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May 26, 2010

**Via Hand-Delivery**

Mr. Jeff R. Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602-0615

RECEIVED

MAY 27 2010

PUBLIC SERVICE  
COMMISSION

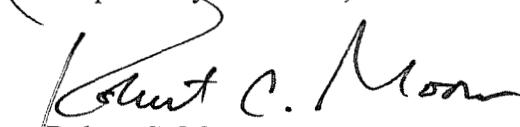
Re: In the matter of AT&T Communications of the South Central States, et al., v.  
Kentucky Rural incumbent Local Exchange Carriers, et al., Case #2010-00162

Dear Mr. Derouen:

Please find enclosed for filing in the above referenced case the original and ten (10) copies of the Initial Position Statement by Windstream to be filed in the above referenced case. Please note that copies of this Initial Position Statement were only served upon those parties that have filed responses or position statements as of this date. Of course, please advise me if you believe that service copies of the Initial Position Statement are required to be served upon non-answering parties.

Please call me if you have any questions concerning this filing, and thank you for your attention to this matter.

Respectfully submitted,

  
Robert C. Moore

RCM/db  
Enclosures  
cc: Kimberly Bennett

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**

MAY 27 2010

PUBLIC SERVICE  
COMMISSION

**In the Matter of:**

**AT&T COMMUNICATIONS OF THE SOUTH CENTRAL )  
STATES, TCG OHIO, AND BELLSOUTH )  
TELECOMMUNICATIONS, INC., D/B/A AT&T )  
KENTUCKY, )**

**Complainants** )

v. )

**KENTUCKY RURAL INCUMBENT LOCAL EXCHANGE )  
CARRIERS, KENTUCKY COMPETITIVE LOCAL )  
EXCHANGE CARRIERS, WINDSTREAM WEST, LLC, )  
WINDSTREAM EAST, LLC, AND CINCINNATI BELL, )**

**Respondents** )

**CASE NO.  
2010-00162**

**INITIAL POSITION STATEMENT BY WINDSTREAM EAST  
AND WINDSTREAM WEST**

Windstream Kentucky West, LLC (“Windstream West”) and Windstream Kentucky East, LLC (“Windstream East”) file this initial position statement regarding AT&T’s petition. As a threshold matter, Windstream West and Windstream East expressly reserve their rights as alternatively regulated carriers and incorporate their position on that issue as set forth more fully in Case No. 2007-00503 (“the Verizon case”).

The Commission now has in front of it two complaints seeking action by the Commission with respect to intrastate switched access rates – this one by AT&T against all of the above-named ILECs in Kentucky and a separate one by Verizon against only the Windstream Companies in the Verizon case. This case initiated by AT&T (“the AT&T case”) attempts a global access reform package that considers access rates across Kentucky.<sup>1</sup> In contrast, the

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<sup>1</sup> Windstream West and Windstream East are not taking a position at this time with respect to the merits of AT&T’s actual proposal but rather are merely recognizing that unlike Verizon, AT&T at least put forth a proposal that

Verizon case seeks only targeted access rate reductions from the Windstream companies without any recovery mechanisms or considerations. Neither case, however, takes into account the rights granted to alternatively regulated companies under Kentucky law to have their rates be statutorily deemed just and reasonable and to be exempt from these types of rate investigations. Further, neither case accounts for the significant duplication (if not triplication) of resources needed to meaningfully participate in these cases as well as the FCC's global, comprehensive intrastate access reform initiatives as part of the FCC's National Broadband Plan. If the parties continue to overlook the statutory rights of alternatively regulated carriers and to ignore the preferred approach of concentrating resources on the FCC's initiative, then the AT&T case sets forth a preferred approach for this Commission's consideration as compared to the targeted expense reduction approach advanced by Verizon in the Verizon case.

Tragically, Windstream East and Windstream West requested more than two years ago that if the Commission were to move forward with an investigation of intrastate switched access rates, that it do so in this type of global context with the rights of alternatively regulated carriers being considered and not as part of the piece-meal approach advocated by Verizon. Verizon and Sprint in particular opposed that effort. Thus, the Windstream companies have already expended countless resources on the Verizon case, including answering hundreds of data requests. To the extent the Commission consolidates the Verizon case with this AT&T case, the Commission should take precautions to ensure that the record from the Verizon case is incorporated and preserved in full and that Windstream East and Windstream West are not penalized as a result of any such consolidation.

