminating (Premium)	\$0.014242	Local Switching Terminating (Premium)	\$0.001382	(\$0.012860)
Local Switching Originating (Non-Premium)	\$0.006409	Local Switching Originating (Non-Premium)	\$0.000622	(\$0.005787)
Local Switching Terminating (Non-Premium)	\$0.014242	Local Switching Terminating (Non-Premium)	\$0.000622	(\$0.013620)
	<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute***</u>	<u>Rate Per Access Minute***</u>
Information Surcharge (Section 4.6.4 Page 144)		Information Surcharge		
Premium (Originating and Terminating)	\$0.000090	Premium (Originating and Terminating)	\$0.000000	(\$0.000090)
Non-Premium (Originating)	\$0.000040	Non-Premium (Originating)	\$0.000000	(\$0.000040)
Non-Premium (Terminating)	\$0.000090	Non-Premium (Terminating)	\$0.000000	(\$0.000090)
	<u>Rate Per Access Minute</u>		<u>Rate Per Access Minute</u>	<u>Rate Per Access Minute</u>
End Office Common Trunk Port	\$0.000000	End Office Common Trunk Port	\$0.000703	\$0.000703
	<u>Rate Per Month</u>		<u>Rate Per Month</u>	<u>Rate Per Month</u>
End Office Direct Trunk Port (Voice Grade)	\$0.00	End Office Direct Trunk Port (Voice Grade)	\$27.69	\$27.69
End Office Direct Trunk Port (DS1)	\$0.00	End Office Direct Trunk Port (DS1)	\$9.15	\$9.15
Rates and Charges (Section 4.6.3 Pages 139 to 141)	<u>Rate Per Access Minute</u>	Local Transport (Section 17.2.2 Pages 17-20 to 17-38 and 17-44)	<u>Rate Per Access Minute</u>	<u>Rate Per Access Minute</u>
Tandem Switched Facility (Per Mile)	\$0.000017	Tandem Switched Facility (Per Mile)	\$0.000014	(\$0.000003)
Tandem Switched Termination	\$0.000193	Tandem Switched Termination	\$0.000048	(\$0.000145)
Tandem Switching	\$0.001629	Tandem Switching	\$0.000423	(\$0.001206)
Entrance Facilities	<u>Rate Per Month</u>	Entrance Facilities	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade (Two Wire)	\$24.62	Voice Grade (Two Wire)	\$28.42	\$3.80
Voice Grade (Four Wire)	\$39.41	Voice Grade (Four Wire)	\$42.61	\$3.20
High Capacity DS1 (First System)	\$330.66	High Capacity DS1 (First System)	\$275.00	(\$55.66)
High Capacity DS3 (First 1/4 Airline Mile)	\$1,191.47	High Capacity DS3 Electrical/Optical (First 1/4 Airline Mile)	\$1,200.00/\$885.00	\$8.53 to (\$306.47)
Direct-Trunked Transport (Facility)	<u>Rate Per Month</u>	Direct-Trunked Transport (Facility)	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Mile)		(Per Mile)		
Voice Grade	\$0.00	Voice Grade	\$4.70	\$4.70
High Capacity DS1	\$9.70	High Capacity DS1	\$10.91	\$1.21
High Capacity DS3	\$98.65	High Capacity DS3	\$35.61	(\$63.04)
Direct-Trunked Termination	<u>Rate Per Month</u>	Direct-Trunked Termination	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Termination)		(Per Termination)		
Voice Grade	\$7.33	Voice Grade	\$0.00	(\$7.33)
High Capacity DS1	\$44.09	High Capacity DS1	\$29.40	(\$14.69)
High Capacity DS3	\$391.08	High Capacity DS3	\$356.10	(\$34.98)
Multiplexing	<u>Rate Per Month</u>	Multiplexing (Section 17.2.2 Page 28)	<u>Rate Per Month</u>	<u>Rate Per Month</u>
(Per Arrangement)		(Per Arrangement)		
DS3 to DS1	\$340.42	DS3 to DS1	\$356.15	\$15.73
DS1 to Voice	\$203.25	DS1 to Voice	\$147.18	(\$56.07)
Network Blocking	<u>Rate Per Blocked Call</u>	Network Blocking	<u>Rate Per Blocked Call</u>	<u>Rate Per Blocked Call</u>
Feature Group D only	\$0.0170	Feature Group D only	\$0.0153	(\$0.0017)
800/877/888 Data Base Query	<u>Rate Per Query</u>	800/877/888 Data Base Query	<u>Rate Per Query</u>	<u>Rate Per Query</u>
Basic	\$0.0067	Basic Query	\$0.0090	\$0.0023
Premium/Vertical Feature	\$0.0067	Enhanced Query	\$0.0092	\$0.0025

Windstream Kentucky East, Inc. - Lexington Non-Recurring Switched Access Charges

Current Intrastate Access Rate		Current Interstate & Proposed Intrastate Access Rate		Change
Windstream Kentucky East, Inc. - Lexington PSC KY No. 8**		Windstream Telephone system TARIFF F.C.C. NO. 6*		
(A)		(B)		(C) = (B) - (A)
Rates and Charges (Section 6.6 Pages 138 and 140)	<u>Nonrecurring Charge</u>	Local Transport (Section 17.2.1 Pages 17-15 to 17-18 and Pages 17-42 and 17-43)	<u>Nonrecurring Charge</u>	<u>Nonrecurring Charge</u>
Installation		Installation		
(Per Entrance Facility)		(Per Entrance Facility)		
Voice Grade (Two Wire)	\$137.84	Voice Grade (Two Wire)	\$200.00	\$62.16
Voice Grade (Four Wire)	\$137.84	Voice Grade (Four Wire)	\$200.00	\$62.16
High Capacity DS1 (First System)	\$785.58	High Capacity DS1 (First System)	\$450.00	(\$335.58)
High Capacity DS3 (First 1/4 Airline Mile)	\$785.58	High Capacity DS3 Electrical/Optical (First 1/4 Airline Mile)	\$1,000.00/\$750.00	\$214.42 to (\$35.58)
Multiplexing		Multiplexing		
DS3 to DS1	\$392.79	DS3 to DS1	\$450.00	\$57.21
DS1 to Voice	\$751.22	DS1 to Voice	\$800.00	\$48.78
	<u>Per ASR</u>		<u>Per ASR</u>	<u>Per ASR</u>
Switched Access Ordering Charge	\$190.70	Switched Access Ordering Charge	\$0.00	(\$190.70)
Design Change Charge	\$33.74	Design Change Charge	\$27.00	(\$6.74)

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, 500/900 Service, Synchronous Optical Channel, Additional System and Mileage for Entrance Facilities, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

