



Mary K. Keyer
General Counsel
Kentucky Legal Department

AT&T Kentucky
601 W. Chestnut Street
Room 407
Louisville, KY 40203

T 502-582-8219
F 502-582-1573
mary.keyer@att.com

July 24, 2009

VIA COURIER

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602

RECEIVED

JUL 24 2009

**PUBLIC SERVICE
COMMISSION**

Re: Petition of Windstream Kentucky East, LLC, for Arbitration of an
Interconnection Agreement With New Cingular Wireless PCS, d/b/a AT&T
Mobility
KSPC 2009-00246

Dear Mr. Derouen:

Enclosed for filing in the above-referenced case are the original and five (5)
copies of Response of AT&T Mobility, to Windstream Kentucky East, LLC's Petition for
Arbitration.

Sincerely,


Mary K. Keyer

cc: Party of Record

Enclosures

739807

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF WINDSTREAM KENTUCKY)	
EAST, LLC, FOR ARBITRATION OF AN)	CASE NO.
INTERCONNECTION AGREEMENT WITH)	2009-00246
NEW CINGULAR WIRELESS PCS,)	
D/B/A AT&T MOBILITY)	

RESPONSE OF AT&T MOBILITY TO WINDSTREAM KENTUCKY
EAST, LLC'S PETITION FOR ARBITRATION

New Cingular Wireless PCS, LLC d/b/a AT&T Mobility and its operating affiliates, (collectively, "AT&T Mobility"), in accordance with Section 252 of the Communications Act of 1934, as amended ("the Act"), hereby respond to the Petition for Arbitration filed herein on June 29, 2009, by Windstream Kentucky East, LLC ("Windstream").

AT&T Mobility will hereafter respond to each numbered paragraph of Windstream's Petition, admitting or denying as appropriate.

Parties

1. AT&T Mobility admits the allegations in Paragraph 1 of the Petition.
2. AT&T Mobility admits the allegations in Paragraph 2 of the Petition.
3. AT&T Mobility admits the allegations in Paragraph 3 of the Petition.
4. AT&T Mobility admits the allegations in Paragraph 4 of the Petition.

Background of Negotiations

5. AT&T Mobility admits the allegations in Paragraph 5 of the Petition.
6. AT&T Mobility denies the allegations in Paragraph 6 of the Petition. There are at least 11 outstanding issues between the Parties. Exhibit 2 of Windstream's

Petition lists four alleged issues. Issue 1 (Part C Sections 4.1 – 4.1.1.1.3 and Attachment 1 – Price List) on Exhibit 2, however, was not negotiated by the Parties and in addition is not a proper subject for negotiation and/or arbitration under Sections 251 and 252 of the Act. Further, Issue 3 (Part C Sections 4.6.5-4.6.6) on Exhibit 2 is moot (as is discussed below in detail) and need not be decided by the Kentucky Public Service Commission (“Commission”).

Other outstanding issues between the Parties are listed and described below by AT&T Mobility. Attached hereto as Exhibit A is a table listing all outstanding issues between the Parties and AT&T Mobility’s position on each issue. Exhibit A also lists Windstream’s position on each issue to the extent AT&T Mobility knows Windstream’s position. Because AT&T Mobility has not yet conducted discovery concerning Windstream’s cost study, additional cost issues may become apparent as discovery proceeds. AT&T Mobility therefore reserves its right to add additional cost issues as warranted.

7. AT&T Mobility denies that “a detailed traffic study including cell site information” is necessary for determining “an interMTA percentage” and admits the remaining allegations in Paragraph 7 of the Petition.

8. AT&T Mobility does not have information sufficient to admit or deny the allegations contained in Paragraph 8 of the Petition and, therefore, denies the same.

