COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

An Investigation into the Intrastate Switched Access Rates of All Kentucky Incumbent and Competitive Local Exchange Carriers	Adm. Case No. 2010-00398

Joint Feedback of
TWTC, Level 3 Communications, and PAETEC

tw telecom of kentucky, llc ("TWTC"), Level 3 Communications, LLC ("Level 3"), and US LEC of Tennessee L.L.C. d/b/a PAETEC Business Services ("PAETEC") through their undersigned counsel, hereby jointly "propose feedback on AT&T Kentucky's Plan or alternate proposals to AT&T Kentucky's Plan," in accordance with the procedural schedule (Appendix A) set in the 3/10/11 Order in this proceeding:

1. These intervenor-CLECs take the position that the Commission should not alter the intrastate switched access rates of CLECs. The Commission's generally hands-off approach to CLEC rates for various services has worked well in the past to foster competition. Furthermore, given that the other services offered by these CLECs to business end users are services that the Commission has found to be competitive, it is incorrect to suggest as AT&T Kentucky does (Plan ¶1) that a CLEC can recoup any revenues lost from the imposition of a price cap by simply raising its rate for these other services. There is absolutely no guarantee that the competitive market for business service offerings will allow any CLEC to charge higher rates to its end user business customers to recoup lost access revenues that would otherwise be paid by IXCs such as AT&T.

2. If the Commission is to make changes to intrastate switched access rates (and these intervenor-CLECs do not think it should), a "glide path" of 8–10 years should be provided

to transition intrastate switched access rates to the level of their interstate counterparts. This would give CLECs like these intervenors the opportunity to adjust their business plans for delivery of competitive services that may be dependent on an absolute or relative level of switched access revenues. Likewise, a glide path is necessary since such CLECs have existing term contracts (typically 3-5 years in length) with their entire base of business customers. These service agreements specify fixed recurring monthly rates for these competitive business service offerings. Thus, only over time, as existing term contracts expire, could CLEC offerings be adjusted in response to changes in intrastate switched access rates; however, more realistically, given the challenge of raising rates in a competitive environment, CLECs will more likely have to adjust business models to be able to absorb these lost revenues — necessitating a glide path of 8–10 years to make those adjustments.

Respectfully submitted by an attorney of record
on behalf of TWTC, Level 3, and PAETEC

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