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attempts a global approach to reform for all of Kentucky and not targeted access rate reductions for two companies as requested by Verizon.

Upon review of the comments filed in this matter by the RLECs and TDS, Windstream East and Windstream West understand that those companies advocate against consolidation of the Verizon and AT&T cases. However, it is unclear on what basis they could logically suggest that Windstream East and Windstream West should be entitled to fewer considerations for meaningful reform than are granted to those companies. The RLECs and TDS suggest only that those companies are rate-of-return regulated while the Windstream companies are alternatively regulated. Windstream East and Windstream West agree that they have certain rights as alternatively regulated carriers that must be considered. However, to the extent that Windstream's rights as alternatively regulated carriers are not considered and they are made parties to these rate investigation cases, then their form of regulation serves as no basis to exclude them from the same types of comprehensive reform considerations being granted to every other carrier in the Commonwealth. Indeed, the fact that the Windstream companies may experience greater levels of competition than the RLECs makes Windstream East and Windstream West even more susceptible to irrational "rate reform" efforts like the targeted rate reductions advanced by Verizon in the Verizon case.

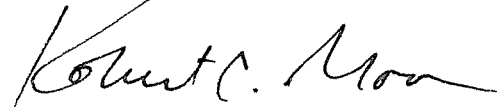
Windstream East and Windstream West agree with the RLECs and TDS, however, that there is no crisis in the Commonwealth with respect to access rates and further that it makes no sense to require carriers to expend significant amounts of resources on the AT&T case while they are at the same time participating in the FCC's initiatives on the same issue. Indeed, if anything has been shown by the Verizon case thus far it is that the IXCs are fully competing today at existing access rates and that they are not committed to passing through to end users any expense reductions they may garner through these types of access proceedings. Consequently, Windstream East and Windstream West have advocated in the Verizon case for holding the

proceeding in abeyance pending the FCC's action on the issue of intrastate switched access reform. Attached hereto and incorporated by reference are the Windstream motion and reply establishing the reasons why the most prudent approach is for the Commission to hold the Verizon case in abeyance pending the FCC's action. Those considerations apply equally to the AT&T case.

In summary, if the Commission is going to proceed with the AT&T case, then it should consolidate the Verizon case with the AT&T case in a way that adequately preserves the record in the Verizon case. However, upon such consolidation, the Commission should stay the entire matter pending the imminent action by the FCC which is considering a comprehensive, rational, and meaningful approach to intrastate switched access reform. This course of action is the most logical and effective use of all parties' resources and is the most likely to yield the most beneficial results for the citizens of Kentucky and the communities in which the companies operate.

Date: May 26, 2010

Respectfully submitted,



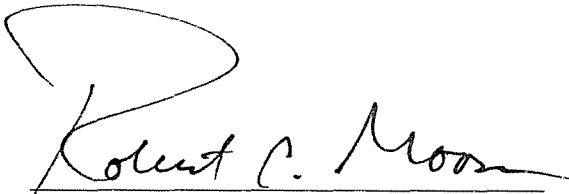
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P. O. Box 676  
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(502) 227-2271

And

Kimberly K. Bennett  
Windstream Communications  
4001 Rodney Parham Road  
Little Rock, AR 72212-2442

**CERTIFICATE OF SERVICE**

I hereby certify that on May 26, 2010, a true and correct copy of the foregoing has been served by United States first class mail upon Hon. Mary K. Keyer, 601 West Chestnut Street, Suite 407, Louisville, Kentucky 40203, Hon. Demetrios G. Metropoulos, Mayer Brown LLP, 71 South Wacker Drive, Chicago, Illinois 60606, Hon. John E. Selent, Hon. Edward T. Depp, Hon. Stephen D. Thompson, Dinsmore & Shohl LLP, 1400 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202, and Hon. James Dean Liebman, 403 West Main Street, Frankfort, Kentucky 40601.

