RUCO'S REPLY COMMENTS

The Residential Utility Consumer Office ("RUCO") offers these reply comments regarding AUSF and Access Charges.

Before addressing the comments of others, RUCO would like to take this opportunity to clarify its earlier response to one of the Staff's questions regarding access charges. The second sentence of RUCO’s response to question 15 mistakenly omitted the word “case” after “a rate.” Thus, the sentence should have read “However, a rate case would be required for access charges to be modified.”
Several commenters suggested that in conjunction with decreases in access charges, local exchange carriers be permitted to increase charges for other services in an offsetting amount. While RUCO recognizes that competitive carriers may have greater flexibility to modify their rates without a traditional rate case, offsetting rate increases cannot be implemented for incumbent local exchange carriers without a traditional rate case by the Commission. Most rural incumbent local exchange carriers have not had rate cases in many years. Therefore, it is possible that carriers could be over-earning. The Commission should not blindly assume that an increase in other charges would be necessary to offset access charge decreases. Further, when Qwest’s access charges were reduced in its most recent price cap renewal, it was after the Company had provided the Commission substantially all the information traditionally provided for the Commission to determine a utility’s revenue requirement. Thus, incumbent local exchange carriers should not be permitted to “rebalance” rates without a complete rate case proceeding.

RESPECTFULLY SUBMITTED this 4\textsuperscript{th} day of February 2008.

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AN ORIGINAL AND FIFTEEN COPIES
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