** Source: CCMI/Telview.

*** Interstate rate for Information Surcharge converted to per access minute

EXHIBIT OAO-4

Windstream Kentucky East, Inc. - London Recurring Switched Access Charges

Current Intrastate Access Rate Windstream Kentucky East, Inc. - London PSC KY No. 9**	Current Interstate & Proposed Intrastate Access Rate Windstream Telephone System TARIFF F.C.C. NO. 6*	Change
(A)	(B)	(C) = (B) - (A)
Carrier Common Line Access (Section 3.8 Page 12) <u>Rate Per Access Line Per Month</u> \$2.11	Carrier Common Line Access Service (Not Allowed) <u>Rate Per Access Line Per Month</u> \$0.00	<u>Rate Per Access Line Per Month</u> (\$2.11)
Switched Access Rates and Charges (Section 6.6 Page 106) <u>Rate Per Access Minute</u> Local Switching Originating (Premium) \$0.013790 Local Switching Terminating (Premium) \$0.013790 Local Switching Originating (Non-Premium) \$0.006210 Local Switching Terminating (Non-Premium) \$0.013790 <u>Rate Per Access Minute</u> Information Surcharge Premium \$0.000895 Non-Premium \$0.000403 <u>Rate Per Access Minute</u> End Office Common Trunk Port \$0.000000 <u>Rate Per Month</u> End Office Direct Trunk Port (Voice Grade) \$0.00 End Office Direct Trunk Port (DS1) \$0.00	End Office (Section 17.2.3 Pages 46-51) <u>Rate Per Access Minute</u> Local Switching Originating (Premium) \$0.003278 Local Switching Terminating (Premium) \$0.003278 Local Switching Originating (Non-Premium) \$0.001475 Local Switching Terminating (Non-Premium) \$0.001475 <u>Rate Per Access Minute***</u> Information Surcharge Premium \$0.000000 Non-Premium \$0.000000 <u>Rate Per Access Minute</u> End Office Common Trunk Port \$0.000899 <u>Rate Per Month</u> End Office Direct Trunk Port (Voice Grade) \$12.00 End Office Direct Trunk Port (DS1) \$7.00	<u>Rate Per Access Minute</u> (\$0.010512) (\$0.010512) (\$0.004735) (\$0.012315) <u>Rate Per Access Minute***</u> (\$0.000090) (\$0.000040) <u>Rate Per Access Minute</u> \$0.000899 <u>Rate Per Month</u> \$12.00 \$7.00
Switched Access Rates and Charges (Section 6.6 Pages 106 to 109) <u>Rate Per Access Minute</u> Tandem Switched Facility (Per Mile) \$0.00040 Tandem Switched Termination \$0.000160 Tandem Switching \$0.000000 <u>Rate Per Month</u> Entrance Facilities (Per Termination) Voice Grade (Two Wire) \$31.58 Voice Grade (Four Wire) \$50.52 High Capacity DS1 \$292.21 High Capacity DS3 \$3,883.24 <u>Rate Per Month</u> Direct-Trunked Transport (Facility) (Per Mile) Voice Grade \$1.03 High Capacity DS1 \$21.41 High Capacity DS3 \$92.48 <u>Rate Per Month</u> Direct-Trunked Termination (Per Termination) Voice Grade \$35.33 High Capacity DS1 \$93.53 High Capacity DS3 \$685.03 <u>Rate Per Month</u> Multiplexing (Per Arrangement) DS3 to DS1 \$487.22 DS1 to Voice \$188.38 <u>Rate Per Blocked Call</u> Network Blocking Feature Group D only \$0.0080 <u>Rate Per Query</u> 800/888/877 Data Base Access Service Queries Basic \$0.0067 Premium/Vertical Feature \$0.0067	Local Transport (Section 17.2.2 Pages 17-20 to 17-38 and 17-44) <u>Rate Per Access Minute</u> Tandem Switched Facility (Per Mile) \$0.000092 Tandem Switched Termination \$0.000276 Tandem Switching \$0.000000 <u>Rate Per Month</u> Entrance Facilities (Per Termination) Voice Grade (Two Wire) \$33.52 Voice Grade (Four Wire) \$47.99 High Capacity DS1 \$366.21 High Capacity DS3 \$3,883.24 <u>Rate Per Month</u> Direct-Trunked Transport (Facility) (Per Mile) Voice Grade \$1.24 High Capacity DS1 \$15.15 High Capacity DS3 \$86.00 <u>Rate Per Month</u> Direct-Trunked Termination (Per Termination) Voice Grade \$22.00 High Capacity DS1 \$40.70 High Capacity DS3 \$670.00 <u>Rate Per Month</u> Multiplexing (Section 17.2.2 Page 28) (Per Arrangement) DS3 to DS1 \$500.00 DS1 to Voice \$205.06 <u>Rate Per Blocked Call</u> Network Blocking Feature Group D only \$0.0100 <u>Rate Per Query</u> 800/888/877 Data Base Access Service Queries Basic \$0.0068 Enhanced/Vertical Query \$0.0068	<u>Rate Per Access Minute</u> \$0.000052 \$0.000116 No Change <u>Rate Per Month</u> \$1.94 (\$2.53) \$74.00 No Change <u>Rate Per Month</u> \$0.21 (\$6.26) (\$6.48) <u>Rate Per Month</u> (\$13.33) (\$52.83) (\$15.03) <u>Rate Per Month</u> \$12.78 \$16.68 <u>Rate Per Blocked Call</u> \$0.0020 <u>Rate Per Query</u> \$0.0001 \$0.0001

Windstream Kentucky East, Inc. - London Non-Recurring Switched Access Charges

Current Intrastate Access Rate Windstream Kentucky East, Inc. - London PSC KY No. 9**	Current Interstate & Proposed Intrastate Access Rate Windstream Telephone System TARIFF F.C.C. NO. 6*	Change
(A)	(B)	(C) = (B) - (A)
Switched Access Rates and Charges (Section 6.6 Page 106 and 108) <u>Nonrecurring Charge</u> Installation (Per Entrance Facility) Voice Grade (Two Wire) \$210.66 Voice Grade (Four Wire) \$210.66 High Capacity DS1 \$1,596.89 High Capacity DS3 \$4,281.41 <u>Nonrecurring Charge</u> Multiplexing DS3 to DS1 \$301.28 DS1 to Voice \$385.33 <u>Per ASR</u> Switched Access Ordering Charge \$35.17	Local Transport (Section 17.2.1 Pages 17-15 to 17-18 and Pages 17-42 and 17-43) <u>Nonrecurring Charge</u> Installation (Per Entrance Facility) Voice Grade (Two Wire) \$200.00 Voice Grade (Four Wire) \$200.00 High Capacity DS1 \$450.00 High Capacity DS3 \$1,000.00 <u>Nonrecurring Charge</u> Multiplexing DS3 to DS1 \$800.00 DS1 to Voice \$450.00 <u>Per ASR</u> Switched Access Ordering Charge \$0.00	<u>Nonrecurring Charge</u> (\$10.66) (\$10.66) (\$1,146.89) (\$3,281.41) <u>Nonrecurring Charge</u> \$498.72 \$64.67 <u>Per ASR</u> (\$35.17)

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, 500/900 Service, Synchronous Optical Channel, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

** Source: CCM/Telview.

*** Interstate rate for Information Surcharge converted to per access minute

EXHIBIT OAO-4

Windstream Kentucky West, Inc. Recurring Switched Access Charges

Current Intrastate Access Rate Windstream Kentucky West, Inc. PSC KY No. 5**	Current Interstate & Proposed Intrastate Access Rate Windstream Telephone System TARIFF F.C.C. NO. 6*	Change
(A)	(B)	(C) = (B) - (A)
Carrier Common Line Access (Section 17.1.2 Page 17-2) Non-Traffic Sensitive Revenue Rate Per Access Line Per Month \$2.51	Carrier Common Line Access Service (Not Allowed) Rate Per Access Line Per Month \$0.00	Rate Per Access Line Per Month (\$2.51)
End Office (Section 17.2.3 Page 17-7) Local Switching 1 (Premium) Local Switching 2 (Premium) Local Switching (Non-Premium) Rate Per Access Minute \$0.041200 \$0.041200 \$0.018500 Information Surcharge (Section 4.6.4 Page 144) Premium Non-Premium Rate Per Access Minute \$0.0002670 \$0.0001200 Rate Per Access Minute \$0.000000 End Office Common Trunk Port Rate Per Month \$0.00 End Office Direct Trunk Port (DS1)	End Office (Section 17.2.3 Pages 46-51) Local Switching 1 (Premium) Local Switching 2 (Premium) Local Switching (Non-Premium) Rate Per Access Minute \$0.003775 \$0.003775 \$0.001699 Information Surcharge Premium Non-Premium Rate Per Access Minute*** \$0.000000 \$0.000000 Rate Per Access Minute \$0.000926 End Office Common Trunk Port Rate Per Month \$7.43 End Office Direct Trunk Port (DS1)	Rate Per Access Minute (\$0.037425) (\$0.037425) (\$0.016801) Rate Per Access Minute*** (\$0.000267) (\$0.000120) Rate Per Access Minute \$0.000926 Rate Per Month \$7.43
Local Transport (Section 17.2.2 Pages 17-4 to 17-6) Tandem Switched Facility (Per Mile) Tandem Switched Termination Tandem Switching Rate Per Access Minute \$0.000156 \$0.000722 \$0.000990 Entrance Facilities (Per Termination) Voice Grade (Two Wire) Voice Grade (Four Wire) High Capacity DS1 High Capacity DS3 Rate Per Month \$36.34 \$58.14 \$266.87 \$2,802.11 Direct-Trunked Transport (Facility) (Per Mile) Voice Grade High Capacity DS1 High Capacity DS3 Rate Per Month \$2.59 \$33.76 \$371.35 Direct-Trunked Termination (Per Termination) Voice Grade High Capacity DS1 High Capacity DS3 Rate Per Month \$26.01 \$156.02 \$858.11 Multiplexing (Per Arrangement) DS3 to DS1 DS1 to Voice Rate Per Month \$711.40 \$212.35 Residual Interconnection Charge Premium Non-Premium Rate Per Access Minute \$0.013179 \$0.005931 800 Data Base Access Service Queries Basic Vertical Feature Rate Per Query \$0.0075 \$0.0077	Local Transport (Section 17.2.2 Pages 17-20 to 17-38 and 17-44) Tandem Switched Facility (Per Mile) Tandem Switched Termination Tandem Switching Rate Per Access Minute \$0.000100 \$0.000248 \$0.000000 Entrance Facilities (Per Termination) Voice Grade (Two Wire) Voice Grade (Four Wire) High Capacity DS1 High Capacity DS3 Rate Per Month \$32.51 \$52.02 \$196.10 \$3,454.73 Direct-Trunked Transport (Facility) (Per Mile) Voice Grade High Capacity DS1 High Capacity DS3 Rate Per Month \$1.81 \$35.20 \$143.05 Direct-Trunked Termination (Per Termination) Voice Grade High Capacity DS1 High Capacity DS3 Rate Per Month \$24.38 \$32.93 \$1,182.21 Multiplexing (Per Arrangement) DS3 to DS1 DS1 to Voice Rate Per Month \$302.10 \$149.70 Residual Interconnection Charge (Not Allowed) (Not Allowed) Rate Per Access Minute \$0.00 \$0.00 800/888/877 Data Base Access Service Queries Basic Enhanced/Vertical Query Rate Per Query \$0.0010 \$0.0012	Rate Per Access Minute (\$0.000056) (\$0.000474) (\$0.000990) Rate Per Month (\$3.83) (\$6.12) (\$70.77) \$652.62 Rate Per Month (\$0.78) \$1.44 (\$228.30) Rate Per Month (\$1.63) (\$123.09) \$324.10 Rate Per Month (\$409.30) (\$62.65) Rate Per Access Minute (\$0.013179) (\$0.005931) Rate Per Query (\$0.0065) (\$0.0065)