  
Robert C. Moore

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 26 2010

PUBLIC SERVICE  
COMMISSION

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 )

CASE NO.  
2007-00503

v. )

WINDSTREAM KENTUCKY WEST, INC., )  
WINDSTREAM KENTUCKY EAST, INC. – LEXINGTON )  
AND WINDSTREAM KENTUCKY EAST, INC. – LONDON )  
Defendants )

**WINDSTREAM'S MOTION TO HOLD PROCEEDING IN ABEYANCE PENDING  
ACCESS REFORM ACTION BY THE FEDERAL COMMUNICATIONS COMMISSION**

Windstream Kentucky West, LLC (“Windstream West”) and Windstream Kentucky East, LLC (“Windstream East”) state as follows in support of their motion to hold this proceeding in abeyance pending imminent action by the Federal Communications Commission ("FCC") on the issue of intrastate switched access reform:

As the Commission is aware, Windstream East and Windstream West oppose this proceeding being allowed to proceed given that they are alternatively regulated local exchange carriers statutorily exempt from this rate investigation proceeding. Their participation in this proceeding has been and continues to be without waiver of and with express reservation of all of their rights as alternatively regulated carriers.

In addition to the harm this proceeding has caused by virtue of the violation of Windstream West and Windstream East's rights as alternatively regulated carriers, this proceeding is not in the public interest as it attempts to narrowly address intrastate switched

access rates for only two carriers in Kentucky without regard to the expansive reform action recently initiated by the FCC. Specifically, the FCC announced recently its commitment to pursue intrastate switched access reform on a national basis as part of the "National Broadband Plan." As a result, any decision in this Kentucky proceeding targeted only at two of the Commonwealth's alternatively regulated carriers now also stands to place Windstream West and Windstream East in a particular place of jeopardy and risks a decision inconsistent with the imminent and inevitable (and potentially preemptive) FCC action. For the reasons set forth herein, Windstream East and Windstream West request that the Commission hold this proceeding in abeyance pending resolution of the FCC's reform proceedings.

#### **I. WHAT IS THE FCC'S NATIONAL BROADBAND PLAN?**

In early 2009, Congress directed the FCC to develop a National Broadband Plan to ensure every American has "access to broadband capability." Congress also required that this plan include a detailed strategy for achieving affordability and maximizing use of broadband to advance, among other things, consumer welfare, job creation and economic growth.<sup>1</sup> The Plan was issued on March 16, 2010, and makes recommendations to the FCC, the Executive Branch, Congress, and State and local governments.<sup>2</sup> The Plan containing over 300 pages with 17 chapters, includes sweeping and wide-reaching recommendations. The proposals in the Plan call for comprehensive regulatory reform initiatives to be implemented.

#### **II. HOW DOES THE PLAN ADDRESS INTERCARRIER COMPENSATION?**

The Plan describes ways in which the government "can influence the broadband ecosystem."<sup>3</sup> To promote universal broadband deployment, the Plan recommends, among other

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<sup>1</sup> Connecting America: The National Broadband Plan, released March 16, 2010 (<http://download.broadband.gov/plan/national-broadband-plan.pdf>) ("the Plan").

<sup>2</sup> *FCC Sends National Broadband Plan to Congress*, News Release, issued March 16, 2010.

<sup>3</sup> Plan, at p.xi.



things, reforming intercarrier compensation.<sup>4</sup> Specifically, the Plan recommends that the FCC adopt a framework for long-term intercarrier compensation reform that creates, for example, a glide path to reduce and eventually eliminate per-minute switched access charges while providing carriers an opportunity for adequate cost recovery.<sup>5</sup> The first step of reform would be to move carriers' intrastate terminating switched access rates to interstate levels in equal increments beginning in approximately 2012 and continuing through approximately 2016.<sup>6</sup> The long-term reform recommendations also set forth that "[f]ollowing the intrastate rate reductions, the framework should set forth a glide path to phase-out per minute charges by 2020."<sup>7</sup>

The Plan recognizes the importance of intrastate access revenue to rural carriers. To offset intrastate switched access rate reductions, the Plan proposes numerous rebalancing methods including increasing subscriber line charges ("SLCs"), rebalancing local rates, and allowing some carriers to draw from a reformed universal service fund.<sup>8</sup> As part of such comprehensive reform, the Plan recommends that the FCC clarify the treatment of Voice over Internet Protocol ("VoIP") traffic for purposes of intercarrier compensation.<sup>9</sup>

The FCC recently released a Public Notice outlining the timeline of various administrative proceedings to implement the recommendations set out in the Plan. The FCC expects to launch the proceeding on intercarrier compensation reform in the fourth quarter of 2010.<sup>10</sup>

### III. HOW SHOULD THE KENTUCKY COMMISSION PROCEED?

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<sup>4</sup> Plan, at p.xiii. The Plan contains other significant changes in telecommunications policy, such as reforming the existing federal universal service fund.