Disputed Issues

9. AT&T Mobility denies the allegations in Paragraph 9 of the Petition. See AT&T Mobility’s response to Paragraph 6.

10. AT&T Mobility denies the allegations in Paragraph 10 of the Petition. See AT&T Mobility's response to Paragraph 6.

11. AT&T Mobility admits that Exhibit 1 to the Petition is a true and correct copy of the "draft ICA that was provided by Windstream." AT&T Mobility denies that Exhibit 1 contains all proper terms, conditions and rates that should be included in the interconnection agreement.

Resolution of Disputed Issues

12. The allegations in Paragraph 12 do not require a response from AT&T Mobility.

13. The allegations in Paragraph 13 do not require a response from AT&T Mobility.

14. As to the relief requested by Windstream, AT&T Mobility denies that Windstream is entitled to resolution of the arbitrated issues in its favor.

AT&T Mobility's Position on Disputed Issues

Windstream's Petition raises four issues claimed to be appropriate for arbitration. Two of those issues - Issue 2 (Attachment 1 - Price List) and Issue 4 (Attachment 1 - Price List) on Exhibit 2 of the Petition - are, in fact, appropriate arbitration issues and have been negotiated by the Parties. Issue 1 is not appropriate for arbitration, has not been negotiated by the Parties and should be dismissed from this proceeding. Issue 3 is moot and need not be decided by the Commission. AT&T Mobility's positions on all four issues are stated below, adopting the issue numbers (but not necessarily the issue statements) from Windstream's Petition. The issue statements used herein (and on

Exhibit A attached hereto) appropriately describe the issues and should be adopted by the Commission.

Issue 1 - Does AT&T Mobility owe originating access charges to Windstream for landline-originated traffic that terminates in a different MTA?

Issue 1 of Exhibit 2 to Windstream's Petition claims that AT&T Mobility owes originating access charges to Windstream for "[t]raffic that Windstream originates and that is terminated to AT&T Mobility customers that are roaming outside of the MTA." Windstream's claim for originating access charges was not the subject of negotiations between the Parties and is outside the scope of the requirements of Sections 251(b) and (c) of the Act and, therefore, is not a proper subject for arbitration. Issue 1 of Exhibit 2 should therefore be dismissed from the arbitration.

In the alternative, under applicable law, AT&T Mobility does not owe originating access charges to Windstream for the traffic in question.

Also in the alternative, AT&T Mobility is unaware of any existing traffic originated by Windstream for which AT&T Mobility would owe originating access charges to Windstream.

Therefore, proposed Section 4.1.1.1 and subsections 4.1.1.1.1, 4.1.1.1.2 and 4.1.1.1.3 (all of Part C) should be deleted from the subject agreement, and the interMTA factor contained in Attachment 1 – Price List should be set at zero percent.

Issue 2 - What is the appropriate interMTA factor?

Issue 2 of Exhibit 2 to Windstream's Petition claims that "Windstream supports a percentage of 5%" as the appropriate "interMTA percentage." Windstream's Petition does not identify to what value the proposed five percent factor should be applied.

Wireless-Originated Traffic

AT&T Mobility's network is designed so that all wireless-originated, interMTA traffic sent to Windstream is routed through an interexchange carrier. Accordingly, the interMTA percentage for wireless-originated traffic between AT&T Mobility and Windstream, contained in Attachment 1 – Price List, should be zero.

Landline-Originated Traffic

For the reasons discussed above in Issue 1, the interconnection agreement between AT&T Mobility and Windstream should not contain any terms, conditions or rates involving claimed originating access for landline-originated traffic, and any interMTA percentage for such traffic, contained in Attachment 1 – Price List, should be zero percent.

Issue 3 - Should interconnection facilities be priced at interstate or intrastate special access rates?

Exhibit 2 to Windstream's Petition outlines Windstream's position on Issue 3 that a circuit can qualify as interstate only if at least 10% of the traffic routed over the facilities is interstate. Windstream also claims that less than 10% of traffic exchanged with AT&T Mobility is interMTA traffic; therefore "the 10% test has not been met." InterMTA traffic can be both interstate and intrastate in jurisdiction; therefore, the percentage of interMTA traffic exchanged is irrelevant to determining whether at least 10% of total traffic on a facility is interstate in jurisdiction.