Windstream Kentucky West, Inc. Non-Recurring Switched Access Charges

Current Intrastate Access Rate Windstream Kentucky West, Inc. PSC KY No. 5**	Current Interstate & Proposed Intrastate Access Rate Windstream Telephone System TARIFF F.C.C. NO. 6*	Change
(A)	(B)	(C) = (B) - (A)
Local Transport (Section 17.2.2 Page 17-3) Installation (Per Entrance Facility) Voice Grade (Two Wire) Voice Grade (Four Wire) High Capacity DS1 High Capacity DS3 Interim NXX Translation Per Order Per LATA FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order) Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	Local Transport (Section 17.2.1 Pages 17-15 to 17-18 and Pages 17-42 and 17-43) Installation (Per Entrance Facility) Voice Grade (Two Wire) Voice Grade (Four Wire) High Capacity DS1 High Capacity DS3 Interim NXX Translation Per Order FGC/FGD Conversion - Multifrequency Address Signaling To SS7 or SS7 To Multifrequency (Per 24 Trunks Converted Or Fraction Thereof - Per Order) Trunk Activation (Per 24 Trunks Converted Or Fraction Thereof - Per Order)	Nonrecurring Charge (\$12.00) (\$12.00) \$125.00 (\$608.00) (\$56.00) (\$130.00) (\$130.00)

In this mirroring illustration, AT&T excluded certain miscellaneous services and elements, including for example, 500/900 Service, Synchronous Optical Channel, Network Blocking, Non-Local Transport Restructure, STP Port rates, Directory Assistance, Credit Allowance and Operator Transfer. AT&T recommends that to the extent these access services or rate elements exist in both the intrastate and interstate jurisdictions that they be similarly mirrored. To the extent there are intrastate services that are not included in the interstate tariff, AT&T proposes that such intrastate rates remain at their current levels.

* Effective 7/1/11

** Source: CCM/Telview.

*** Interstate rate for Information Surcharge converted to per access minute

June 8, 2011

STATES WITH INTRASTATE/INTERSTATE ACCESS PARITY

I. States that Mandate Intrastate/Interstate Parity by Statute for Certain Carriers

Ten states have mandated reduction of intrastate access rates to interstate rate levels by statute, and some have also directed the state utilities commission to ensure compliance through further proceedings and tariff oversight.

Michigan: Largest ILECs - Since 1991, the Michigan Telecommunications Act (MTA), which has been revised on several occasions, has contained a provision that requires mirroring of interstate access rates.¹ In 2000, a provision was added to the MTA that exempted from this requirement carriers serving 250,000 or fewer customers, so only Verizon and AT&T remained subject to this requirement. Both Verizon (now Frontier) and AT&T have been mirroring their interstate access rates since about the mid-1980s, even before the 1991 MTA, as a result of Commission policy.

Smaller ILECs – The MTA was amended in 2009 to require rural LECs to mirror their interstate access rates by the end of September, 2010.² The Act also provided for a state Access Restructure Fund for certain eligible small carriers that will end in 10 years. The fund allows small carriers to recover the loss in state access revenue. No retail rate benchmark was set. The fund size will be adjusted at the end of the fourth year and the eighth year to reflect the loss of access lines and the new interstate access rates.

CLECs – The 2009 amendment to the MTA also required CLECs to establish parity in a five year stepped process (20% incremental reductions per year).³ CLECs may not draw from the Access Restructure Fund.

Maine: Largest ILECs - In Maine, the legislature ordered the commission to ensure intrastate mirroring of interstate switched access rates: "By May 31, 2005, the commission shall insure that intrastate access rates are equal to interstate access established by the Federal Communications Commission as of January 1, 2003."⁴ The Maine Public Utilities Commission implemented the statutory directive by adopting a rule requiring each local exchange carrier to implement access mirroring by June 1, 2003, and to refresh the mirrored rates on June 1 every two years thereafter.⁵

¹ Michigan Compiled Laws, chap. 484.2310, sec. 310(2) (1991).

² *Id.* as amended Dec. 2009.

³ *Id.*

⁴ Maine Revised Statutes Annotated, Title 35-A, Chapter 71, sec. 7101-B Access Rates (effective May 2, 2003).

⁵ Code of Maine Rules, 65-407 Ch. 280, section 8B (current through Aug. 2008).

Smaller ILECs – The above requirement applies to all ILECs. Maine has also established a state universal service fund (“USF”), which is available, upon a proper showing, to rural LECs that are qualified as eligible telecommunications carriers (“ETCs”).

CLECs – The above requirement applies to all LECs in the state, including CLECs. CLECs operating in rural LEC territories that are also ETCs may participate in the state USF.

Illinois: LECs Electing Market Regulation - In June 2010, the Governor signed SB 107, which provides, in relevant part, that any LEC electing market regulation must reduce its intrastate switched access rates to levels that mirror the rates and rate structure of its interstate switched access rates in four installments by June 30, 2013.⁶ The first installment requires reduction of 33% of the difference between intrastate and interstate rates within 30 days of the Electing Provider’s complete application for Notice of Election for Market Regulation. The second reduction (equal to 41% of the difference between its then-current rates) must be made within one year of the initial reduction. The third reduction (equal to 50% of the difference in the carrier’s then-current rates) must be made within one year of the second reduction. The fourth reduction must be made by June 30, 2013 and must reduce the Electing Carrier’s intrastate switched access rates to mirror its rates and rate structure for its then-current interstate switched access rates. Thereafter, Electing Providers must continue to mirror their interstate switched access rates and rate structure.⁷

Smaller ILECs and CLECs - SB 107 Sec 13-900.2 requires (i) ILECs serving more than 35,000 access lines that do not elect Market Regulation and (ii) CLECs that do not elect Market Regulation to reduce their intrastate switched access rates to interstate levels within two years as follows: By January 1, 2011, such carriers must reduce their intrastate switched access rates by 50% of the difference between their then-current intrastate and interstate switched access rates. By January 1, 2012, they must reduce intrastate switched access rates by 50% of the then-current difference between their intrastate and interstate switched access rates. By July 1, 2012, they must reduce their intrastate access rates to mirror their then-current interstate switched access rates and rate structure. After July 1, 2012, these carriers must continue to mirror interstate access rates and rate structure.

