

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

STATE CORPORATION COMMISSION

JUL 03 2008

In the Matter of the Petition of Sprint)
Communications Company L.P., Sprint)
Spectrum L.P. and Nextel West Corp.,)
d/b/a Sprint, to Conduct General)
Investigation into the Intrastate Access)
Charges of United Telephone Company of)
Kansas, United Telephone Company of)
Eastern Kansas, United Telephone)
Company of South Central Kansas, and)
United Telephone Company of)
Southeastern Kansas, d/b/a Embarq)

 Docket Room

Docket No. 08-GIMT-1023-GIT

**COMMENTS OF SOUTHWESTERN BELL TELEPHONE COMPANY, AT&T
COMMUNICATIONS OF THE SOUTHWEST, INC., AND TCG KANSAS CITY, INC.,
IN SUPPORT OF SPRINT'S PETITION AND PETITION FOR INTERVENTION**

COMES NOW Southwestern Bell Telephone Company ("SWBT"), AT&T
Communications of the Southwest, Inc. ("ATTSW"), and TCG Kansas City, inc. ("TCG")
(collectively hereinafter "AT&T",) pursuant to K.A.R. 82-1-218(d), 82-1-219, and 82-1-
225, and submits these comments in support of Sprint's Petition in the above captioned
proceeding and hereby requests that it be granted leave to intervene in the proceeding.
For its comments and petition, AT&T shows the Commission as follows:

Background

1. AT&T provides switched local exchange and interexchange services within the State of Kansas.
2. On May 16, 2008, Sprint Communications Company L.P., Sprint Spectrum L.P., and Nextel West Corp. (collectively "Sprint") filed a petition asking the Commission to conduct a general investigation into the intrastate access charges of United Telephone Company of Kansas, United Telephone Company of Eastern Kansas, United

Telephone Company of South Cental Kansas, and United Telephone Company of Southeastern Kansas (collectively "Embarq") and to reduce Embarq's intrastate carrier access rates to be in parity with its interstate access charges.

3. On June 11, 2008, Embarq filed a motion to dismiss Sprint's petition.

4. On June 24, 2008, Sprint filed its opposition to Embarq's motion to dismiss.

Comments In Support

5. AT&T urges the Commission to conduct a proceeding to address the issues raised in Sprint's petition.¹ AT&T pays intrastate switched carrier access charges to Embarq. It is clear that Embarq's intrastate switched carrier access rates are significantly higher than their corresponding interstate switched carrier access rates. Consequently, it appears that these intrastate rates contain an implicit subsidy. In other words, interexchange carriers (IXCs) that purchase intrastate switched carrier access from Embarq are paying rates that are artificially high. In competitive markets, subsidies should be explicit rather than implicit. Implicit subsidies can frustrate effective competition and universal service objectives. Consumers benefit when markets are effectively competitive and when universal service goals are fostered. These issues

¹ Reference is made to the Commission's November 7, 2006 Order Setting Rural Access Charges At Parity, in Docket No. 07-GIMT-107-GIT, that required rural local exchange carriers to adjust their intrastate access rates to reflect parity with their interstate access rates. *Id.* at ¶ 8. That Order also directed the RLECs to file tariff revisions consistent with those intrastate access rates. *Id.* at p. 5, ¶ A. In its Order, the Commission cited an earlier docket that held that "[i]t is clear from the legislative history [of K.S.A. 66-2005(c)] that parity between interstate and intrastate access rate is the paramount concern." *Id.* at ¶ 6. Further, the Commission determined that it "possessed the implied authority to increase intrastate access rates to achieve the objective of access-rate parity." *Id.* Both KSA 66-2005(c) and KCC orders make clear that parity in interstate and intrastate access is a paramount concern of the Kansas legislature.

would be best addressed in a Commission proceeding where all affected parties would be able to provide input.

6. In a proceeding on this issue, the Commission could also consider the fact that switched carrier access revenues are in decline as consumers continue to use alternatives (wireless, VoIP, email, text messaging etc.) to traditional long distance services. Such declines are expected to increase at a more rapid pace as broadband based voice applications (e.g. VoIP) become more widely available. Consequently, support of universal service objectives through access revenue streams is not compatible in today's competitive marketplace and, therefore, a transition to alternative recovery mechanisms is needed to continue to support these objectives. Moreover, wireline IXCs are at a significant competitive disadvantage relative to providers of wireless, VoIP, email and instant messaging services, since these alternative providers do not have the same access payment obligations as IXCs. Reduction of intrastate access rates is a positive step towards leveling the competitive playing field.

