

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

GALLATIN RIVER COMMUNICATIONS )  
L.L.C. D/B/A CENTURYLINK )  
 )  
Petition for Arbitration Pursuant to )  
Section 252(b) of the Communications Act )  
of 1934, as amended by the ) Docket No. 11-0567  
Telecommunications Act of 1996 )  
To Establish the Rates, Terms and )  
Conditions of Interconnection with )  
NTS Services Corp. )

**\*\*PUBLIC\*\***

**GALLATIN RIVER COMMUNICATIONS L.L.C D/B/A CENTURYLINK'S  
POST-HEARING REPLY BRIEF**

Gallatin River Communications L.L.C. d/b/a CenturyLink (“CenturyLink”), by its counsel, hereby submits its post-hearing reply brief in this matter.

**INTRODUCTION**

At issue in this arbitration are the appropriate rates for 2-wire and DS-1 loops provided by CenturyLink to NTS Services Corp. (“NTS”). Under the Telecommunications Act of 1996 (the “Act”), the rates for these unbundled network elements (“UNEs”) must be based on cost, be nondiscriminatory and may include a reasonable profit.<sup>1</sup> The Federal Communications Commission (“FCC”) has interpreted this requirement to require that UNE rates equal the sum of (1) the total element long run

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<sup>1</sup> 47 U.S.C. §252(d)(1); 47 C.F.R. §51.503(a).

incremental cost (“TELRIC”) of the element and (2) a reasonable allocation of forward-looking common costs.<sup>2</sup>

In this proceeding, only CenturyLink proposes rates that comply with the FCC’s TELRIC requirements. Both NTS and Staff propose that the Commission ignore the results of CenturyLink’s TELRIC cost study and set rates based on proxies that they regard as just and reasonable, without regard to the FCC’s prescribed TELRIC methodology.<sup>3</sup> As discussed further below, while the Act permits a Commission to make its decision in an arbitration based on the best evidence available to it, the Act does not permit the Commission to make its determination without regard to the TELRIC standard prescribed by the FCC. In this case, the best evidence before the Commission concerning the TELRIC cost of CenturyLink’s 2-wire and DS-1 loops is the cost study presented by CenturyLink. Thus, for the reasons that follow, the Commission should adopt CenturyLink’s proposed rates for 2-wire and DS-1 loops and reject the non-TELRIC proxies proposed by NTS and Staff.

## ARGUMENT

### **I. CenturyLink’s Cost Model Properly Models a Network with a 12,000 Foot Copper/Fiber Breakpoint.**

In its initial brief, Staff refers to CenturyLink’s cost study as fatally flawed, a claim that it did not make in the testimony it presented at hearing. Staff Br., p. 3. In fact,

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<sup>2</sup> 47 C.F.R. §§51.503(b)(1) and 51,505(a). TELRIC is used to incent competitive carriers to make the correct economic decision when determining whether to build their own network facilities or lease facilities from the ILEC. In this case, it is unclear how much investment NTS has made in Illinois. NTS witness Miri testified that NTS has made approximately \$1.5 million in network investments in Illinois. Miri, Tr. 131, lines 5-10. Yet, NTS’ AR-13 reports submitted to the Commission do not report any plant investment. *See eg.* CenturyLink Cross Ex. 1,

<sup>3</sup> In its brief, NTS defends the proposition that a Commission can set rates based on a proxy but does not defend its proposed proxy or criticize CenturyLink’s cost study in any way. NTS should not be permitted to challenge CenturyLink’s cost study for the first time in its reply brief.

Staff presented only a single criticism of CenturyLink's cost study at hearing. Staff asserted that it was not appropriate for the cost study to be based on a network design that uses a 12,000 foot breakpoint between copper and fiber. According to Staff, the 12,000 foot breakpoint makes the network modeled in CenturyLink's cost study capable of providing more services than CenturyLink's current network is capable of providing. Staff Br. p. 8. Specifically, Staff asserts that the 12,000 foot breakpoint makes the loops in the modeled network ubiquitously capable of providing broadband. *Id.*

Staff's position is legally wrong. The FCC has ruled that the 12,000 foot copper/fiber breakpoint is the proper design to be used in a TELRIC cost study.<sup>4</sup> The FCC's determination on this point is binding on the Commission,<sup>5</sup> just as it was upon CenturyLink for model criteria use, and as Staff itself recognized in its testimony, the Commission has approved the use of this design in two prior UNE proceedings in Illinois.<sup>6</sup>