Smallest ILECs – ILECs serving fewer than 35,000 access lines are not required to reduce intrastate access rates. However, if an ILEC serving fewer than 35,000 access lines elects into market regulation, its switched access rates would be required to be mirrored per the LECs Electing Market Regulation terms outlined above.

Kansas: Largest ILECs - Kansas statutes provide for reduction of switched access rates to interstate levels, with corresponding allowances for increases in retail local exchange rates:

⁶ A LEC that elects market regulation must also offer, for three years, three residential services/service packages at capped rates.

⁷ SB 107 Sec. 13-506.2(g).

"Subject to the Commission's approval, all local exchange carriers shall reduce intrastate access charges to interstate levels as provided herein. Rates for intrastate switched access, and the imputed access portion of toll, shall be reduced over a three-year period with the objective of equalizing interstate and intrastate rates in a revenue neutral, specific and predictable manner. The Commission is authorized to rebalance local residential and business service rates to offset the intrastate access and toll charge reductions."⁸ In March 2010, the Kansas Corporation Commission issued an order requiring Embarq (now CenturyLink) to reduce its intrastate access rates to parity with its interstate rates. Because the KCC ruled that Embarq/CenturyLink could recover reduced access revenues from the Kansas Universal Service Fund ("KUSF"), the KCC found that a phased-in reduction of access rates was not necessary. Carriers that contribute to the KUSF (including the AT&T ILEC) are allowed to pass on their USF contributions to their end users.

Smaller ILECs – The above requirements also apply to smaller ILECs, including rural ILECs, subject to a specific requirement that revenue reductions be recovered from the KUSF and that if the reductions exceed a specifically designated amount they may be deferred to odd-numbered years.

Texas: Largest ILECs - The Texas legislature established interstate-intrastate access parity with a directive to incumbent local exchange companies to "reduce both the company's originating and terminating per minute of use switched access rates in each market to parity with the company's respective federal originating and terminating per minute of use switched access rates" on the date the last market of that incumbent carrier is deregulated.⁹ The statute also requires a "transitioning ILEC" – an ILEC for which at least one, but not all, of its markets has been deregulated – that has greater than 3 million access lines, to reach parity after a phased reduction occurring over 2 years from the date of commencement.¹⁰ The statute further requires incumbent carriers that have established parity to maintain parity on an ongoing basis for all switched access rates.¹¹

Smaller ILECs - "Transitioning" ILECs with fewer than 3 million access lines and "newly designated transitioning" ILECs are governed by rate reduction provisions that could lead to parity with interstate rates but do not mandate parity. Transitioning carriers are subject to phased rate reductions, but are not required to reach parity until 75% of their exchanges are deregulated by the Commission.¹² In addition, there are statutory provisions that permit certain ILECs

⁸ Kansas Code chap. 66. Sec. 66-2005(c)(1996).

⁹ V.T.C.A., Utilities Code, sec. 65.201(a).

¹⁰ V.T.C.A., Utilities Code, sec. 65.202(a). The initial 1/3 reduction occurred on 7/1/2006; the next 1/3 on 7/1/2007; the final 1/3 on 7/1/2008.

¹¹ *Id.* at sec. 65.201(b) & 65.202(b).

¹² V.T.C.A., Utilities Code, secs. 65.203 & 65.204.

(primarily small and rural companies) to elect incentive regulation under Chapter 59 of the Public Utility Regulation Act. ILECs electing such incentive regulation are not subject to the requirement that intrastate access rates be reduced to parity with interstate rates.¹³ Instead, the smaller ILECs are insulated from switched access rate reductions when they opt into Chapter 59 incentive regulation as a *quid pro quo* for committing to meet various infrastructure investment goals prescribed by that chapter.

CLECs - The cited statute requires all telecommunications utilities to charge switched access rates no higher than (a) the prevailing rates charged by the incumbent carrier serving that area; or (b) a statewide average ILEC composite switched access rate as calculated by the state commission.¹⁴

Georgia: Largest ILEC - By statute enacted in 1995, Georgia required all Tier 1 and Tier 2 local exchange carriers to reduce their switched access rates to interstate levels. The statute mandated for Tier 1 carriers (only) that "The rates for switched access ... shall be no higher than the rates charged for interstate access by the same local exchange company."¹⁵ Based on this requirement, AT&T (the only Tier 1 carrier in Georgia), has been required to maintain parity between its intrastate and interstate switched access charges.

Tier 2 ILECs - The 1995 statute required Tier 2 carriers to reduce, by July 1, 2000, their intrastate rates to parity with their July 1, 1995 interstate rates.¹⁶ In June 2010, Georgia's governor signed HB 168, which amended the earlier statute and requires Tier 2 ILECs to reduce their intrastate access charges to interstate levels in equal annual increments over five years, beginning January 1, 2011 and ending December 31, 2015. Georgia also implemented an Access Transition Fund, a component of the Universal Access Fund, that is a mechanism to allow the partial recovery of revenues lost by Tier 2 ILECs through intrastate access rate reductions. The fund may operate for a period of no more than 10 years, beginning January 1, 2011.

CLECs - HB 168 requires all certificated carriers other than Tier 2 ILECs to reduce their intrastate switched access rates to interstate levels in equal annual increments over a 10 year period, beginning January 1 2011 and ending December 31, 2020.

Oklahoma: Largest ILECs - Oklahoma by statute requires each local telecommunications service provider serving 15% or more of the access lines in the state to maintain intrastate switched access tariffs "in parity with the *terms and conditions* of the interstate access tariffs of that company," and to ensure on an ongoing basis to "maintain the terms and conditions of the

¹³ V.T.C.A., Utilities Code, sec. 59.025 (Commission cannot reduce the switched access rates of carriers electing infrastructure commitment under Chapter 59).

¹⁴ *Id.* at sec. 52.155 (and allows for higher rates only upon specific commission approval based upon a cost justification or other rationale for implementation of a higher rate for each rate element).

¹⁵ Ga. Code Ann. sec. 46-5-166(f)(1)(1995).

¹⁶ *Id.* at (f)(2).

intrastate access tariffs of that company so that they are in parity with the terms and conditions of the interstate tariffs of that company.”¹⁷ There is no current parity requirement for Switched Access *rates* for Oklahoma. Oklahoma had previously required mirroring until certain revenue reduction targets had been met.¹⁸ Oklahoma carriers are no longer required to flow through any access reductions, effective July 1, 2009.

Smaller ILECs – The statute does not apply and there are no specific rules applicable to ILECs serving fewer than 15% of the state’s access lines.

CLECs – There are no specific rules applicable to CLECs. However, the Oklahoma Corporation Commission typically requests CLECs to reduce their switched access rates to the level of the ILECs in whose territory they operate before approving a tariff, unless the CLEC can justify a higher rate by demonstrating higher costs.

Virginia: Large ILECs - On April 13, 2010, the Governor of Virginia signed a revision to Section 56-235.5:1 of the Virginia Code that requires the State Corporation Commission (SCC) to establish a schedule for ILECs that serve over 15,000 lines in their incumbent territory to eliminate the Carrier Common Line Charge (“CCLC”) for intrastate switched access service no later than July 1, 2013. Carriers that received funding prior to April 1, 2010 from the Department of Agriculture’s Broadband Initiatives Program are subject to the schedule for small ILECs described below. Carriers that have not been the subject of an SCC proceeding to investigate their CCLC may petition the commission for an extension of time for the elimination of the charge until July 1, 2014. The SCC is required to permit ILECs “to recover a reasonable amount of carrier common line charge revenue lost.”¹⁹ The new statutory provision is scheduled to become effective July 1, 2010.

Small ILECs - For small ILECs serving under 15,000 lines and carriers that have received a grant under the Broadband Initiatives Program, the SCC is required to determine no later than July 11, 2011 a schedule for the elimination of the CCLC.

CLECs – CLEC intrastate switched access rates may not exceed the higher of the CLEC’s comparable interstate switched access rates or the aggregate intrastate access rate of the ILEC in whose service territory the CLEC is providing service.²⁰

Tennessee: All ILECs - On April 11, 2011, the Governor signed into law SB 598/HB 574, which requires all entities that provide switched access service to reduce their intrastate switched

¹⁷ 17 Oklahoma Statutes sec. 17-139.103.D.4 (1997).