Moreover, Section 4.6.1 of Part C of the proposed agreement - a section agreed to by both Parties - indicates that the point of interconnection ("POI") for direct facilities shall be on Windstream's service territory boundary. Section 4.6.1.2 of Part C - also agreed to by the Parties - requires Windstream to be responsible for 100 per cent of the

cost of all interconnection facilities on its side of the POI. Accordingly, AT&T Mobility, pursuant to agreed-to terms in the interconnection agreement, will never be required to order interconnection trunks from Windstream, since Windstream can only provide interconnection trunks within its service territory, and Windstream is responsible for 100 percent of all costs within its territory. Therefore, this issue is moot and need not be decided by the Commission.

Issue 4 - What is the proper rate to be applied to Section 251(b)(5) traffic?

Attachment 1 to Exhibit 1 to Windstream's Petition claims that Windstream's appropriate reciprocal compensation rate, based upon a Windstream cost study, is \$0.0075 per minute of use. Windstream's cost study does not support the rate claimed in Windstream's Petition. Both the rate claimed in Windstream's Petition and the costs purportedly demonstrated in Windstream's cost study are inconsistent with FCC regulations. Until it has conducted appropriate discovery, AT&T Mobility cannot calculate proper costs and a proper reciprocal compensation rate for Windstream. However, based on material produced to date by Windstream, AT&T Mobility believes and alleges and states that the appropriate reciprocal compensation rate for Windstream should not be higher than \$0.002 per minute of use.

Additional Arbitration Issues Raised by AT&T Mobility

Pursuant to 47 U.S.C. § 252(b)(4)(A), AT&T Mobility hereby lists additional issues for arbitration not listed in Windstream's Petition. These additional issues are all necessary to a proper decision of the appropriate reciprocal compensation rate for Windstream. Because AT&T Mobility has not yet conducted discovery concerning Windstream's cost study, additional cost issues may become apparent as discovery

proceeds. AT&T Mobility therefore reserves its right to add additional cost issues as warranted.

Issue 5 - What is the proper percentage of traffic sensitive switching investment?

Under federal law, Windstream's reciprocal compensation rate is allowed to recover only the "additional" investments of transporting and terminating AT&T Mobility traffic. 47 U.S.C. § 252(d)(2)(A)(ii). Investments that remain the same regardless of the number of calls processed are referred to as "non-traffic sensitive" and cannot be recovered through transport and termination rates. Windstream's cost study and claimed rate assume that 100% of Windstream's switching investment (both end office and tandem) is traffic sensitive. This claim is incorrect. The only traffic-sensitive portion of a modern digital circuit switch is the trunk-side ports and related equipment, which generally constitute less than 10 percent of total switch investment. AT&T Mobility cannot calculate the actual percentage of Windstream's trunk-side investment until it has conducted appropriate discovery, but the traffic-sensitive percentage of Windstream's switching investment (both end office and tandem) should not be greater than 10 percent.

Issue 6 - What are the appropriate fill factors for circuit switching and other transport and termination equipment?

FCC regulations require that Windstream's cost study assume an "efficient" use of Windstream's switching and other transport and termination facilities. 47 C.F.R. § 51.505(b)(1). One method of ensuring that Windstream's cost study models an "efficient network" is by the use of switching and other equipment "fill factors" that assume the percentage of switch and other transport and termination equipment capacity that could

be efficiently realized. The higher the fill factor, the greater the efficiency and the lower the cost per minute to terminate traffic. Windstream's cost study has used various fill factors not justified under the FCC's "efficient network" requirement. Until it has conducted discovery, AT&T Mobility cannot determine appropriate fill factors for Windstream. To comply with FCC regulations, the Commission should require Windstream's cost study to employ fill factors, for all transport and termination equipment, that comply with the "efficient network" requirement.

