Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
National Exchange Carrier Association, Inc.	)	
	)	RM No. 10603
Petition to Amend Section 69.104 of the Commission's Rules	)	
	)	
	)	

Reply Comments of CenturyTel, Inc.

CenturyTel, Inc. ("CenturyTel"), through its attorneys, hereby offers the following Reply Comments on the Petition for Rulemaking[1] filed by the National Exchange Carrier Association, Inc. ("NECA") in the above-captioned proceeding to revise the Commission's rules to permit the application of no more than five End User Common Line ("EUCL") charges on customer-ordered exchange access service provisioned using digital, high-capacity T-1 interfaces. The Commission placed the NECA Petition on Public Notice on November 8, 2002.[2]

CenturyTel, headquartered in Monroe, Louisiana, is a leading provider of integrated communications services to rural markets. CenturyTel provides a variety of high-quality communications services to nearly 3 million customers in rural communities in 22 states, including local exchange and advanced services, wireless service, long distance, security monitoring, information services, and broadband and dial-up Internet access. Overall,

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1 Petition for Rulemaking by the National Exchange Carrier Association, Inc. (filed Sept. 26, 2002) ("NECA Petition").

2 *Wireline Competition Bureau Seeks Comment on NECA's Petition for Rulemaking to Adjust the Application of End User Common Line Charges on Certain T-1 Exchange Access Services*, Public Notice (rel. Nov. 8, 2002) ("Public Notice").

CenturyTel's rural telephone companies provide local exchange telephone service to over 2.4 million access lines.

I. INTRODUCTION AND BACKGROUND

Section 69.104(a) requires rate-of-return incumbent local exchange carriers ("ILECs") to assess subscriber line charges ("SLCs") "upon end users that subscribe to local exchange telephone service or Centrex service to the extent that they do not pay carrier common line charges."[3] As the Commission had previously determined for price cap ILECs,[4] the Commission concluded in the *MAG Order* that rate-of-return ILECs may assess end users SLCs for Basic Rate Interface ("BRI") and Primary Rate Interface ("PRI") Integrated Services Digital Network ("ISDN") services using 1:1 and 5:1 cost ratios, respectively.[5] The Commission initially established separate SLCs for ISDN service because a SLC for ISDN service equal to a SLC for single-channel analog service multiplied by the number of derived channels would exceed the non-traffic sensitive ("NTS") loop costs of ISDN service.[6] Because the record did not contain sufficient information regarding the relative NTS costs of derived channel services other than ISDN, the Commission declined to establish a separate SLC for derived channel services other than ISDN.[7]

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3 47 C.F.R. §69.104(a).

4 *In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charges*, First Report and Order, 12 FCC Rcd 15982, 16032 ¶115 (1997) ("*Access Charge Order*").

5 *In the Matter of Multi-Association Group Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, Federal State Joint Board on Universal Service, Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation, Prescribing the Authorized Rate of Return for Interstate Services of Local Exchange Carriers*, Second Report and Order and Further Notice of Proposed Rulemaking in CC Docket No. 00-256, Fifteenth Report and Order in CC Docket 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-166, 16 FCC Rcd 11244 at ¶56 ("*MAG Order*").

6 *Access Charge Order*, at 16032 ¶115.

7 *Id.* at 16033 ¶120.

II. DISCUSSION

In its Petition, NECA requests that the Commission amend its rules to allow no more than five SLCs for customer-ordered exchange access service provisioned using digital, high-capacity T-1 interfaces. CenturyTel supports NECA's Petition. As NECA points out,[8] the current disparity under the Commission's rules in the number of SLCs imposed on PRI ISDN services versus other derived channel services creates an artificial incentive for business customers to choose PRI ISDN service even though it may not be the most efficient product for serving that customer's needs.

A. NTS COST DATA SUPPORTS THE PROPOSED RULE CHANGE.

CenturyTel provides Digital Transport Service ("DTS"), which gives customers that have a PBX the functional equivalent of 24 business lines over a single T-1 access line. The customer installs a single PBX trunk card that delivers PBX service over 2 pairs of wires. Similar to the Commission's finding in the *Access Charge Order*,[9] the ratio of NTS loop costs of CenturyTel's DTS service to standard analog service is approximately 5.33:1. In other words, the ratio of NTS loop costs of CenturyTel's DTS to PRI ISDN is approximately 1:1. Thus, consistent with representations in NECA's Petition that the ratio of NTS loop costs to total loop costs are the same for T-1 and PRI ISDN-based services,[10] CenturyTel's loop costs for DTS and PRI ISDN are essentially the same. Based on CenturyTel's estimate and the representation of other commenters, there is no logical reason to require customers purchasing Digital Transport Service to pay more in end user charges than customers purchasing PRI ISDN service. CenturyTel urges the Commission to amend its rules such that the number of SLCs for PRI

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8 NECA Petition at 5-6.