<sup>5</sup> Plan, at p. 148.

<sup>6</sup> See, e.g., Plan, at p. 144, Exhibit 8-F; Plan, at pp. 148-49.

<sup>7</sup> Plan, at p. 148.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> <http://www.broadband.gov/plan/chart-of-key-broadband-action-agenda-items.pdf> (visited April 14, 2010).

Even without regard to the alternative regulation status of Windstream West and Windstream East, it makes little sense for the Kentucky Commission and the parties hereto to continue expending valuable resources to investigate the level of intrastate switched access rates for two carriers given the considerations set forth above which will apply to all carriers. Doing so serves no purpose but to further prejudice Windstream West and Windstream East and to virtually ensure a decision that risks inconsistency with any federal decision which ultimately may include federal preemption of any Kentucky state decision. While the risk of inconsistent decisions already exists as a result of the pending Court of Appeals action, the new developments of the FCC's initiatives magnifies that risk exponentially.

The issue of comprehensive access reform involves complex issues that are best suited for coordinated resolution, to the greatest extent practicable, and the Plan provides such guidance. However, pursuing this state proceeding in a piecemeal fashion targeted only at two of the Commonwealth's alternatively regulated carriers, does not. For example, the Plan supports that rational, comprehensive access reform requires that a funding replacement mechanism be established to help enable carriers to recoup intrastate access revenue lost through intrastate switched access rate reductions while maintaining affordable rates for customers in rural areas. A funding replacement mechanism, although not recognized by Verizon in its Complaint, is consistent with the Plan, as well as with prior federal access reform efforts.

The FCC's history of orders in this area, notably regarding proposals made by the Coalition for Affordable Local and Long Distance Services ("CALLS")<sup>11</sup> in 2000 and the Multi

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<sup>11</sup> See 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, *Access Charge Reform*, 15 FCC Rcd 12962 (2000) ("CALLS Order").

Association Group (“MAG”)<sup>12</sup> in 2001, includes necessary offsetting revenue recovery mechanisms, recognizing the importance of these access revenues to rural Americans. The FCC provided additional federal universal service funding and increased retail revenue recovery through increases in federal subscriber line charge (“SLC”) and the creation of interstate common line support fund (“ICLS”) and interstate access support (“IAS”). Thus, interstate switched access rates were not simply reduced which is the direct focus of Verizon's complaint in this instance with respect to the intrastate switched access rates of only Windstream West and Windstream East. Instead, the FCC proceeded with replacing reductions to interstate revenues with other explicit funding mechanisms as part of comprehensive federal reform.<sup>13</sup> The same approach is outlined in the Plan for intrastate reform, and any state investigation of intrastate rates should not proceed arguably at all but certainly not in a manner inconsistent with the FCC's comprehensive investigation of the very same intrastate rates.

In summary, allowing this targeted proceeding to continue against Windstream West and Windstream East and further entertaining Verizon's request for a unilateral reduction of intrastate switched access rates, without comprehensive reform addressing all resulting issues is not in the public interest and is directly contrary to the FCC's initiatives. Allowing the proceeding to continue in such a manner is an unnecessary use of resources and risks inconsistency with the FCC's decisions.

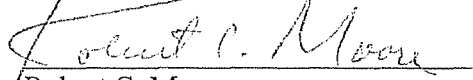
WHEREFORE, Windstream West and Windstream East request that the Commission issue an order: (i) holding this matter in abeyance pending the earlier of the resolution of the FCC's proceedings on intrastate switched access reform as described above or a definitive,

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<sup>12</sup> See Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256, *Multi-Association Group*

nonappealable ruling by the courts with respect to Windstream West and Windstream East's rights as alternatively regulated carriers; and (ii) granting all other appropriate relief to which Windstream West and Windstream East are entitled.