Issue 7 - What is the appropriate cost of capital for Windstream's cost study?

FCC regulations allow Windstream to recover a reasonable cost of capital associated with transport and termination. However, the cost of capital must be "forward-looking," i.e., must be the cost of capital in the contemporary economy, not the historical cost of capital from a previous era. 47 C.F.R. § 51.503(a)(1). Windstream's cost study assumes a cost of capital of 11.25 percent, which is not a forward-looking figure. AT&T Mobility cannot calculate Windstream's actual, forward-looking cost of capital until it has conducted appropriate discovery, but the cost of capital in Windstream's study should be no higher than nine percent.

Issue 8 - What are appropriate landline-originated minutes of use for Windstream cost study?

Windstream's cost study assumes zero landline-originated minutes of use, which unreasonably inflates the claimed transport and termination cost per minute of use. The claimed figure is neither forward-looking, reasonable nor supported by any evidence involving Windstream's network. AT&T Mobility cannot determine the appropriate amount of landline-originated minutes of use until it has conducted appropriate

discovery, but Windstream's landline-originated annual minutes of use should be no less than 750,000,000.

Issue 9 - What switching, transport and other prices are appropriate for Windstream's cost study?

FCC regulations require that Windstream's transport and termination rate be based upon "forward-looking" costs; i.e., the costs of circuit switching, transport and other equipment that Windstream or a similarly situated carrier would pay for such equipment today. 47 C.F.R. § 51.503(a)(1). The switch, transport and other equipment prices claimed in Windstream's cost study are significantly higher than the prices that such equipment costs in today's market. Until AT&T Mobility has conducted discovery, it cannot identify specific forward-looking prices applicable to Windstream. However, Windstream switching, transport and other costs should be reduced at least 25 percent to comply with FCC regulations.

Issue 10 - Should joint and common costs be included in Windstream's cost study and reciprocal compensation rate?

FCC regulations, 47 C.F.R. § 51.505(a)(2), allow the rate for an unbundled network element to recover a reasonable amount of "common costs" that cannot be attributed to a specific element but instead are incurred generally throughout the network - for example, certain overhead costs. However, the recovery of common costs in transport and termination rates is also subject to the requirement that only "additional" costs may be recovered. The common costs attributable to switching and transport do not vary with the amount of calls processed. In other words, these are not additional costs. Accordingly, although common costs may generally be recovered through the rates charged for unbundled network elements, common costs may not be recovered

through transport and termination rates, and accordingly must be removed from Windstream's study and reciprocal compensation rate.

Issue 11 - Should the costs of interoffice cable be allocated among transport and non-transport uses?

FCC regulations, 47 C.F.R. § 51.511, require that the costs of interoffice cables be borne by and allocated among all users of the cable. Otherwise, some users will pay rates that subsidize other users. Windstream's cost study does not reflect the fact that Windstream's network shares interoffice cables with non-transport functions (subscriber access lines and carriers' leasing fiber, for example). A pro-rata share of interoffice cable costs (based on fiber-miles used) should be attributed to the transport systems carrying mobile-to-land traffic, and the remaining costs should be attributed to other uses and recovered in rates charged to them. AT&T Mobility cannot determine the actual amount of such pro-rata share until the completion of discovery. The pro-rata share of interoffice cable costs attributable to transport and termination should, in no event, exceed 50%.

Issue 12 - Should Windstream's cost study reflect total demand and utilization of the transport network?

FCC regulations, 47 C.F.R. § 51.511, require that forward-looking economic costs per unit (e.g., transport costs per trunk and per minute) reflect total demand. For transport cable and transmission equipment, total demand is measured in terms of the total trunks or DS0 equivalents carried by these network elements. It appears that Windstream's cost study significantly underestimates demand for DS0 equivalents by omitting trunks and special circuits. AT&T Mobility cannot determine the extent to which total demand has been underestimated until the completion of discovery. However,

Windstream's cost study should reflect today's total demand for interoffice transport, including voice trunks and special circuits of varying bandwidth (expressed on a DS0 equivalent basis). Therefore, Windstream's cost study should be required to use current quantities of DS0 equivalent circuits - consistent with evidence produced by Windstream pursuant to discovery.