Staff's bases its argument that it is not appropriate to use a 12,000 foot copper/fiber breakpoint on a single clause in the FCC's *Triennial Review Order*, which

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<sup>4</sup> *In the Matter of the Petition of WorldCom, Inc. Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon Virginia Inc., and for Expedited Arbitration In the Matter of Petition of AT&T Communications of Virginia, Inc., Pursuant to Section 252(e)(5) of the Communications Act for Preemption of the Jurisdiction of the Virginia Corporation Commission Regarding Interconnection Disputes with Verizon Virginia, Inc.*, 18 FCC Rcd 17722, ¶241 (Rel. August 29, 2003) ("Virginia Arbitration Order").

<sup>5</sup> 47 U.S.C. §252(c)(1) (In resolving issues in an arbitration, "a State commission shall—(1) ensure that such resolution and conditions meet the requirements of section 251, including the regulations prescribed by the [FCC] pursuant to Section 251...); see also *Verizon Maryland, Inc. v. Public Service Commission of Maryland*, 535 U.S. 635, 642 (2002) (federal courts have jurisdiction to review a commission decision to ensure compliance with federal law).

<sup>6</sup> See CenturyLink Initial Brief, pp 9-10.

Staff Refers to as the First Report and Order.<sup>7</sup> Staff cites paragraph 669 of the *Triennial Review Order* in which the FCC stated that “TELRIC equates the current market value of the existing network of an incumbent telecommunications provider with the cost the incumbent LEC would incur today *if it built a local network that could provide all the services its current network provides*, to meet reasonably foreseeable demand, using the least-cost, most-efficient technology currently available.”<sup>8</sup> Staff Br., p. 7. Staff then argues that the italicized phrase means that the network modeled in a TELRIC cost study cannot be capable of providing more or different services than the existing network provides. Staff Br., p. 8.

Staff’s reliance upon the italicized language from the *Triennial Review Order* is misplaced for five reasons. First, the italicized phrase that Staff relies upon prescribes a minimum, not a maximum. The network modeled in a TELRIC study must be capable at a minimum of providing all of the services that the existing network provides. The italicized phrase in no way prohibits the modeled network from being capable of providing more services than the existing network provides. Indeed, TELRIC by definition contemplates a forward looking network.<sup>9</sup> Furthermore, the paragraph following the one relied upon by Staff clarifies that “TELRIC assumes that the value of an incumbent LEC’s network is constrained by the most efficient technology available,

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<sup>7</sup> Report and Order and Order on Remand and Further Notice of Proposed Rulemaking, *In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket Nos. 01-338, 96-98 and 98-147, 18 FCC Rcd 16978 (Rel. Aug. 21, 2003)(“*Triennial Review Order*”), vacated in part on other grounds *United States Telecom Association v. FCC*, 359 F.3d 554 (D.C. Cir. 2004); see Staff Initial Br., p. 7

<sup>8</sup> *Id.*, at ¶669. Staff references ¶670 but the sentence it cites is actually in ¶669.

<sup>9</sup> See 47 C.F.R. §§51.503(b)(1) & 51.505(a).

*even if the incumbent LEC itself does not deploy, or plan to deploy, that technology.”*<sup>10</sup>

Furthermore, the FCC’s rules provide that ILEC UNE rates are not to vary based on the type of services that the requesting carrier purchasing such elements uses them to provide.<sup>11</sup>

Second, Staff’s argument is really an argument that the modeled network must be based on the embedded or existing network. According to Staff, if the existing network does not deploy digital loop carriers (DLCs) at a copper/fiber breakpoint at 12,000 feet, the modeled network cannot do so either. The FCC has clearly rejected this view. In footnote 2020 of the *Triennial Review Order*, the FCC squarely states that “it is appropriate for a TELRIC analysis to consider existing technology that is not currently deployed by an incumbent LEC...”<sup>12</sup> Moreover, the FCC’s rules clearly provide that the only attribute of the existing network that must be reflected in a TELRIC cost study is the location of the ILEC’s existing wire centers.<sup>13</sup>

Third, Staff’s contention that the network modeled by CenturyLink in its TELRIC cost study is capable of providing more services than CenturyLink’s existing network can provide is also incorrect. The modeled network does not include the incremental electronics that are necessary to enable the provision of broadband. Londerholm, CenturyLink Ex. 3.1, lines 51-69. The added electronics, not the 12,000 foot copper/fiber breakpoint, determines whether the loops are capable of providing broadband. An

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<sup>10</sup> *Triennial Review Order* at ¶670.