Respectfully submitted,



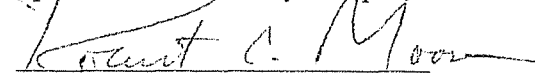
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And

Kimberly K. Bennett  
Windstream Communications  
4001 Rodney Parham Road  
Little Rock, AR 72212-2442

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing has been served upon Douglas F. Brent and C. Kent Hatfield, Stoll, Keenon Ogden, PLLC, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202, Dulaney L. O'Roark III, Vice President and General Counsel - Southern Region, Verizon, 5055 North Point Parkway, Alpharetta, Georgia 30022, John N. Hughes, 124 West Todd Street, Frankfort, Kentucky, 40601 and Mary K. Keyer, General Counsel/AT & T Kentucky, 601 West Chestnut Street, Room 407, Louisville, Kentucky, 40203, by placing same in the U.S. Mail, postage pre-paid, this the 23<sup>rd</sup> day of April, 2010.

  
Robert C. Moore

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*(MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, 16 FCC Rcd 11244 (2001) ("MAG Order").

<sup>13</sup> See, e.g., RLEC Coalition Comments at pp. 6-7.

COMMONWEALTH OF KENTUCKY  
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In the Matter of:

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TELECONNECT LONG DISTANCE SERVICES & )  
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Complainants )

CASE NO.  
2007-00503

v. )

WINDSTREAM KENTUCKY WEST, INC., )  
WINDSTREAM KENTUCKY EAST, INC. – LEXINGTON )  
AND WINDSTREAM KENTUCKY EAST, INC. – LONDON )  
Defendants )

WINDSTREAM'S REPLY TO THE RESPONSES TO ITS MOTION TO HOLD  
PROCEEDING IN ABEYANCE PENDING ACCESS REFORM ACTION BY THE  
FEDERAL COMMUNICATIONS COMMISSION

Windstream Kentucky West, LLC (“Windstream West”) and Windstream Kentucky East, LLC (“Windstream East”) filed herein a motion to hold this proceeding in abeyance (“the Windstream motion”) pending imminent action by the Federal Communications Commission (“FCC”) on the issue of intrastate switched access reform. Verizon, AT&T, and Sprint filed responses opposing the Windstream motion. While Windstream East and Windstream West disagree with many statements in each of the parties’ responses, this Reply focuses on the notable misrepresentations set forth in Verizon’s response.

Specifically, Verizon asserts that the Windstream motion may be considered moot because the relief Verizon seeks in this proceeding is in line with what the FCC has proposed; the intervenors’ responses contain similar assertions. Even the most cursory comparison of the FCC’s National Broadband Plan (as described in the Windstream motion) with Verizon’s

targeted complaint against the Windstream companies shows clearly that Verizon's targeted expense reduction request in no way resembles the type of meaningful, in-depth access reform being undertaken by the FCC. Indeed, even a comparison of Verizon's complaint with the petition filed by AT&T in Case No. 2010-00162 reveals that Verizon's request is wholly lacking in the types of comprehensive reform considerations necessary to achieve rational intrastate switched access reform. Verizon's suggestion, therefore, that Windstream's request to hold this proceeding in abeyance pending the meaningful access reform being undertaken by the FCC is moot because Verizon believes that it is accomplishing the same goals as the FCC is totally inaccurate.<sup>1</sup>

As an initial point, Windstream West and Windstream East oppose this proceeding given that they are alternatively regulated local exchange carriers statutorily exempt from this rate investigation proceeding in return for their statutory commitment to cap certain rates. Their participation in this proceeding remains subject to their express reservation of all of their rights as alternatively regulated carriers. Verizon's attempts to mischaracterize Windstream West and Windstream East's assertion of their statutory rights as an improper attempt to derail this proceeding are out of line. The Windstream companies have every right to assert the rights that they believe were granted to them by law, and they should not be penalized for that.