Issue 13 - What is the appropriate mix of interoffice cable types for use in Windstream's cost study?

An incumbent LEC, in developing its costs, must use "the lowest cost network configuration, given the existing location of [its] wire centers." 47 C.F.R. § 51.505(b)(1). With regard to the cost study of its interoffice cable network, this requirement means that Windstream must assume the lowest cost cable mix necessary to serve projected total demand. AT&T Mobility cannot determine what constitutes such a lowest cost cable mix until the completion of discovery. Windstream's cost study, however, appears not to use the lowest cost mix, and may, in fact, overestimate the amount of underground cable necessary in a forward-looking network. Therefore, Windstream's cost study should be required to use the lowest cost mix of interoffice cable. In no event should Windstream's cost study be allowed to assume more than 10 percent underground cable without specific testimony verifying that such is, in fact, necessary in Windstream's network and therefore part of the lowest cost mix.

Prayer for Relief

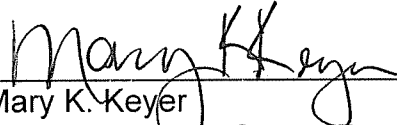
1. AT&T Mobility requests that the Commission arbitrate each and every issue listed above (except Issue 1, which was not negotiated by the Parties and which is not a proper subject for arbitration or inclusion in an interconnection agreement; and

Issue 3, which is moot) and render a judgment on each consistent with the position of AT&T Mobility expressed herein.

2. AT&T Mobility further requests that the Commission require the Parties to execute and file an interconnection agreement consistent with the rulings of the Commission on each arbitrated issue.

3. AT&T Mobility requests any and all other relief to which it may be entitled.

Respectfully submitted,



Mary K. Keyer
601 W. Chestnut Street, Room 407
Louisville, KY 40203
Telephone: (502) 582-8219
mary.keyer@att.com

Paul Walters, Jr.
15 E. 1st St.
Edmond, OK 73034
Telephone: (405) 359-1718
pwalters@sbcglobal.net

COUNSEL FOR NEW CINGULAR
WIRELESS PCS, D/B/A AT&T MOBILITY

Table of Outstanding Issues

Issue	Contract Section	AT&T Mobility Position	Windstream Position
<p>1. Does AT&T Mobility owe originating access charges to Windstream for landline-originated traffic that terminates in a different MTA?</p>	<p>Part C: Sections 4.1 – 4.1.1.1.3 and Attachment 1 – Price List.</p>	<p>Windstream's claim for originating access charges was not the subject of negotiations between the Parties and is outside the scope of the requirements of Sections 251(b) and (c) of the Act and, therefore, is not a proper subject for arbitration. This issue should therefore be dismissed from the arbitration.</p> <p>In the alternative, under applicable law, AT&T Mobility does not owe originating access charges to Windstream for the traffic in question. Also in the alternative, AT&T Mobility is unaware of any existing traffic originated by Windstream for which AT&T Mobility would owe originating access charges to Windstream.</p> <p>Therefore, proposed Section 4.1.1.1 and subsections 4.1.1.1.1, 4.1.1.1.2 and 4.1.1.1.3 (all of Part C) should be deleted from the subject contract, and the interMTA factor contained in Attachment 1 – Price List should be set at zero percent.</p>	<p>Reciprocal compensation only applies to traffic that is both originated and terminated within the MTA. Traffic that Windstream originates and that is terminated to AT&T Mobility customers that are roaming outside of the MTA is not 251(b)(5) traffic and therefore is not subject to reciprocal compensation charges. Such traffic is interMTA traffic carried by AT&T or its affiliate acting as a long distance provider. As such, Windstream is due originating access on such calls, no different than if the calls were landline to landline and carried by an IXC.</p>
<p>2. What is the appropriate interMTA factor?</p>	<p>Attachment 1 – Price List</p>	<p><u>Wireless-Originated Traffic</u></p> <p>AT&T Mobility's network is designed so that all wireless-originated, interMTA</p>	<p>Absent agreement by the parties, the interMTA percentage should be determined based on a detailed analysis of the traffic, and such</p>

