

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

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

**REPLY COMMENTS**

CenturyTel, Inc. (“CenturyTel”), on behalf of its incumbent local exchange carrier (“ILEC”) subsidiaries, hereby responds to the comments filed in the above-captioned docket. The record contains overwhelming support for the CenturyTel request.<sup>1</sup> Only one issue has been raised by the commenters, which comment is inconsistent with the grant to Windstream and the price cap rules. Therefore, CenturyTel’s petition should be granted.

The Independent Telephone & Telecommunications Alliance (“ITTA”) and United States Telecom Association (“USTA”) strongly endorse CenturyTel’s petition and urge the Commission to adopt it.<sup>2</sup> They argue that regulating all of CenturyTel’s properties under the

---

<sup>1</sup> CenturyTel reserves the right to withdraw the instant waiver request. CenturyTel understands that the Commission is considering taking action on November 4, 2008, in the intercarrier compensation proceeding which could change the fundamental principles applicable to price cap carriers. *Developing a Unified Intercarrier Compensation Regime*, Notice of Proposed Rulemaking, CC Docket No. 01-92, 20 FCC Rcd 4685 (2005)(“*Intercarrier Compensation FNPRM*”). If such fundamental principles are changed in an adverse matter, CenturyTel may need to rethink the public interest calculus associated with the relief sought.

<sup>2</sup> Comments of Independent Telephone & Telecommunications Alliance, WC Docket No. 08-191, at 1 (Oct. 9, 2008)(“ITTA Comments”); Comments of US Telecom Association, WC Docket No. 08-191, at 1 (Oct. 9, 2008)(“USTA Comments”).

same methodology, the price cap system, makes good policy sense and will establish further efficiency incentives for CenturyTel's telecommunications operations.<sup>3</sup>

USTA states : "These actions will result in increased consumer welfare through enhanced competition, less demands on the universal service fund, lower costs of regulatory compliance, and broader implementation of the well established and tested regulatory incentives embodied in the CALLS plan which will spur CenturyTel to an even greater level of operational efficiencies."<sup>4</sup> ITTA notes that "Following the model approved by the Commission in the Windstream proceeding, CenturyTel bridges the gap by recommending a course of action that relies, in part, on the company's current access rate structure and waiver of certain Commission rules."<sup>5</sup> Both parties believe that the CenturyTel petition follows the framework established by the Commission in earlier Orders that provided a path for new carriers to become price cap carriers under the closed CALLS system.<sup>6</sup>

AT&T also supports CenturyTel's conversion to price cap regulation.<sup>7</sup> It also did not oppose CenturyTel's request for waiver that would permit it to take X-factor reductions in its

---

<sup>3</sup> National Exchange Carrier Association ("NECA") also does not oppose grant of CenturyTel's conversion petition. Letter from Tracey E.J. Saltenberger, NECA, to Marlene H. Dortch, FCC, WC Docket No. 08-191 (Oct. 9, 2008).

<sup>4</sup> USTA Comments at 2 (footnote omitted).

<sup>5</sup> ITTA Comments at 3 (footnote omitted).

<sup>6</sup> *Windstream Petition for Conversion to Price Cap Regulation and for Limited Waiver Relief*, WC Docket No. 07-171, 23 FCC Rcd 5294, ¶ 14 (Mar. 18, 2008) ("Windstream Price Cap Conversion Order"); *Petition of Puerto Rico Telephone Company, Inc. for Election of Price Cap Regulation and Limited Waiver of Pricing and Universal Service Rules*, WC Docket Nos. 07-292, 07-291, 08-18, DA No. 08-1026 (Wir. Comp. Bur., rel. May 6, 2008) ("Mid-size Price Cap Conversion Order") (permitting Puerto Rico Telephone Co., Consolidated Communications, and Frontier Communications to convert rate-of-return properties to price cap regulation).