<sup>11</sup> 47 C.F.R. §51.503(c).

<sup>12</sup> *Id.*, fn. 2020.

<sup>13</sup> 47 C.F.R. §51.505(b)(1).

18,000 foot copper/fiber breakpoint could just as easily be used to provide broadband if the necessary electronics were added. *Id.*, at lines 107-118.

Fourth, the vast majority of loops in the modeled network are within 12,000 feet of the wire center and thus are broadband capable under Staff's reasoning even without Digital Loop Carriers ("DLCs"). Specifically, **[Begin Confidential XXX End Confidential]** of the model loops are within 12,000 feet. As a result, DLCs are only necessary in the model for **[Begin Confidential XXX End Confidential]** of the loops. And the modeled DLCs are used as an aggregation point for an efficient cable network, not to provide broadband. Londerholm, CenturyLink Ex. 3.1, lines 56-59. Moreover, for Band 1, the number of DLCs in the existing network is very close to the number of DLCs in the modeled network. Zolnierek, Tr. 151, lines 3-22. Because a majority of loop lengths are less than 12,000 feet, the use of a 12,000 foot copper/fiber breakpoint does not make CenturyLink's modeled network significantly more capable of providing broadband. Accepting Staff's argument for illustrative purposes, the argument lacks significant factual support because the vast majority of loops are less than 12,000 feet in length and broadband capability already exists.

Finally, even if it were correct, Staff's criticism of the 12,000 foot copper/fiber breakpoint design would amount to only a minor and easily changed input in the cost study and the Commission is authorized under federal law to order specific and supportable input changes in its determination. In prior generic proceedings to set UNE rates, the Commission has approved a cost model in an initial phase of the proceeding and then ordered input changes be run in the approved model. The Commission could do

the same here and order changes to the model inputs if it determined that Staff provided a justifiable and fact-supported basis for change.

In its testimony, CenturyLink quantified the effect of moving to an 18,000 foot breakpoint design and it was very small, amounting to less than **[Begin Confidential XX XXX XXXX End Confidential]** in Zone 1.<sup>14</sup> Londerholm, CenturyLink Ex. 3.1, lines 162-166. In addition, CenturyLink quantified the effect of removing what Staff considered to be an excessive number of digital loop carriers (DLCs) from the cost study and the effect was also very small. *Id.*, at lines 167-172. The Commission itself recognized that using a 12,000 foot breakpoint had no significant effect on the monthly recurring loop rate for Verizon in its decision approving Verizon's loop rates in 2006.<sup>15</sup>

## **II. Use of Proxies as Proposed by NTS and Staff for 2-Wire Loops is Not Appropriate**

The FCC's current rules require state commissions to apply the TELRIC standard in setting UNE rates.<sup>16</sup> A state commission "may not set prices lower than the forward-looking incremental costs directly attributable to provision of a given element."<sup>17</sup> In 2002, the FCC's determination requiring that UNE rates be priced at, and not below,

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<sup>14</sup> The statewide average cost decrease is only \$1.78. Maintaining the wire center averaging methodology shifts 2-wire centers to Band 2 causing the largest increase average in Band 2 but Band 1 maintains the highest percentage of lines. Staff Exhibit 3.

<sup>15</sup> *Verizon North Inc. (f/k/a GTE North Incorporated) and Verizon South Inc. (f/k/a GTE South Incorporated), Petition Seeking Approval of Cost Studies for Unbundled Elements, Avoided Costs and Intrastate Switched Access Services*, Docket 00-0812, p. 12 (ICC May 3, 2006).

<sup>16</sup> 47 C.F.R. §51.503(b)(1).

<sup>17</sup> First Report and Order, *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, 11 FCC Rcd 15499, ¶620 (Rel. Aug. 8, 1996) ("First Report and Order") (subsequent history omitted).

TELRIC was upheld by the United States Supreme Court in *Verizon Communications, Inc. v. FCC*, 535 U.S. 467 (2002).

While it is true that the FCC's initial rules implementing the Act also permitted a state commission to use proxy rates prescribed by the FCC, that is no longer the case. As both NTS and Staff concede, the proxy rates prescribed by the FCC were vacated by the Eighth Circuit and never reinstated.<sup>18</sup> Staff Br. pp. 10-11; NTS Br. pp. 5-6. Nonetheless, both NTS and Staff assert in their opening briefs that the Commission still has authority to order proxy rates.