Issue	Contract Section	AT&T Mobility Position	Windstream Position
		<p>traffic sent to Windstream is routed through an interexchange carrier. Accordingly, the interMTA percentage for wireless-originated traffic between AT&T Mobility and Windstream, contained in Attachment 1 – Price List - should be zero.</p> <p style="text-align: center;"><u>Landline-Originated Traffic</u></p> <p>For the reasons discussed above in Issue 1, the interconnection agreement between AT&T Mobility and Windstream should not contain any terms, conditions or rates involving claimed originating access for landline-originated traffic, and any interMTA percentage for such traffic, contained in Attachment 1 – Price List, should be zero.</p>	<p>traffic study should include cell site information because it is the cell site that ultimately determines the physical location of the wireless customer. No such study has been provided, so Windstream supports a percentage of 5%.</p>
<p>3. Should interconnection facilities be priced at interstate or intrastate special access rates?</p>	<p>Part C: Sections 4.6.5 – 4.6.6</p>	<p>Section 4.6.1 of Part C of the proposed agreement - a section agreed to by both Parties - indicates that the point of interconnection (“POI”) for direct facilities shall be on Windstream’s service territory boundary. Section 4.6.1.2 of Part C - also agreed to by the Parties - requires Windstream to be responsible for 100 per cent of the cost of all interconnection facilities on its side of the POI.</p>	<p>In order for a circuit to qualify as an interstate special access circuit, at least 10% of the traffic routed over that facility has to be interstate. Only 5% of traffic originated by Windstream and routed over the facilities is non-local and 0% of the traffic originated by AT&T and routed over the facilities is non-local. As a result, the 10% test has not been</p>

Issue	Contract Section	AT&T Mobility Position	Windstream Position
4. What is the proper rate to be applied to Section 251(b)(5) traffic?	Attachment 1 – Price List	<p>Accordingly, AT&T Mobility, pursuant to agreed-to terms in the interconnection agreement, will never be required to order interconnection trunks from Windstream, since Windstream can only provide interconnection trunks within its service territory, and Windstream is responsible for 100 percent of all costs within its territory. Therefore, this issue is moot and need not be decided by the Commission.</p> <p>Windstream's cost study does not support the rate claimed in Windstream's Petition. Both the rate claimed in Windstream's Petition and the costs purportedly demonstrated in Windstream's cost study are inconsistent with FCC regulations. Until it has conducted appropriate discovery, AT&T Mobility cannot calculate proper costs and a proper reciprocal compensation rate for Windstream. However, based on material produced to date by Windstream, AT&T Mobility believes and alleges and states that the appropriate reciprocal compensation rate for Windstream should not be higher than \$0.002 per minute of use.</p>	<p>met, meaning the interconnection facilities do not qualify as interstate.</p> <p>The reciprocal compensation rate should be a result supported by Windstream's TELRIC study.</p>
5. What is the proper	Attachment	Under federal law, Windstream's	

Issue	Contract Section	AT&T Mobility Position	Windstream Position
<p>percentage of traffic sensitive switching investment?</p>	<p>1 – Price List</p>	<p>reciprocal compensation rate is allowed to recover only the “additional” investments of transporting and terminating AT&T Mobility traffic. 47 U.S.C. § 252(d)(2)(A)(ii). Investments that remain the same regardless of the number of calls processed are referred to as “non-traffic sensitive” and cannot be recovered through transport and termination rates. Windstream’s cost study and claimed rate assume that 100% of Windstream’s switching investment (both end office and tandem) is traffic sensitive. This claim is incorrect. The only traffic-sensitive portion of a modern digital circuit switch is the trunk-side ports and related equipment, which generally constitute less than 10 percent of total switch investment. AT&T Mobility cannot calculate the actual percentage of Windstream’s trunk-side investment until it has conducted appropriate discovery, but the traffic-sensitive percentage of Windstream’s switching investment (both end office and tandem) should not be greater than 10 percent.</p>	
<p>6. What are the appropriate fill factors for circuit</p>	<p>Attachment 1 – Price List</p>	<p>FCR regulations require that Windstream’s cost study assume an “efficient” use of Windstream’s switching</p>	