<sup>7</sup> Comments of AT&T, Inc., WC Docket No. 08-191, at 1-2 (Oct. 9, 2008).

rates in its January 1, 2008, filing, but not again until July 1, 2010.<sup>8</sup> AT&T did indicate, however, that it wants the Commission to change one aspect of the proposal: for rates which CenturyTel currently sets under its own tariffs, price cap baskets should be initialized based on July 1, 2008 rates times 2007 historical demand.<sup>9</sup>

The FCC should reject AT&T's request because it is inconsistent with the *Windstream Price Cap Conversion Order* and is not required by the price cap rules. Windstream initialized its rates under price caps based on January 1, 2008 rates, which were set based on demand projected from July 1, 2007 through July 1, 2008, and historic 2007 demand figures.<sup>10</sup> Thus, its cost and demand figures were for roughly similar, or at least covered overlapping, time periods. This is the same conceptual methodology which CenturyTel proposes to use for those properties that are exiting the NECA pools, using 2007 costs and demand. AT&T does not object to that methodology for the CenturyTel NECA properties. For rates that are currently set by CenturyTel's filed tariffs, however, the July 1, 2008 rates were based on projected costs and demand from July 1, 2008 through July 1, 2009. Thus, in order to ensure consistent data are used for basket initialization, CenturyTel proposed to use the same demand data that was used to establish those rates at the outset. Use of the July 1, 2008 rates and associated demand makes sense because these rates were deemed lawful, and therefore would engender less controversy in

---

<sup>8</sup> *Id.* at 3.

<sup>9</sup> *Id.* at 2.

<sup>10</sup> *Windstream Price Cap Conversion Order*, ¶ 14. This approach was consistent with outstanding orders of the Commission for initializing price cap rates for electing carriers based on rates in effect six months prior to the July 1 annual filing, but these orders do not indicate what demand figures to apply to this initialization. *See, e.g., Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, Order on Reconsideration, 6 FCC Rcd 2637, ¶ 151 & Rule § 61.48(d)(2) (1991). Even if historic demand figures were to be applied to such going-in rates, the demand would have been based on a roughly consistent time period, as occurred in the *Windstream Price Cap Conversion Order*.

a price cap conversion filing. No party opposes the use of those rates and AT&T does not indicate that an initialization based on these figures would be unreasonable.

AT&T's proposal would take the worst of both worlds and simply arbitrarily decrease rates by applying a higher demand figure to rates which were set based on lower demand. Price cap regulation was not intended to benefit or harm the converting carrier, but utilize existing rates to begin the new form of regulation. The bottom line is that this mixing and matching of data from different time periods would arbitrarily lead to lower rates and should be rejected.

Notwithstanding, CenturyTel is willing to file its initial price cap baskets in closer alignment with Windstream's permitted approach, which was based on January 1, 2008 rates and 2007 historical demand. This would place all data on a consistent basis, although going-in rates would be somewhat higher than under the original CenturyTel proposal. In the end, no customer will be harmed by CenturyTel's price cap conversion since it will be obligated to reduce rates to the ATS target of \$ 0.0095 under any scenario, which will occur in fairly prompt fashion given the anticipated level of CenturyTel's rates. In all circumstances interexchange carriers will pay significantly lower rates under CenturyTel's proposal because of the operation of the ATS target and impact on special access rates through operation of the price cap rules.

For the foregoing reasons, the FCC should grant CenturyTel's petition, and reject AT&T's one requested change. CenturyTel is willing to base all going in rates on historic 2007

demand figures and January 1, 2008 rates if the FCC believes that such a result is better than the CenturyTel proposal.

Respectfully submitted,

By:  /s/ Gregory J. Vogt

Jeffrey S. Glover  
John F. Jones  
CenturyTel, Inc.  
100 CenturyTel Drive  
Monroe, LA 71203  
(318) 388-9000

Gregory J. Vogt  
Law Offices of Gregory J. Vogt, PLLC  
2121 Eisenhower Ave.  
Suite 200  
Alexandria, VA 22314  
(703) 838-0115

Of Counsel

Counsel for CenturyTel, Inc.

September 24, 2008

## Certificate of Service

I, Gregory J. Vogt, do hereby certify that I have on this 24th day of October 2008 caused a copy of the foregoing "Reply Comments of CenturyTel, Inc." to be served by electronic mail upon the following:

Douglas Slotten  
Pricing Policy Division  
Federal Communications Commission  
Room TW-A325  
445 12th Street, S.W.  
Washington, DC 20554  
[Douglas.Slotten@fcc.gov](mailto:Douglas.Slotten@fcc.gov)

Best Copy and Printing, Inc.  
Portals II  
Room CY-B402  
445 12th Twelfth St., S.W.  
Washington, D.C. 20554  
[fcc@bcpiweb.com](mailto:fcc@bcpiweb.com)

/s/ Gregory J. Vogt

Gregory J. Vogt