¹⁸ *Id.* at 3.

¹⁹ Virginia Code Sec. 56-235-5:1.B.1 & 2.

²⁰ 20 VAC 5-417-50E (CLECs may use a blended or composite rate to reflect applicable price ceilings of more than one ILEC or to reflect an alternative rate structure of the ILEC).

exchange access charges to intrastate levels in five equal steps beginning on April 1, 2012.²¹ By that date, all ILECs must establish a new intrastate rate structure that matches its interstate rate structure and reduce their intrastate switched access rates by 20% of the difference between their intrastate and interstate rates. On April 1 of each succeeding year, ILECs' must reduce their intrastate rates by an additional 20% of the difference, so that intrastate and interstate switched access rates will be at full parity by April 1 2016. If intrastate switched access rates or rate structure change, ILECs are required to mirror such changes within 30 days. The law allows ILECs to recover revenue losses through an annual adjustment to their retail rates, which may not be reviewed by the Tennessee Regulatory Authority ("TRA"). The law does not require the TRA to establish a state universal service fund, but it does not alter the TRA's authority to create such a fund upon an appropriate showing of need.

CLECs – CLECs are bound by the same requirements and may comply by filing a tariff stating that their intrastate switched access charges are the same as those of the ILEC in whose service area the competing telecommunications service provider is offering intrastate switched access service.

Wisconsin: Large ILECs – On May 25, 2011, the Governor signed into law special session bill S.B. 13, which adds Section 77 196.212 and requires ILECs with over 150,000 access lines as of January 1, 2010 to lower their intrastate switched access rates by 25% of the difference between their intrastate and interstate rates after two years. After three years, large ILECs must reduce their intrastate access rates by 33% of the remaining difference; after four years these carriers must reduce intrastate rates by 50% of the remaining difference and at the end of five years intrastate and interstate rates must be equalized. Beginning no later than that date, large ILECs may not charge intrastate switched access rates that are higher than their interstate rates.

Small ILECs – During the four years after the effective date of the new law, the commission is not permitted to investigate, review or set the intrastate switched access rates of small ILECs, i.e., incumbent LECs having fewer than 150,000 access lines as of January 1, 2010.

Large CLECs and New CLECs – Large nonincumbent LECs are defined as LECs with more than 10,000 access lines as of January 1, 2010. Such carriers may not raise their switched access rates above the rates charged on January 1, 2011. No later than 4 years after the effective date of the new law, these carriers must reduce their intrastate switched access rates by 33% of the difference between their then current intrastate and interstate switched access rates. No later than 5 years after the effective date, these carriers must reduce their intrastate switched access rates by 50% of the then current difference between their intrastate and interstate switched access rates. No later than 6 years after the effective date, these carriers' intrastate rates must mirror their interstate rates and may not exceed their interstate rates. New nonincumbent LECs

²¹ The law permits LECs to charge an additur determined by the Tennessee Regulatory Authority ("TRA") as necessary to support to operation Tennessee Relay Service until permanent funding is in place for that program. The additur may not exceed the amount in place as of the effective date.

(companies authorized after January 1, 2011) may not charge intrastate switched access rates that are greater than their interstate rates. For three years after the effective date, the commission may not investigate, review or set the intrastate switched access rates of small nonincumbent LECs with under 10,000 lines as of January 1, 2010.

II. States That Mandate Intrastate/Interstate Parity or Substantially Reduced Pricing by Commission Order, Rule or Tariff, Including Where Subsequently Modified

Twelve state commissions have instituted or approved mirroring or near-mirroring of interstate switched access rates for local exchange carriers, although two have subsequently modified this approach. These states generally permit carriers to implement some form of alternative price regulation to ensure revenue neutrality.

Massachusetts: Large ILECs - The Massachusetts Department of Telecommunications and Energy established intrastate mirroring of interstate switched access rates for Verizon in 2002, while also allowing for retail rate rebalancing: "Currently, intrastate switched access charges are higher than interstate switched access charges. This creates a situation where it could cost more for Massachusetts customers to make a call across the state than it does to make a call across the country. The Department concludes that this is inefficient. .. [T]herefore, intrastate switched access charges will be lowered to the more cost-based interstate levels."²² In noting that the access revenues should be made up by retail rate increases, the Department also stated that "experience has shown that such rate-rebalancing enhances efficiency without negatively impacting universal service."²³

CLECs - In an order issued June 22, 2009, the Department of Telecommunications and Cable directed that all CLEC intrastate switched access rates be established at or below Verizon's intrastate switched access rates, which, in turn, are required to be set at the levels of Verizon's interstate switched access rates. The Department required that CLEC rates would be capped at Verizon's rate effective one year from the date of its Order.²⁴

New Jersey: ILECs – On February 1, 2010, the New Jersey Board of Public Utilities ("Board") issued an order implementing a 4-step, 3-year plan that requires all three of the state's ILECs to reduce their intrastate switched access rates to parity (both as to rates and rate structure) with

²² *Investigation by the Department of Telecommunications and Energy on its Own Motion into the Appropriate Regulatory Plan to Succeed Price Cap Regulation for Verizon New England, Inc. etc.*, 2002 Mass. PUC Lexis 10 (May 8, 2002), at 36.

²³ *Id.*

²⁴ *Petition of Verizon New England, Inc., et al for Investigation under Chapter 159, Section 14 of the Intrastate Access Rates of Competitive Local Exchange Carriers*, D.T.C. 07-9, Final Order, released June 22, 2009. One rural CLEC was permitted to charge a rate equal to the NECA tariff rate.

their interstate access rates.²⁵ In several prior proceedings, the Board had granted significant (and in many cases complete) retail local pricing flexibility to the two largest ILECs,²⁶ without addressing access rates. The amount of rate flexibility the Board had previously granted those carriers far exceeded the access revenue reductions required by the Board's Access Order. In addition, consistent with those ILECs' commitment not to seek additional pricing flexibility until after the Board issued an order addressing intrastate access rates, the Board expressed its willingness to consider further retail pricing flexibility for the ILECs in a follow-on proceeding. ILECs have appealed the Board's ruling to the state's Appellate Division.

CLECs – In the same order, the Board rejected the proffered CLEC cost studies, found that CLECs had not shown their costs of access exceed their interstate access rates, and required CLECs to mirror the rates of the ILECs in whose territory they operate. This means that when the phase-in plan is complete the CLECs' intrastate access rates will be the same as their interstate rates.

Alabama: Largest ILECs - In 1995, the Alabama Public Service Commission allowed South Central Bell to elect price regulation with various conditions, including requiring South Central Bell to maintain intrastate access charges at a level not to exceed interstate access rates for a period of five years. The decrease to interstate parity was effective immediately. After expiration of the five year period, South Central Bell was required to continue to cap these rates at "the lower of the intrastate rates in effect on July 1, 1999, or the effective interstate prices and structures approved by the FCC."²⁷ In December 2004, the Commission adopted a Price Flexibility Plan for BellSouth that capped BellSouth's combination of the traffic sensitive per minute charge for originating and terminating switched access service at the then "effective intrastate level (including any non-traffic sensitive rate elements)."²⁸

Smaller ILECs - The Price Flexibility Plan for other ILECs is the same as BellSouth's for intrastate switched access rates, although the actual level of the cap is different.

Ohio: Largest ILECs - ILECs in Ohio were initially required by the Public Utilities Commission of Ohio ("PUCO") to mirror their federal access rate structure for intrastate switched access rates

²⁵ *In the Matter of the Board's Investigation and Review of Local Exchange Carrier Intrastate Exchange Access Rates*, Docket No. TX08090830.

²⁶ The remaining New Jersey ILEC is a very small carrier that is subject to rate of return regulation.

²⁷ *In Re Petition of South Central Bell Telephone Company to Restructure its Form of Regulation, etc.*, Docket Nos. 24499, 24472, 24030, 24865, Report and Order, September, Ala. P.S.C. (1995) at par. 9.03.