Issue	Contract Section	AT&T Mobility Position	Windstream Position
switching and other transport and termination equipment?		<p>and other transport and termination facilities. 47 C.F.R. § 51.505(b)(1). One method of ensuring that Windstream's cost study models an "efficient network" is by the use of switching and other equipment "fill factors" that assume the percentage of switch and other transport and termination equipment capacity that could be efficiently realized. The higher the fill factor, the greater the efficiency and the lower the cost per minute to terminate traffic. Windstream's cost study has used various fill factors not justified under the FCC's "efficient network" requirement. Until it has conducted discovery, AT&T Mobility cannot determine appropriate fill factors for Windstream. To comply with FCC regulations, the Commission should require Windstream's cost study to employ fill factors, for all transport and termination equipment, that comply with the "efficient network" requirement.</p>	
7. What is the appropriate cost of capital for Windstream's cost study?	Attachment 1 – Price List	<p>FCC regulations allow Windstream to recover a reasonable cost of capital associated with transport and termination. However, the cost of capital must be "forward-looking," i.e., must be the cost of capital in the contemporary economy, not</p>	

Issue	Contract Section	AT&T Mobility Position	Windstream Position
		<p>the historical cost of capital from a previous era. 47 C.F.R. § 51.503(a)(1). Windstream's cost study assumes a cost of capital of 11.25 percent, which is not a forward-looking figure. AT&T Mobility cannot calculate Windstream's actual, forward-looking cost of capital until it has conducted appropriate discovery, but the cost of capital in Windstream's study should be no higher than nine percent.</p>	
<p>8. What are appropriate landline-originated minutes of use for Windstream cost study?</p>	<p>Attachment 1 – Price List</p>	<p>Windstream's cost study assumes zero landline-originated minutes of use, which unreasonably inflates the claimed transport and termination cost per minute of use. The claimed figure is neither forward-looking, reasonable nor supported by any evidence involving Windstream's network. AT&T Mobility cannot determine the appropriate amount of landline-originated minutes of use until it has conducted appropriate discovery, but Windstream's landline-originated annual minutes of use should be no less than 750,000,000.</p>	
<p>9. What switching, transport and other prices are appropriate for Windstream's cost</p>	<p>Attachment 1 – Price List</p>	<p>FCC regulations require that Windstream's transport and termination rate be based upon "forward-looking" costs; i.e., the costs of circuit switching, transport and other equipment that</p>	

Issue	Contract Section	AT&T Mobility Position	Windstream Position
<p>study?</p>		<p>Windstream or a similarly situated carrier would pay for such equipment today. 47 C.F.R. § 51.503(a)(1). The switch, transport and other equipment prices claimed in Windstream's cost study are significantly higher than the prices that such equipment costs in today's market. Until AT&T Mobility has conducted discovery, it cannot identify specific forward-looking prices applicable to Windstream. However, Windstream switching, transport and other costs should be reduced at least 25 percent to comply with FCC regulations.</p>	
<p>10. Should joint and common costs be included in Windstream's cost study and reciprocal compensation rate?</p>	<p>Attachment 1 – Price List</p>	<p>FCC regulations, 47 C.F.R. § 51.505(a)(2), allow the rate for an unbundled network element to recover a reasonable amount of "common costs" that cannot be attributed to a specific element but instead are incurred generally throughout the network - for example, certain overhead costs. However, the recovery of common costs in transport and termination rates is also subject to the requirement that only "additional" costs may be recovered. The common costs attributable to switching and transport do not vary with the amount of calls processed. In other words, these</p>	

