

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
CenturyTel, Inc. Petition for Conversion to)	WC Docket No. 08-191
Price Cap Regulation and for Limited Waiver)	
Relief)	

COMMENTS OF AT&T INC.

On August 29, 2008, CenturyTel, Inc. (CenturyTel) filed a petition to convert its rate of return study areas to price cap regulation on January 1, 2009 for its company filed (non-NECA) tariffs. It requested, to the extent necessary, waiver of certain price cap and universal service high cost support rules to facilitate the conversion. On September 9, 2008, the Commission issued a Public Notice, DA 08-2064, inviting comment on the CenturyTel petition. AT&T Inc., on behalf of itself and its affiliates (AT&T), hereby offers its comments largely supporting the petition.

AT&T is a significant purchaser of switched and special access services from a number of rate of return carriers, including CenturyTel. AT&T therefore has a direct interest in ensuring that the access rates charged by local exchange carriers (LECs) are just and reasonable. In 1990, the Commission concluded that price cap regulation, which breaks the direct link between LECs' costs and prices, provides LECs with improved incentives to operate efficiently and cut costs, which benefits LECs' customers.¹ AT&T agrees that price cap regulation is superior to rate of return regulation and generally supports rate of return carriers' conversion to price caps.²

¹ *Represcribing the Authorized Rate of Return for Interstate Services of Local Exchange Carriers*, 5 FCC Red 7507 (1990).

² See AT&T Comments in support of Windstream Petition for Conversion to Price Cap Regulation and for Limited Waiver Relief, WC Docket No. 07-171 (filed September 24, 2007).

In the *Windstream Price Cap Conversion Order*³ the Commission adopted a blueprint for rate of return LECs seeking to convert to price caps, which CenturyTel purports to accept.⁴ Of relevance here, the Commission instructed Windstream to calculate its average traffic sensitive (ATS) rates and to initialize its price cap indices using its then current rates multiplied by historic base period demand as defined in Section 61.3(g) of the rules.⁵ In another order, the Commission required Puerto Rico Telephone Company, Consolidated Communications and Frontier to initialize their price cap indices using their then current rates times their historic base period demand.⁶ By contrast, CenturyTel requests permission to initialize its switched and special access baskets using 2008 “projected demand figures” rather than historic 2007 base period demand.⁷ CenturyTel does not justify initializing its price cap baskets based on projected demand rather than historic base period demand as required by the Commission’s rules. The Commission should require CenturyTel to initialize its price cap indices using its current actual rates times the appropriate historic base period demand. With this adjustment, AT&T supports the CenturyTel petition. The remainder of CenturyTel’s petition tracks the template set forth in the *Windstream Price Cap Conversion Order*, which AT&T endorses.

³ *Windstream Petition for Conversion to Price Cap Regulation and for Limited Waiver Relief*, Order, 23 FCC Rcd 5294 (2008).

⁴ CenturyTel Petition at 12.

⁵ *Windstream Price Cap Conversion Order* at ¶ 13 (CMT Basket), ¶14 (Common line PCI), ¶ 16 (Traffic Sensitive and Trunking Baskets), ¶ 18 (Special Access Basket). Windstream proposed, and then Commission accepted, using current switched access rates to set the PCIs for the local switching and trunking baskets. *Order* ¶ 15.

⁶ *Petition of Puerto Rico Telephone Company for Election of Price Cap Regulation and Limited Waiver of Pricing and Universal Service Rules*, WC Docket Nos. 07-292, 07-291 and 08-18, Order, DA 08-1026 (Rel. May 4, 2008).

⁷ CenturyTel Petition at 12-13: “In addition, consistent with the [Windstream] Order, for its company-filed tariffs, it would initialize rates based on July 1, 2008 rates, using the same projected demand figures which formed the basis of those July 1, 2008 rates.” *See also* CenturyTel Petition at 14.

AT&T does not oppose CenturyTel's request that its next annual access tariff filing should be made on July 1, 2010 to avoid three access tariff filings in twelve months.⁸ AT&T also does not oppose CenturyTel's request for a waiver of the enumerated universal service rules.⁹ As in the case of the other mid-sized LECs, CenturyTel should be allowed to continue to receive frozen interstate common line (ICLS) support.¹⁰

Respectfully submitted,

s/ M. Robert Sutherland
M. Robert Sutherland
Christopher M. Heimann
Gary L. Phillips
Paul K. Mancini

AT&T Services, Inc.
1120 20th Street, N.W.
Suite 1000
Washington, D.C. 20036
(202) 457-2057 (phone)
(202) 457-3073 (fax)
robert.sutherland@att.com

October 9, 2008

⁸ CenturyTel Petition at 20-21.

⁹ CenturyTel Petition at 21-24.

¹⁰ The Commission required Windstream to reduce the CMT basket PCI by the amount of PICC and CCL revenues it committed to forego in order to avoid creating any headroom. *Windstream Price Cap Order* at ¶ 14. CenturyTel agrees to forego any increases in its PICC or the CCL because of any decrease to its ICLS revenues. CenturyTel Petition at 13. It should make a similar adjustment to its CMT basket PCI.