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<sup>1</sup> In an order entered by the Pennsylvania commission earlier this month on May 11, 2010 addressing the Verizon ILEC's request for an extended stay of that commission's access charge reform proceeding, the Pennsylvania commission recognized the significance of the FCC's initiative and stated that "there has been a major, notable development, which occurred after the due date for the submission of the last round of status reports, that may have a profound effect on intrastate switched access charges. That development is the issuance of the FCC's National Broadband Plan (NBP), which was released on March 16, 2010." (Pennsylvania Public Utility Commission Order entered on May 11, 2010, pg. 22, Docket No. C-20027195).

Additionally, Verizon asserts incorrectly that the relief it seeks in this proceeding “is entirely consistent with what Windstream says the FCC inevitably will do.” Astoundingly, Verizon also contends;

Verizon asks the Commission to reform and reduce Windstream’s intrastate switched access rates, with particular focus on eliminating the so-called non-traffic-sensitive revenue requirement (“NTSRR”). If the Commission were to grant that relief, its actions would be in precise harmony with the steps Windstream expects the FCC to take.

As set forth below, Verizon’s assertion that the relief it seeks in this case in any way resembles reform, particularly reform of the sort being contemplated by the FCC, is absurd.

When Verizon first filed its complaint, Windstream East and Windstream West asked this Commission to consider the issue of access rate reform in the context of a meaningful, global proceeding that considered as well the particular circumstances of alternatively regulated carriers.<sup>2</sup> Verizon opposed that effort and made it clear, with the support of intervening parties, that this case was about targeted rate reductions only and not about any such global reform. Verizon and the intervenors prevailed on that point, and it was determined that this case would consider only Verizon’s request for targeted rate reductions against the Windstream companies and not broader access rate reform issues. Interestingly, two years later, AT&T has filed its separate petition seeking its own brand of comprehensive access reform. Although AT&T’s

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<sup>2</sup> Windstream East and Windstream West note that they also indicated that such state piece-meal reform was less desirable than the reform contemplated by the FCC. While Verizon and the other intervenors attempt to argue that the current request by Windstream is merely duplicate of the prior request that this issue be stayed pending FCC action, that is inaccurate. The Windstream motion presently before the Commission is prompted by the FCC’s recent and express statements that it is initiating proceedings to address the issue of intrastate access reform. Specifically, on March 16 of this year, the FCC released the National Broadband Plan, which itself is not self-effectuating and will be implemented through various rulemakings. The FCC also issued a Broadband Action Agenda (“Agenda”) that outlines the rulemakings that will be initiated throughout the remainder of this year. Among the many issues that the Agenda encompasses, specific action on universal service and intercarrier compensation reform is scheduled to begin in 2010. In fact, on April 21, 2010 the FCC released a Notice of Inquiry and Notice of Proposed Rulemaking (“NPRM”) seeking comment on how to reform the existing federal universal service mechanisms. A similar NPRM addressing intercarrier compensation reform is scheduled to be released in the fourth quarter of this year.

petition is dubious considering it comes on the heels of the FCC launching intrastate switched access reform, AT&T's petition nevertheless attempts an actual reform package, which is remarkably different from Verizon's complaint in the instant proceeding. Verizon should not be allowed to pass off its targeted expense reduction requests as so-called "reform."

In keeping with the Commission's determination that this case not be about global access reform and only be about whether the rates of the Windstream companies are just and reasonable, Windstream East and Windstream West sought discovery from Verizon to show the level of access minutes that Verizon is terminating in the territories of other Kentucky RLECs – many of whom have access rates higher than those of the Windstream companies. Windstream West and Windstream East sought data to show whether the Verizon IXC is actually terminating more access minutes in the other RLEC territories at higher access rates. Simply put, this case cannot be, as Verizon suggests, merely an issue of the Windstream rates being too high if Verizon may be shown to be doing more business in other locations that have higher rates. Yet, despite Verizon's successful efforts to make this case only about the Windstream companies' rates, Verizon nevertheless opposed Windstream's discovery on that very rate issue.

Based on Verizon's actions described above and the assertions by AT&T and Sprint, the Commission has determined that this proceeding is not about global access reform and that Verizon is not required to produce rate comparison data. Therefore, from Verizon's perspective, this case is about only one thing – achieving targeted expense reductions from two carriers. It should be noted that despite Verizon's actions to have this case be only about targeted expense reductions, there has not been any shred of evidence that Verizon (or the other intervenors for that matter) is committed to flowing those expense reductions through to end user customers. To liken Verizon's requests for targeted expense reductions to the type of meaningful,

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comprehensive access reform being undertaken by the FCC (or even that at least attempted by AT&T in its separate petition) is careless.