9 *Access Charge Order* at 16030 ¶113.

ISDN and Digital Transport Services are equivalent. Such a rule change is consistent with the Commission's policy of aligning cost recovery with the manner in which costs are incurred.[11] Furthermore, contrary to AT&T's claims, the proposed rule change serves the public interest because it treats functionally equivalent services in a similar manner, and thereby promotes more efficient use of digital, high-capacity T-1 interfaces.

B. RURAL CUSTOMERS SUFFER DISPROPORTIONATELY BECAUSE OF THE UNEQUAL TREATMENT BETWEEN PRI ISDN AND OTHER DERIVED CHANNEL SERVICES.

The proposed rule change also serves the public interest because it will save multi-line business customers money.[12] The proposed reduction in EUCL charges may make a significant financial difference in determining whether a business customer decides to retain derived channel service or whether to initiate service in the first instance. CenturyTel shares TDS's concerns that, because the lower-priced PRI ISDN service often is not available in some rural central offices,[13] rural customers either are forced to pay more for other derived channel services that provide more capacity than the customer needs, or the customer is discouraged from ordering high capacity service because it is cost-prohibitive to do so. For example, CenturyTel has observed that in rural areas, where customers are particularly price sensitive, some of its business customers have dropped Centrex service because of the recent SLC increases. The proposed rule change would provide rural business customers with more attractive pricing options for T-1 services.

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[10] NECA Petition at 8.

[11] *Access Charge Order*, at 16032 ¶115.

[12] *See* National Telecommunications Cooperative Association Comment at 4.

[13] TDS Comments at 3.

C. AT&T HAS NOT OFFERED ANY LEGITIMATE REASONS TO DENY THE PROPOSED RULE CHANGE.

The Commission should reject the arguments AT&T raised in its opposition to NECA's Petition.[14] AT&T claims that the proposed rule change would reduce end user common line revenue and therefore would require a subsequent increase in carrier common line ("CCL") charges and would result in increasing pressure on the universal service fund.[15] First, AT&T's claim that the reduction in EUCL would require an increase in CCL charges is nothing more than a red herring and accordingly should be dismissed. NECA's Petition in no way suggests an increase in CCL charges. In fact, as AT&T undoubtedly is aware, CCL charges will be phased out by July 1, 2003;[16] therefore, no such increase in CCL charges will occur. More fundamentally, however, because the SLC multiplied by the number of derived channels (usually 23 voice grade channels and one digital channel) exceeds the NTS costs for Digital Transport Service, as NECA and CenturyTel have demonstrated, there is no reason to expect any material increase in universal service support to offset the reduction in revenues derived from EUCL charges. Rather, NECA's proposed rule change would eliminate an implicit subsidy that currently flows from T-1 customers to local exchange customers. This would further the FCC's objective to move all rates toward cost. In any event, there simply is no credible evidence that a reduction in EUCL charges for derived channel service would have the impact that AT&T predicts.

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14 Opposition of AT&T Corp., filed in RM No. 10603 on Dec. 2, 2002.

15 *Id.* at 6-7.

16 *MAG Order* at ¶158.

III. CONCLUSION

For the aforementioned reasons, CenturyTel supports NECA's Petition. CenturyTel respectfully requests that the Commission amend its rules to permit the application of no more than five EUCL charges on customer-ordered exchange access service provisioned using digital, high-capacity T-1 interfaces, thereby ensuring that PRI ISDN services and other T-1 services are similarly treated under the Commission's rules.

Respectfully submitted,
CENTURYTEL, INC.

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Karen Brinkmann
Tonya Rutherford
LATHAM & WATKINS
Suite 1000
555 Eleventh Street, N.W.
Washington, D.C. 20004
(202) 637-2200

Counsel for CENTURYTEL, INC.

John F. Jones
Vice President, Federal Government Relations
CENTURYTEL, INC.
100 Century Park Drive
Monroe, Louisiana 71203
(318) 388-9000

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the Reply Comments was served this 16th day of December 2002, by U.S. Mail to the person listed below.

By: ____________________________
Tonya Rutherford

The following party was served:

Robert A. Askoff
National Exchange Carrier Association, Inc.
80 South Jefferson Road
Whippany, New Jersey 07981