²⁸ *In Re Proposed Revisions to the Price Regulation and Local Competition Plan*, Docket No. 28590, Order Approving Alabama Telecommunications Regulation Plan, December, Ala. P.S.C. (2004) at Appendix A, page 9, section 7.C.

in 1987.²⁹ In 1997, the PUCO ordered numerous companies to maintain their intrastate rates at then-current levels while it deliberated how to address anticipated interstate anticipated changes in interstate access rates. In 2001, the four largest ILECs (Ameritech, Cincinnati Bell, Sprint and Verizon) were ordered to cap their intrastate rates at the interstate level. In 2007, the Commission reiterated its support for earlier orders requiring the four largest incumbent local exchange carriers to mirror their interstate switched access rates for intrastate access services.³⁰ However, the Commission has made an exception to the mirroring requirement with respect to the intrastate Carrier Common Line Charge (“CCLC”), which was capped at 1987 levels. Nonetheless, Ameritech, CBT and Verizon have taken steps to reduce or eliminate the intrastate CCLC due to merger conditions and alternative regulation plans.

Smaller ILECs – All ILECs other than the four largest incumbents were required to mirror interstate rates that were in effect a decade ago.

CLECs – The PUCO’s 2007 order also required competitive local exchange carriers to cap their intrastate rates at the level of the ILECs in whose territory they operate.³¹

Indiana: Largest ILECs – The Indiana Utility Regulatory Commission (“IURC”) has embraced the concept of parity for over twenty years. In a series of dockets, the IURC adopted the principle of general structural and rate parity, and established that intrastate access charges that mirror interstate charges are “presumed to be lawful without further evidence.”³² When faced with the issue in subsequent cases, the IURC found that mirroring (or parity) should be continued, approved streamlined tariff filing procedures for mirrored access rates, and, in the case of AT&T Indiana (formerly Indiana Bell), allowed for “instant mirroring” of interstate access charges. Although the mirroring requirement is not contained in Indiana statute, the 2006 Indiana Regulatory Reform Legislation (House Enrolled Act 1279) made the presumption of reasonableness for mirrored rates a component of state law. Indiana Code Section 8-1-2.6-1.5(c)(2) states that if a provider’s rates/charges for switched or special access service are at issue in a dispute before the state commission, or are included in an interconnection agreement or statement of generally available terms and conditions reviewable by the commission, “the commission shall consider the provider’s rates and charges for intrastate access service to be just and reasonable if the intrastate rates and charges mirror the provider’s interstate rates and charges.”

²⁹ *In Re Modification of Intrastate Access Charges*, Case No. 00-127-TP-COI, Opinion and Order, (2001 WL 283031) at par. 2, citing *In the Matter of the Commission’s Investigation Relative to Establishment of Intrastate Access Charges*, Case No. 83-464-TP-COI, Subfile C (May 21, 1982 and March 12, 1987).

³⁰ *In the Matter of the Establishment of Carrier-to-Carrier Rules*, Case No. 06-1344-TP-ORD, Entry on Rehearing, Ohio P.U.C.(October 17, 2007) (“2007 Order”) at par. 29, p. 18.

³¹ *Id.*

³² *See Re Intrastate Carrier Access Charges*, Cause No. 38269, 1989 WL 418618 (April 12, 1989), *ORDER adopting the principle of structural and rate parity between intra- and interstate access tariffs, and approving implementation of an intraLATA access based compensation plan; see also* Cause Nos. 37200 and 37905.

Smaller ILECs – The IURC has also applied the principles of access rate parity to the smaller ILECs, even during periods of access rate reform at the FCC. As a result of the revenue reductions facing rural carriers resulting from the federal MAG plan, the IURC approved a settlement agreement creating a state universal service fund (the Indiana Universal Service Fund or IUSF) in 2004 from which eligible telecommunications carriers may draw. The IURC order set benchmark residential and business rates that essentially required rural companies to recover part of the revenue losses resulting from the MAG plan through rate rebalancing.³³ The statutory provision creating a presumption of reasonableness for mirrored rates applies to small ILECs as well as large ILECs and CLECs.

CLECs – Although the above statutory provision does not literally require rate parity, its “just and reasonable” standard also applies to CLECs.

New Mexico: All LECs - New Mexico administrative rules provide that effective January 1, 2008, “a local exchange carrier's intrastate switched access charges may not exceed the interstate switched access charges approved by the federal telecommunications commission as of January 1, 2006, and its intrastate switched access elements and structure shall conform to the interstate switched access elements and structure approved by [the FCC)].”³⁴ The rules also provide a mechanism to require carriers to continue to mirror updated interstate switched access rates.³⁵ New Mexico has also created a state universal service fund (“USF”) that is available to LECs (including CLECs) that have qualified as eligible telecommunications carriers.

West Virginia: Largest ILECs - By order of the state commission in March of 2007 approving Verizon's Market Transition Plan (“MTP”), Verizon is eliminating the carrier common line charge from its intrastate switched access rates and mirroring its interstate traffic-sensitive switched access rates over a phase-in period through year-end 2010. Verizon is being granted pricing flexibility for basic local exchange services commensurate with the revenue reductions attributable to switched access decreases. At the conclusion of the phase-in period, all Verizon intrastate switched access rates are expected to mirror interstate rates.³⁶

³³ *Re: Universal Service Reform*. Cause No. 42144, 2004 W.L. 1170315 at par.38. Due to appeals by certain parties, the IUSF order was not implemented until 2007, after the order was affirmed by the Indiana Court of Appeals.

³⁴ N.M. Admin. Code 17. 11.1 0.8(C) (2005). *See also* N.M.S.A. 63-9H-6I (requiring state commission to ensure intrastate access charges are equal to interstate access charges by May 1, 2008).

³⁵ *Id.* at 17. 11. 10.8(I).

³⁶ *Petition for Approval of Joint Stipulation and Agreement for Settlement and Joint Petition for Expedited Approval of a Joint Stipulation for a Market Transition Plan for Verizon West Virginia Inc.*, Case No. 06-1935-T-PC., W.V.P.S.C. (2007).

CLECs - By Commission Order dated November 23, 2009, CLECs are required to mirror Verizon's intrastate rate (which will soon mirror its interstate rate) over a phase-in period ending thirty months from the date of the Order.³⁷

Virginia: Large ILECs – In May, 2009, the Virginia State Corporation Commission (“SCC”) issued an order requiring the CenturyLink companies (i) to restructure their carrier common line charges (“CCLCs”) to a per minute rate by January 1, 2010; (ii) to reduce their CCLCs by 25% on or before July 1, 2010 and (iii) to reduce their CCLCs by 25% of their January 1, 2010 per minute rates no later than July 1, 2011.³⁸ In addition, the parties to the CenturyLink proceeding have sought SCC approval of a settlement that requires CenturyLink companies to reduce their CCLCs by 25% of their January 1, 2010 rates no later than July 1, 2012 and to eliminate their CCLCs entirely no later than July 1, 2013.

Small ILECs – On April 21, 2011, the SCC issued an order³⁹ requiring all small ILECs (with fewer than 15,000 lines) to implement a schedule by July 1, 2011 to eliminate the Carrier Common Line Charge (“CCLC”) element of intrastate switched access charges. Carriers are given two schedule options from which to choose. Under Option 1, the CCLC is to be reduced in annual decrements to zero by January 1, 2015. Under Option 2, CCLC will be reduced annually by an amount equal to \$1.00 per residential line and \$2.00 per business line (times 12 months). The decreases are first applied to the terminating CCLC until it is equalized with the originating CCLC. Thereafter, the decreases are to be applied equally to the originating and terminating CCLC. The CCLC to must be reduced to zero by January 1, 2017 if the above decreases have not already achieved that result.

Iowa: Rural ILECs – In January of 2009 the Iowa Utilities Board (IUB) issued its final order instructing Iowa Telecom Association (ITA) to lower its intrastate switched access rates to mirror interstate NECA rates with the exception of the carrier common line charge.⁴⁰ ITA is an association made up of rural telecommunications providers and the majority of its membership concurs in the ITA intrastate switched access tariff. The IUB determined that it would examine in a separate docket the necessity of the carrier common line charge to rural carriers in Iowa.

Alaska: ILECs – On August 18, 2010, the Regulatory Commission of Alaska (“RCA”) issued an Order adopting new access regulations that will become effective 60 days after filing

³⁷ *Petition of Verizon West Virginia Inc. et al.*, Commission Order, Case No. 08-0656-T-GI (November 23, 2009).

³⁸ *Petition of Sprint Nextel for Reductions in the Intrastate Carrier Access Rates of Central Telephone Company of Virginia and United Telephone-Southeast, Inc.*, Case No. PUC-2007-00108.