Verizon's complaint on its face proposed no reform and proposed instead only forced rate reductions for the Windstream companies with only a mere side note that any rate recovery could possibly be undertaken by Windstream West and Windstream East through increases to deregulated, nonbasic rates – *i.e.*, rates which by their nature are so competitive that the Legislature has deemed them fully deregulated for all carriers in the Commonwealth. (See, KRS 278.544.) Significantly, Verizon's New Jersey ILEC affiliate condemned such action as an unlawful taking by the New Jersey board and suggested that any such access rate reductions may only be ordered by a commission where the recovery may also be ordered by the commission on rates over which it has authority (e.g., basic rates). The New Jersey board describes the position set forth by Verizon's New Jersey ILEC affiliate:

Furthermore, Verizon requests that a subsequent pricing flexibility proceeding conclude before a reduction in Intrastate Access Rates are phased in. Otherwise, claims Verizon, such regulatory lag would be confiscatory to Verizon. Additionally, **Verizon argues that any argument that the Board should require a company to subsidize rate-regulated services with revenue from non-regulated services is an unsustainable policy that must be rejected.**

*(In the Matter of the Board's Investigation and Review of Local Exchange Carrier Intrastate Exchange Access Rates (Docket No. TX08090830);emphasis supplied; citations omitted.)*

However, despite the position of its Verizon ILEC affiliate, the Verizon IXC in this case attempts to disguise this approach as “access reform.”

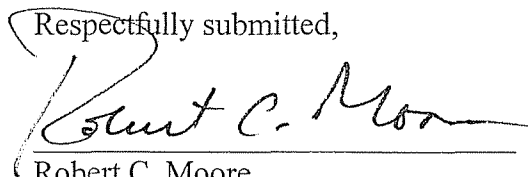
In summary, the Windstream Motion discussed the reasons why the latest action by the FCC indicates that the FCC has recently initiated clear action to undertake imminent access reform. The Windstream Motion also noted that the reform being considered by the FCC is the

type of global, comprehensive, and meaningful reform vital for companies like Windstream East and Windstream West, their customers, and the communities in which they operate. For Verizon to suggest that what it has requested the Commission do in this proceeding to the Windstream companies is “in precise harmony” with the FCC’s reform action is reckless and to the detriment of not only the Windstream companies but to the citizens of the Commonwealth.

WHEREFORE, Windstream West and Windstream East request that the Commission issue an order: (i) holding this matter in abeyance pending the earlier of the resolution of the FCC's proceedings on intrastate switched access reform as described above or a definitive, nonappealable ruling by the courts with respect to Windstream West and Windstream East's rights as alternatively regulated carriers; and (ii) granting all other appropriate relief to which Windstream West and Windstream East are entitled.

Date: May 26, 2010

Respectfully submitted,



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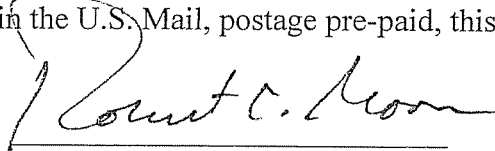
And

Kimberly K. Bennett  
Windstream Communications  
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Little Rock, AR 72212-2442

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing has been served upon Douglas F. Brent and C. Kent Hatfield, Stoll, Keenon Ogden, PLLC, 2000 PNC Plaza, 500 West Jefferson Street, Louisville, Kentucky 40202, Dulaney L. O’Roark III, Vice President and General Counsel - Southern Region, Verizon, 5055 North Point Parkway, Alpharetta, Georgia

30022, John N. Hughes, 124 West Todd Street, Frankfort, Kentucky, 40601, Mary K. Keyer, General Counsel/AT & T Kentucky, 601 West Chestnut Street, Room 407, Louisville, Kentucky, 40203 and Tiffany Bowman, Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602-0615, by placing same in the U.S. Mail, postage pre-paid, this the 26<sup>th</sup> day of May, 2010.

A handwritten signature in cursive script, appearing to read "Robert C. Moore", written over a horizontal line.

Robert C. Moore