NTS asserts that while the FCC does not have authority to set proxy rates, state commissions do. To support its position, NTS relies primarily upon a California Public Utilities Commission decision denying rehearing of an interconnection arbitration decision involving Covad Communications Company and Roseville Telephone Company.<sup>19</sup> In its initial decision, the California Commission had used Pacific Bell UNE rates to set interim UNE rates for Roseville, subject to true-up with interest. Significantly, unlike the instant proceeding, in that case neither party had submitted a TELRIC cost study to support the rates being proposed. In its initial decision, the California Commission specifically noted that "the provision for a true up of the interim

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<sup>18</sup> *Iowa Utilities Board v. FCC*, 219 F.3d 744 (8<sup>th</sup> Cir. 2000)(subsequent history omitted).

<sup>19</sup> Order Denying Rehearing of Decision 01-02-042, *In the Matter of Covad Communication Company's Petition for Arbitration of Interconnection Agreement with Roseville Telephone Company*, D. 01-06-089, 2001 Cal. PUC LEXIS 596 (Ca. PUC June 28, 2001)(the "*Covad Rehearing Decision*").

prices, with interest, assures Roseville that it will be appropriately compensated when its cost study is completed and final UNE prices are approved.”<sup>20</sup>

In *Covad*, Roseville, the incumbent local exchange carrier (“ILEC”), had submitted a cost analysis that did not even purport to be a TELRIC compliant cost study. Roseville had taken the position that it would be too costly to prepare such a study. In lieu of a cost study, Roseville developed a ratio between its embedded costs (including retail costs and rate of return) and Pacific Bell’s embedded costs (including retail costs and rate of return). It then multiplied this ratio times Pacific Bell’s UNE rates to arrive at rates for Roseville’s UNES.<sup>21</sup> The same overall ratio was applied to every UNE. In its decision, the California Commission determined that Roseville’s methodology violated the FCC’s prohibitions against the use of embedded costs, retail costs and rate-of-return.<sup>22</sup> Thus, the California Commission concluded that it could not use Roseville’s ratio method to calculate UNE rates, even on an interim basis.<sup>23</sup>

*Covad* is an example of a situation in which neither carrier presented a TELRIC cost study. The Act specifically addresses this situation and provides that a state commission may resolve open issues in an interconnection arbitration “on the basis of the best information available to it from whatever source derived.”<sup>24</sup> In *Covad*, the California Commission cited *GTE South, Inc. v. Morrison*, 199 F.3d 733, 748 (4<sup>th</sup> Cir. 1999), in which the Fourth Circuit Court of Appeals approved a decision by the Virginia

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<sup>20</sup> Order Granting Rehearing of Decision 00-06-080, *In the Matter of Covad Communications Company’s Petition for Arbitration of Interconnection Agreement with Roseville Telephone Company*, Decision No. 01-02-042, 2001 Cal. PUC LEXIS 157, \*20 (Cal. PUC February 8, 2001).

<sup>21</sup> *Id.*, at \*2-\*3.

<sup>22</sup> *Id.*, at \*\*12 - \*15; *Covad Rehearing Decision*, at \*29 - \*30.

<sup>23</sup> *Covad Rehearing Decision*, at \*28.

<sup>24</sup> 47 U.S.C. §252(b)(4)(C).

Commission to use a hybrid model it had developed to set UNE rates because that model provided the best information available to the Virginia Commission in the arbitration at issue.

The remaining cases cited by NTS are not on point. *Competitive Telecommunications Ass'n v. FCC*<sup>25</sup> does not even address the authority of a state commission to prescribe proxy rates in an interconnection arbitration. The California Commission's decision in *Pacific Bell*<sup>26</sup> to establish rates to be used during the transition from TELRIC Unbundled Network Element Platform ("UNE-P") rates to market-based rates is not pertinent because TELRIC pricing was no longer applicable to UNE-P. Finally, NTS' reliance on the Commission's references in the *Big River*<sup>27</sup> decision to 47 C.F.R. §51.513 when discussing arbitration positions taken by various parties concerning transit rates is completely misplaced. (NTS Br. 7). The Commission did not find or order the adoption of proxy rates prescribed by the now vacated 47 C.F.R. §51.513.

