

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

In the Matter of)
)
Petition of AT&T Inc. for Forbearance Under) WC Docket No. 07-21
47 U.S.C. § 160(c) From Enforcement)
of Certain of the Commission's Cost)
Assignment Rules)

Reply Comments of Frontier Communications

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Date: July 7, 2008

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On April 24, 2008, AT&T and BellSouth (AT&T) were granted limited forbearance by the Commission from section 220(a)(2) of the Act and the Commission's Cost Assignment Rules. Those rules included section 32.23 (non-regulated activities), section 32.27 (transactions with affiliates), Part 64, Subpart I (cost allocation), Part 36 (jurisdictional separations procedures), Part 69, Subparts D and E (cost apportionment), and other related rules that derive from or are dependent upon them with the condition that AT&T file and the Wireline Competition Bureau review and approve a compliance plan that details the steps on how will meet its continuing obligations.¹

Frontier Communications ("Frontier")² hereby submits its reply comments in the above captioned matter pursuant to the Commission's June 6 and June 12, 2008 Public Notices.³ Frontier supports the Petition of Verizon and Qwest to have the relief granted to AT&T in the

¹ *AT&T Forbearance Order* at paragraph 6. See 47 C.F.R. § 32.23; § 32.27; Part 64, Subpart I; Part 36; Part 69, Subparts D and E.

² Frontier is a mid-size holding company with incumbent local exchange carrier (ILEC) operations in 24 states. As an ILEC, Frontier operates in one of the most competitive (both residential and business) urban markets in the country (Rochester, NY), but the balance of its ILEC operations are located in several small, high cost rural markets throughout the United States. In most of its ILEC markets, Frontier operates under federal price cap regulation, but operates under NECA Average Schedules in some of its smallest rural markets; on an intrastate basis, Frontier mostly operates under a mix of traditional rate-base, rate-of-return regulation and alternative forms of regulation.

³ Public Notice, Comment Sought on Request of Verizon and Qwest to Extend Forbearance Relief from Cost Assignment Rules, DA 08-1361 (June 6, 2008); Public Notice, DA 08-1402 (June 12, 2008).

Commissions April 24, 2008 order extended.⁴ Additionally, Frontier requests the Commission take this opportunity to more broadly extend this relief to all Incumbent Local Exchange Companies (ILECs) that are under federal price cap regulation.

The Commission did the right thing granting relief to AT&T. However, there is no reason that this relief should apply solely to AT&T. Other price cap ILECs, including Frontier, should be granted similar relief by the Commission without additional petitions needing to be filed. As Embarq appropriately points out, any of the Price cap carriers can file a detailed compliance plan with the Wireline Competition Bureau showing how they would comply with the conditions placed upon AT&T.⁵ Furthermore, Frontier agrees with Embarq that “forbearance is most compelling for independent ILECs” and that our smaller size places an even heavier burden when we are required to comply with unnecessary requirements.⁶ Because relief would not apply until the Bureau approved the plan, a carrier would gain the flexibility of determining which method of compliance, the existing rules or the relief granted AT&T, would allow them to most effectively and efficiently meet their requirements.

The rationale the Commission properly used in granting forbearance to AT&T also applies here. The Commission appropriately points out that “price cap regulation severs the direct link between regulated costs and prices.”⁷ Verizon and Qwest, also are regulated as price cap carriers, and the Cost Assignment rules established when services were cost-based need not apply to them or other carriers under federal price cap regulation, including Frontier. The

⁴ Petition of AT&T Inc. For Forbearance Under 47 U.S.C § 160 From Enforcement of Certain of the Commission's Cost Assignment Rules, WC Docket Nos. 07-21, 05-342, Memorandum Opinion and Order, FCC 08-120 (rel. Apr. 24, 2008), pet. for recon. pending ("AT&T Forbearance Order").

⁵ Comments of Embarq at pg. 6.

⁶ *Id.*

⁷ Computer III Remand Proceedings: Bell Operating Company Safeguards and Tier I Local Exchange Company Safeguards, CC Docket No. 90-623, Report and Order, 6 FCC Rcd 7571, 7596, para. 55 (1991) (Computer III Remand Order), vacated in part and remanded, *California v. FCC*, 39 F.3d 919 (9th Cir. 1994), cert denied, 514 U.S. 1050 (1995).

Commission acknowledged that the AT&T order further advances the national framework of a pro-competitive and deregulatory environment. There is no reason doing so here would not accomplish exactly the same goal.

Nothing in the Act requires the Commission to limit forbearance to the carrier filing a petition for forbearance. In fact, nothing in the Act prevents the Commission from granting forbearance on its own motion in appropriate circumstances even if no petition is filed. Accordingly, the Commission should grant the Petition of Verizon and Qwest, and afford similar relief to other Price cap carriers, with the election to adopt the relief triggered by the filing of a compliance plan.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

I, Gregg C. Sayre, do certify that on July 7, 2008, the aforementioned **Reply Comments of Frontier Communications** were electronically filed with the Federal Communications Commission through its Electronic Comment Filing System and were electronically mailed to the following:

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