Issue	Contract Section	AT&T Mobility Position	Windstream Position
<p>11. Should the costs of interoffice cable be allocated among transport and non-transport uses?</p>	<p>Attachment 1 – Price List</p>	<p>are not additional costs. Accordingly, although common costs may generally be recovered through the rates charged for unbundled network elements, common costs may not be recovered through transport and termination rates, and accordingly must be removed from Windstream’s study and reciprocal compensation rate.</p> <p>FCC regulations, 47 C.F.R. § 51.511, require that the costs of interoffice cables be borne by and allocated among all users of the cable. Otherwise, some users will pay rates that subsidize other users. Windstream’s cost study does not reflect the fact that Windstream’s network shares interoffice cables with non-transport functions (subscriber access lines and carriers’ leasing fiber, for example). A pro-rata share of interoffice cable costs (based on fiber-miles used) should be attributed to the transport systems carrying mobile-to-land traffic, and the remaining costs should be attributed to other uses and recovered in rates charged to them. AT&T Mobility cannot determine the actual amount of such pro-rata share until the completion of discovery. The pro-rata share of</p>	

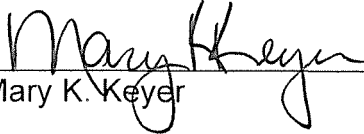
Issue	Contract Section	AT&T Mobility Position	Windstream Position
<p>12. Should Windstream's cost study reflect total demand and utilization of the transport network?</p>	<p>Attachment 1 – Price List</p>	<p>interoffice cable costs attributable to transport and termination should, in no event, exceed 50%. FCC regulations, 47 C.F.R. § 51.511, require that forward-looking economic costs per unit (e.g., transport costs per trunk and per minute) reflect total demand. For transport cable and transmission equipment, total demand is measured in terms of the total trunks or DS0 equivalents carried by these network elements. It appears that Windstream's cost study significantly underestimates demand for DS0 equivalents by omitting trunks and special circuits. AT&T Mobility cannot determine the extent to which total demand has been underestimated until the completion of discovery. However, Windstream's cost study should reflect today's total demand for interoffice transport, including voice trunks and special circuits of varying bandwidth (expressed on a DS0 equivalent basis). Therefore, Windstream's cost study should be required to use current quantities of DS0 equivalent circuits - consistent with evidence produced by Windstream pursuant to discovery.</p>	
<p>13. What is the</p>	<p>Attachment</p>	<p>An incumbent LEC, in developing its</p>	

Issue	Contract Section	AT&T Mobility Position	Windstream Position
<p>appropriate mix of interoffice cable types for use in Windstream's cost study?</p>	<p>1 – Price List</p>	<p>costs, must use “the lowest cost network configuration, given the existing location of [its] wire centers.” 47 C.F.R. § 51.505(b)(1). With regard to the cost study of its interoffice cable network, this requirement means that Windstream must assume the lowest cost cable mix necessary to serve projected total demand. AT&T Mobility cannot determine what constitutes such a lowest cost cable mix until the completion of discovery. Windstream’s cost study, however, appears not to use the lowest cost mix, and may, in fact, overestimate the amount of underground cable necessary in a forward-looking network. Therefore, Windstream’s cost study should be required to use the lowest cost mix of interoffice cable. In no event should Windstream’s cost study be allowed to assume more than 10 percent underground cable without specific testimony verifying that such is, in fact, necessary in Windstream’s network and therefore part of the lowest cost mix.</p>	

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served on the following individual by mailing a copy thereof, this 24th day of July 2009.

Honorable Robert C. Moore
Attorney At Law
Hazelrigg & Cox, LLP
415 West Main Street
P.O. Box 676
Frankfort, KY 40602


Mary K. Keyer