³⁹ *In the Matter of Implementing Virginia Code § 56-235.5:1.B1(ii), to determine a schedule for the elimination of the carrier common line charge*, Order Adopting Schedule, Case No. PUC-2011-00002.

⁴⁰ *In re Iowa Telecommunications Association*, Docket Nos. TF-07-125 & TF-07-139 2009 WL 2141213 (Ia.U.B. 2009).

by the Lieutenant Governor.⁴¹ The new regulations provide for elimination of the Carrier Common Line (“CCL”) access charge rate element. The CCL will be replaced by (i) a new Alaska Universal Service Fund (“AUSF”) surcharge and (ii) a gradual increase to the Alaska Network Access Fee (“NAF”), which is a flat fee paid by residential and business customers. The total NAF increase will vary by LEC, depending upon its costs of service. IXC’s will lower their intrastate long distance rates, with the goal of reaching parity with interstate long distance rates.⁴² The Order also defines the obligations of a Carrier of Last Resort (“COLR”), establishes a process for selecting a COLR in various areas from among competing providers, and creates a new COLR Support program paid through the AUSF.⁴³ The new regulations also require ILECs in competitive markets to leave the state access charge pool and begin pricing access services on a company-specific basis.

CLECs - CLEC access rates are capped at the underlying ILEC’s access rate.⁴⁴

Kentucky: ILECs - In 1995, the Kentucky Commission approved a price regulation plan for BellSouth that required BellSouth to implement switched access rates that mirrored analogous interstate access rate elements.⁴⁵ The Commission later stated that its earlier Order “clearly and unequivocally required mirroring of interstate access rates as the FCC changed access rates,” and required mirroring rates to be effective no later than 30 days after the FCC changed interstate rates.⁴⁶ The Commission subsequently approved further access reductions for BellSouth and Cincinnati Bell, citing public interest benefits associated with removing economically inefficient subsidies.⁴⁷

In July 2006, statutory revisions effectively changed this regulatory scheme. Current statutory provisions permit telephone utilities the option to elect a price regulation plan as described

⁴¹ *I/M/O Consideration of Modifying Alaska Access Charge Policies and the Use of the Alaska Universal Service Fund to Promote Universal Service in Alaska; I/M/O Petition of Alaska Exchange Carriers Association, Inc. for Amendments to the Alaska Intrastate Interexchange Access Charge Manual and Application for Temporary Waiver of Manual Provisions Pending Conclusion of Proceeding*, R-08-3, Order No. 8, R-09-3, Order No. 4 (August 18, 2010).

⁴² AT&T Alaska and GCI, the two largest IXCs in Alaska, committed to lower their intrastate long distance rates after their CCL access payment obligations were eliminated.

⁴³ A COLR will be required in all Alaska study areas except for Anchorage, where there is significant competition.

⁴⁴ Regulatory Commission of Alaska, Alaska Intrastate Interexchange Access Charge Manual, sec. 102.

⁴⁵ *Application of BellSouth Telecommunication, Inc., d/b/a South Central Bell Telephone Company to Modify Its Method of Regulation*, Case No. 94-121 (1995), Order; 1995 WL 135116 Ky. 1628 (1999), 1999 WL 135116 (Neb. P.S.C.), at 7. The Commission initially exempted the PICC and TIC for originating access and capped terminating rates at the levels of originating rates. The Commission also gave guidelines for residential and business rate rebalancing initiatives. *Id.* at 5.

⁴⁶ *Telecomm, Inc.’s Application to Restructure Rates*, Case No. 97-074, Neb. P.S.C. (1997). *See also*, Tariff Filing of BellSouth Telecommunications, Inc. to Mirror Interstate Rates, Case No. 98-065 (1999).

⁴⁷ *See, e.g., Review of BellSouth Telecomm, Inc.’s Price Regulation Plan*, Case No. 99-434 Ky. P.S.C. (2000), at 5.

within the statute.⁴⁸ Under price regulation, an electing utility's rates for intrastate switched-access service "shall not exceed its rates for this service that were in effect on the day prior to the date the utility filed its notice of election."⁴⁹ Accordingly, Kentucky's switched access rates are capped and no longer need to mirror interstate rates. AT&T-KY filed notice of its price regulation plan election on July 12, 2006.

Oregon: Largest ILECs - In 2001, the Commission approved a Qwest rate rebalancing plan that provided substantial access reform. The Commission required Qwest to reduce switched access rates by decreasing the local switching rate and eliminating the carrier common line charge, a move calculated to "bring Qwest's intrastate switched access rates closer to its currently lower interstate switched access rates ... an equitable development with respect to consumers . . ."⁵⁰

III. States That by Tariff Establish Intrastate Access Rates Near Parity with Interstate Rates

LECs in two states have established by tariff intrastate switched access rates that are virtually at parity with corresponding interstate rates.

Mississippi: BellSouth's terminating intrastate access charges "are currently at parity with the FCC interstate rates and will be adjusted annually subject to a cap at parity."⁵¹ The intrastate rates in total for a two-ended call are marginally higher than interstate rates (\$0.0095 intrastate vs. \$0.0088 interstate).

North Carolina: In 1996 as part of a retail rate plan filing, BellSouth began a 3 year phase-down of intrastate access toward interstate rates, which was completed in 1999. By order dated July 21, 2009, the Commission froze switched access rates at current levels for all LECs that have elected retail rate deregulation, pending the Commission addressing access charges in a generic proceeding.⁵² The current BellSouth per-minute, two-ended intrastate access rate is almost identical to interstate rates at \$0.0092, compared with an interstate rate of \$0.0088.⁵³

IV. Other State Actions

Nevada: Large ILECs - The rates, terms and conditions for switched access services are currently regulated in Nevada and must be consistent with federal law.⁵⁴ Carriers may reduce

⁴⁸ Ky. Rev. Stat. 278.543.

⁴⁹ *Id.* at 278.543(4).

⁵⁰ *Re: Qwest Corporation, UT 125/Phase II*, Order No. 01-810, 213 P.U.R. 4th 78 (2001).

⁵¹ BellSouth Telecommunications, Inc. Mississippi, Access Services Tariff, effective January 1, 2008.

⁵² NCUC Order, Docket No. P100, sub. 165 (July 21, 2009).

⁵³ *See generally*, BellSouth Access Services Tariff, sec. E.6, for Mississippi, North Carolina, Alabama, South Carolina and Florida.

⁵⁴ Nevada Revised Statutes 704.68873.

switched access charges to parity with the associated interstate switched access rates without a rate proceeding.

CLECs - The Public Utilities Commission of Nevada may deregulate switched access services provided by a CLEC upon its own motion or acting upon a carrier petition.⁵⁵

Missouri: **ILECs** - Missouri enacted House Bill No. 1750, which adds Sec. 392.605 to the state's Revised Statutes. That section requires incumbent LECs that serve over 25,000 access lines to reduce their intrastate access rates by eighteen percent of the difference between their intrastate and interstate access rates in three equal installments. The first six percent reduction is to occur by March 1, 2011. The second and third reductions must occur by March 1 of the succeeding two years.

CLECs – As a condition of competitive classification, a CLEC is required to cap switched access rates at the level of the ILEC in whose territory it operates.⁵⁶

Addendum

Additional States that Place Limits on CLEC Intrastate Switched Access Rates

The following states place limits upon CLEC switched access rates that are in most cases tied to the intrastate rates of incumbent LECs against which they compete.

California: Effective January 1, 2009, CLEC access rates are capped at the higher of AT&T's or Verizon's intrastate access charges plus 10%. In addition, each intrastate rate charge element is capped at the level of AT&T or Verizon for the same element, plus 10%.⁵⁷

Colorado: CLEC intrastate switched access rates must be cost based as determined by the Commission, and may not exceed the average price by rate element in effect on July 1, 1987.⁵⁸

Connecticut: CLEC intrastate access rates are capped at \$0.015 per minute, an amount equal to the principal ILEC's (AT&T's) access rate, which the Department of Public Utility Control ("DPUC") had reduced to cost based levels. Carriers seeking to charge a higher rate must provide a cost of service study to demonstrate a need for higher rates.⁵⁹

Delaware: A CLEC which elects to be regulated under Subchapter VII-A of the Title 26 of the Delaware Code may not charge switched access rates under tariff that are higher than the

⁵⁵ Nevada Revised Statutes 704.68879.