Staff also asserts that the Commission has authority to set proxy rates in lieu of TELRIC rates. However, the authorities relied upon by Staff do not support its position. In *Southwestern Bell Tel. Co v. AT&T Communications*,<sup>28</sup> the Court merely held that it was permissible for a state commission to independently calculate a wholesale discount rate based on cost information provided to it, notwithstanding that the wholesale discount happened to fall with the FCC's prescribed proxy wholesale discount rates. The case did

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<sup>25</sup> 117 F.3d 1068, 1073-74 (8<sup>th</sup> Cir. 1997).

<sup>26</sup> *Application of Pacific Bell Company, d/b/a SBC California for Generic Proceeding to Implement Changes in Federal Unbundling Rules Under Sections 251 and 252 of the Telecommunications Act of 1996*, D.06-05-040, 2006 Cal. PUC LEXIS 201 (May 26, 2006) ("*Pacific Bell*").

<sup>27</sup> *Illinois Bell Telephone Company Petition for Arbitration of Interconnection Agreement with Big River Telephone Company, LLC*, Dkt. 11-0083 (ICC June 14, 2011) ("*Big River*").

<sup>28</sup> 1998 U.S. Dist. LEXIS 15637 (W. D. Tx 1998).

not involve an attempt by the Texas Commission to order a proxy rate without regard to the FCC's TELRIC rules.

In *Bell Atlantic- Delaware, Inc. v. McMahon*,<sup>29</sup> the Court cited 47 U.S.C. §252(b)(4)(B) and noted that a state commission is entitled to rely upon the best evidence available to it in setting rates. However, the use of proxy rates was not challenged by either party to the case and was therefore not at issue. The Court did not hold that it was permissible to set a proxy rate that is not in any way based on TELRIC.

Staff also relies upon a Commission decision involving reciprocal compensation rates for a Hamilton County Telephone Co-Op and several other rural location exchange carriers ("RLECs").<sup>30</sup> In *Hamilton*, the Commission determined that the HAI cost model presented by the RLECs, when run with inputs determined by the Commission, was appropriate for setting reciprocal compensation rates for five of the six RLECs involved in the case.<sup>31</sup> However, for LaHarpe Telephone Company ("LaHarpe"), the cost study produced an unusually high reciprocal compensation rate due to the unique nature of LaHarpe's network.<sup>32</sup> Accordingly, for LaHarpe, the Commission prescribed a reciprocal compensation rate equal to the average of the other five RLEC's TELRIC reciprocal compensation rates.<sup>33</sup> In short, *Hamilton* does not stand for the proposition that the

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<sup>29</sup> 80 F.Supp.2d 218 (Del. Dist. 2000).

<sup>30</sup> Arbitration Decision, *Hamilton County Telephone Co-Op., LaHarpe Telephone Company, Inc., McDonough Telephone Cooperative, Inc., Mid-Century Telephone Cooperative, Inc., Metamora Telephone Company, The Marseilles Telephone Company, Grafton Telephone Company Petitions for Arbitration Under the Telecommunications Act to Establish Terms and Conditions for Reciprocal Compensation with Verizon Wireless and its Constituent Companies*, 05-0644, 05-0645, 05-0646, 05-0647, 05-0648 and 05-0657 consolidated, 2006 Ill. PUC LEXIS 5 (ICC January 25, 2006) ("*Hamilton*").

<sup>31</sup> *Id.*, at \*106.

<sup>32</sup> *Id.*, at \*106 - \*108.

<sup>33</sup> *Id.*, at

Commission can set a UNE rate proxy selected without regard to the FCC's TELRIC rules.

Finally, Staff incorrectly asserts that because the Eighth Circuit did not vacate 47 C.F.R. §51.503(b)(2), the Commission has authority to set proxy rates under that rule and the FCC's *First Report and Order*. Staff Br., p. 12, fn. 1. Section 51.503(b)(2) and the *First Report and Order* authorized a state commission to use the FCC prescribed proxies set forth in Section 51.513 on an interim basis until a cost study review could be completed.<sup>34</sup> However, once the Eighth Circuit vacated Section 51.513, the use of FCC proxies was no longer permissible and setting permanent rates based on a TELRIC cost study under Section 51.503(b)(1) became the only authorized option.