Consumers will benefit from this pro-competition solution. In view of these points, AT&T recommends that the Commission:

- grant Sprint's Petition;
- require Embarq to reduce its intrastate switched access rates to parity with interstate rates; and,
- provide Embarq with alternative, revenue neutral, recovery mechanisms in the form of rate rebalancing and access to funds from the Kansas Universal Service Fund ("KUSF").


Petition to Intervene

7. AT&T pays intrastate switched access rates to Embarq and is the largest contributor to the KUSF.

8. AT&T's legal rights, duties and other legal interests will be substantially affected by a proceeding addressing these issues. No other party hereto is able to effectively protect the rights and interests of AT&T in a proceeding that the Commission may conduct as a result of Sprint's petition.

WHEREFORE, AT&T respectfully requests the Commission grant Sprint's Petition and open a proceeding to address the issues raised therein. AT&T further requests that its Petition to Intervene in such a proceeding be granted.

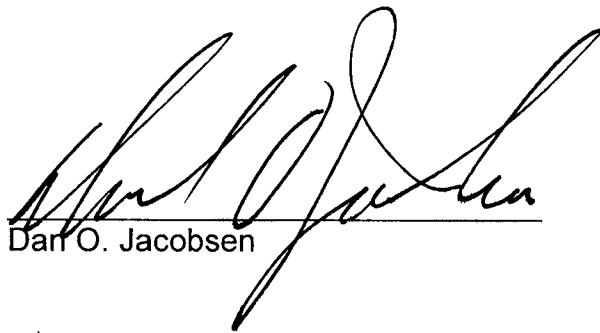
Respectfully submitted,



JEFFREY E. LEWIS (#23732)
BRUCE A. NEY (#15554) ✓
MELANIE N. McINTYRE (#19945)
220 E. Sixth Street, Room 515
Topeka, Kansas 66603-3596
(785) 276-8413
(785) 276-1948 (facsimile)
bruce.ney@att.com

VERIFICATION

I, Dan O. Jacobsen, of lawful age, and being first duly sworn, now state: I am President – AT&T Kansas, and have read the above Comments of Southwestern Bell Telephone Company, AT&T Communications of the Southwest, Inc., and TCG Kansas City, Inc., in Support of Sprint’s Petition and Petition for Intervention, and verify the statements contained herein to be true and correct to the best of my knowledge and belief.


Dan O. Jacobsen

Subscribed and sworn to before me this 3rd day of July, 2008.




Notary Public

My Appointment Expires: January 26, 2011

CERTIFICATE OF SERVICE

I hereby certify that a correct copy of Comments of Southwestern Bell Telephone Company, AT&T Communications of the Southwest, Inc., and TCG Kansas City, Inc., in Support of Sprint's Petition and Petition for Intervention, was sent via U.S. Mail or hand-delivered on this 3rd day of July, 2008, to:

Colleen Harrell
Litigation Counsel, Telecommunications
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

Janet Buchanan
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

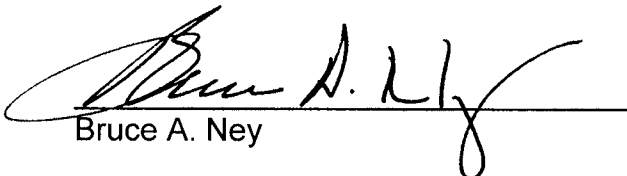
Robert Lehr
Litigation Counsel
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

Terry R. Somers
Embarq
330 S. valley View Boulevard
Las Vegas, MNV 89107

Melissa Hunsicker-Walburn
Litigation Counsel
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

Kenneth A. Schiffman
6450 Sprint Parkway
Mailstop: KSOPHN0212-2A303
Overland Park, KS 66251

Diane C. Browning
6450 Sprint Parkway
Mailstop: KSOPHN0212-2A303
Overland Park, KS 66251


Bruce A. Ney