⁵⁶ Missouri Statutes sec. 392.370.

⁵⁷ *In re Review Policies Concerning Intrastate Carrier Access Charges*, 2007 W.L. 5086757 (Ca PUC 2007).

⁵⁸ *I/M/O Emergency Rules Relating to Default Regulation of Competitive local Exchange Carriers*, 2006 WL 2135500 (Colo. P.U.C.) 2006 WL 2135500, Rule 2203 (a)(II).

⁵⁹ *Re Intrastate Carrier Access Charges – Court Ruling*, Docket No. 02-05-17, 2005 WL 1566747 (June 15, 2005).

tariffed switched access rates of the service provider serving the largest number of local exchange access lines in the state.⁶⁰ However, a CLEC which is regulated under Subchapter III of Title 26, the traditional regulatory scheme, is not subject to a cap. It may increase its access rate under traditional ratemaking rules.

Louisiana: CLECs may not charge switched access rates that exceed the rates of the competing ILEC in each of the CLEC's certificated territories.⁶¹

Maryland: CLEC switched access rates are capped at the level of the principal ILEC (Verizon). Proposed access rates at or below the level of Verizon are deemed just and reasonable. Rates exceeding Verizon's rates must be supported with adequate cost data.⁶²

New Hampshire: CLECs may not charge access rates greater than those charged by the ILEC.⁶³

New York: CLEC switched access rates may not exceed those of the largest carrier in the LATA without a showing that higher rates are cost-based and in the public interest.⁶⁴

South Dakota: CLECs (as all other LECs) must either file a cost study justifying its access rates or file a waiver to charge the average rate of all South Dakota carriers.⁶⁵

Washington: CLEC intrastate rates for terminating switched access must not exceed the rates charged by the ILEC for terminating access service in the comparable geographic area, including any applicable universal service rate.⁶⁶

Wyoming: CLEC rates for switched access service are capped at \$0.03/minute for originating and terminating access as of January 1, 2010.⁶⁷

⁶⁰ Del. Code sec. 707(e).

⁶¹ Louisiana Public Service Commission Regulations for Competition in the Local Telecommunications Market, sec. 301-K-4.

⁶² *Re Intelenet of Maryland, Inc., Re Policies Regarding Competitive Local Exchange Telephone Service*, Case 8584 Phase II, Order No. 72348 (December 28, 1995), 1995 WL 848272 (Md. P.S.C.).

⁶³ N. H. Public Utility Commission Rule 431.07.

⁶⁴ *Proceeding on Motion of Commission to Examine Issues relating to Continuing Provision of Universal Service*, N.Y.P.S.C. Case No. 94-C-0095, 28425, 1998 WL 518159 (June 02, 1998).

⁶⁵ S.D. PUC Rules, Chapter 20:10:27-29.

⁶⁶ Washington Administrative Code 480-120-540(2).

⁶⁷ Wyoming Statutes sec. 37-15-203(j).

Exhibit OAO-6

**The entire document is proprietary.
There is no edited version.**

Calculating Low End of a Benchmark Range in Kentucky - Retail Rates Adjusted by GDPPI Inflation Factor

Kentucky	Scenario 1 - All Carriers				Scenario 2 - Remove Outliers < \$10 Rate			
	Rates		Rates		Rates		Rates	
Rural LECs (RLECs)	Min	Max	Min	Max	Min	Max	Min	Max
LESLIE COUNTY TEL CO	\$ 11.55	\$ 12.25	\$ 13.80	\$ 14.64	\$ 11.55	\$ 12.25	\$ 13.80	\$ 14.64
LEWISPORT TEL CO	\$ 10.65	\$ 10.65	\$ 12.73	\$ 12.73	\$ 10.65	\$ 10.65	\$ 12.73	\$ 12.73
SALEM TEL CO	\$ 10.91	\$ 10.91	\$ 13.04	\$ 13.04	\$ 10.91	\$ 10.91	\$ 13.04	\$ 13.04
BALLARD RURAL COOP	\$ 7.40	\$ 9.15	\$ 13.52	\$ 16.72	n/a	n/a	n/a	n/a
BRANDENBURG TEL CO	\$ 5.60	\$ 5.60	\$ 10.23	\$ 10.23	n/a	n/a	n/a	n/a
DUO COUNTY TEL COOP	\$ 13.37	\$ 13.37	\$ 17.55	\$ 17.55	\$ 13.37	\$ 13.37	\$ 17.55	\$ 17.55
FOOTHILLS RURAL COOP	\$ 12.00	\$ 12.00	\$ 16.24	\$ 16.24	\$ 12.00	\$ 12.00	\$ 16.24	\$ 16.24
GEARHEART-COALFIELDS	\$ 10.58	\$ 10.58	\$ 13.70	\$ 13.70	\$ 10.58	\$ 10.58	\$ 13.70	\$ 13.70
LOGAN TEL. COOP. INC	\$ 16.50	\$ 16.50	\$ 21.93	\$ 21.93	\$ 16.50	\$ 16.50	\$ 21.93	\$ 21.93
MOUNTAIN RURAL COOP	\$ 10.63	\$ 10.63	\$ 10.85	\$ 10.85	\$ 10.63	\$ 10.63	\$ 10.85	\$ 10.85
PEOPLES RURAL COOP	\$ 14.00	\$ 14.00	\$ 18.37	\$ 18.37	\$ 14.00	\$ 14.00	\$ 18.37	\$ 18.37
SOUTH CENTRAL RURAL	\$ 16.65	\$ 17.55	\$ 22.13	\$ 23.32	\$ 16.65	\$ 17.55	\$ 22.13	\$ 23.32
THACKER/GRIGSBY TEL	\$ 5.74	\$ 5.74	\$ 10.49	\$ 10.49	n/a	n/a	n/a	n/a
WEST KENTUCKY RURAL	\$ 14.56	\$ 14.56	\$ 19.35	\$ 19.35	\$ 14.56	\$ 14.56	\$ 19.35	\$ 19.35
HIGHLAND TEL COOP -KY	\$ 14.73	\$ 14.73	\$ 14.73	\$ 14.73	\$ 14.73	\$ 14.73	\$ 14.73	\$ 14.73
NORTH CENTRAL TEL COOP - KY	\$ 14.90	\$ 14.90	\$ 15.49	\$ 15.49	\$ 14.90	\$ 14.90	\$ 15.49	\$ 15.49
Total RLECs								
CINCINNATI BELL-KY	\$ 12.40	\$ 18.95	\$ 16.06	\$ 24.55	\$ 12.40	\$ 18.95	\$ 16.06	\$ 24.55
WINDSTREAM KY WEST	\$ 9.30	\$ 9.30	\$ 11.55	\$ 11.55	n/a	n/a	n/a	n/a
WINDSTREAM LEXINGTON	\$ 15.63	\$ 15.63	\$ 19.86	\$ 19.86	\$ 15.63	\$ 15.63	\$ 19.86	\$ 19.86
WINDSTREAM LONDON	\$ 15.63	\$ 15.63	\$ 19.86	\$ 19.86	\$ 15.63	\$ 15.63	\$ 19.86	\$ 19.86
Combined Windstream	\$15.38		\$19.52					
Total Price Cap								
Blended Kentucky Rate Range	\$ 14.05	\$ 15.33	\$ 18.03	\$ 19.69	\$ 14.60	\$ 15.96	\$ 18.57	\$ 20.33
Statewide Weighted Average	\$14.71		\$18.89		\$15.35		\$19.53	
Note: Statewide Average Includes only ICOs that are parties to this proceeding. Outliers in red font are removed from Scenario 2 analysis Line Counts from Financial Reports filed with the Commission								

Calculating High End of Benchmark Range based on Comparability with Highest Urban Rates in Kentucky			
Scenario 3 - Urban/Rural Comparability (Using 125% Factor)			
	Urban Area	Current Rate	Benchmark Results
Windstream	Lexington	\$ 18.95	\$ 23.69
AT&T Kentucky	Louisville (Rate Grp 5)	\$ 18.40	\$ 23.00
Cincinnati Bell Telephone	Florence (Rate Bd 1)	\$ 16.95	\$ 21.19