It must be remembered that the FCC initially permitted the use of its prescribed proxy rates because the development of cost studies was in its infancy and because of the tight time frames imposed on interconnection arbitrations. This case comes before the Commission fourteen years after the Act became law, after the legality of the TELRIC standard has been fully litigated, and after the Telecommunications Industry has had time to develop and work with TELRIC cost models. Furthermore, the time frames in this arbitration were extended specifically to give both Staff and NTS time to evaluate CenturyLink's cost study and to propose alternative inputs should any be justified and legally supportable. Thus, the use of proxies in this case is simply not appropriate.

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<sup>34</sup> 47 C.F.R. §51.503(b)(2) references 47 C.F.R. §51.513. The *First Report and Order* was the FCC decision that created and authorized the use of the proxies as prescribed in 47 C.F.R. §51.513. See *First Report and Order*, ¶¶767-828.

Staff 's proxy rate for the 2-wire loop is not tied in any way to TELRIC. Staff proposes that the Commission set CenturyLink's UNE rate equal to the \$17.93 rate negotiated by Gallatin River and NTS in 2006. This rate was not the result of a TELRIC cost study and no party to this proceeding has claimed that it was. Miller, CenturyLink Ex. 4.0, lines 91-108. Furthermore, the rate was negotiated six years ago and would not reflect today's costs even if it had been based on a TELRIC cost study at the time. While Mr. McClerren testified that he not aware of upward price pressure for retail telecommunications services, he admitted at hearing that he did not base his testimony on any analysis of costs of copper, fiber or other cost study inputs. McClerren, Tr. 162, line 19 – 165, line 21. Nor did he take into account the effect that line loss since 2006 has on per unit costs. *Id.*, Tr. 168, lines 14-19. Mr. McClerren stated on cross-examination that he based his testimony solely on retail tariff filings made with the Commission. Mr. McClerren further testified that he did not consider the impact of competition from cable and wireless providers which may have exerted downward price pressure on the tariffed retail rates.<sup>35</sup> McClerren, Tr. 169, line 12- 170, line 14.

In its initial brief, Staff evaluates the Verizon Band 1 2-wire loop rate established in 2006 but decided against recommending it ostensibly because Verizon's service territory is less dense than CenturyLink's service territory. According to Staff, CenturyLink's TELRIC Band 1 rate should be lower than Verizon's Band 1 rate because higher density equates with shorter loop lengths. In fact, density and loop length are separate factors. If a single customer resides in a square mile with an average loop length

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<sup>35</sup> Tariffed retail rates are not the subject of this case.

of 15,000 feet and a second customer line is added just adjacent to the first, the density doubles but the average loop length remains the same. In contrast, if the second customer line is 5000 feet further from the Central Office but within the same mile, the density doubles and the average loop length actually increases to 17,500 feet  $((15,000+20,000)/2)$ . CenturyLink demonstrated the absence of a relationship between density and average loop length within its Band 1 wire centers. Londerholm, CenturyLink Ex. 3.1, lines 516-538.

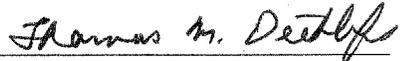
In any event, CenturyLink's proposed rate today for Band 1 is lower than Verizon's Band 1 rate when one indexes the Verizon rate forward to reflect today's costs. Verizon's Band 1 rate was set in 2006 based on cost data that is even older. When one indexes Verizon's rate forward to today's cost, the result is a Band 1 monthly recurring rate of approximately \$30.28 per loop. Londerholm, CenturyLink Ex. 3.1, lines 497-505. Thus, the Verizon Band 1 rate, when indexed forward to today's costs, demonstrates the reasonableness of CenturyLink's proposed 2-wire loop rate for Band 1.

## **CONCLUSION**

For the foregoing reasons, the Commission should find that the 2-wire and DS-1 rates produced by CenturyLink's cost study are just, reasonable and nondiscriminatory, and adopt the Interconnection Agreement and Price List presented with CenturyLink's

petition for arbitration incorporating these rates. Attached as Exhibit A is a Proposed Order reflecting CenturyLink's position in this arbitration.

Respectfully submitted,



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April 19, 2012

## CERTIFICATE OF SERVICE

The undersigned attorney for Gallatin River Communications L.L.C. d/b/a CenturyLink hereby certifies that he caused copies of the attached PUBLIC Gallatin River Communications L.L.C. d/b/a CenturyLink's Post-Hearing Reply Brief to be served on each of the persons listed below in the manner indicated:

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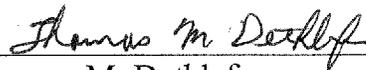
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