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December 6, 2005

VIA HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

Re: Dkt. No. 050693-TL; Alltel Florida, Inc.'s Petition to Reduce Intrastate Switched Access Rates in a Revenue Neutral Manner Pursuant to Section 364.164, Florida Statutes.

Dear Ms. Bayo:

Enclosed for filing on behalf of Alltel Florida, Inc. ("Alltel") are the original and fifteen (15) copies of Alltel's Post-Hearing Brief.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in this matter.

Sincerely,

J. Jeffry Wahlen

Enclosures

cc: Charles J. Beck, Office of Public Counsel (w/encls.)
Jeremy Susac, Staff Counsel (w/encls.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Alltel Florida, Inc.'s Petition To Reduce Intrastate Switched Network Access Rates In A Revenue Neutral Manner Pursuant to Section 364.164, Florida Statutes	))))))	Docket No.: 050693-TL Dated: 12.06.05

ALLTEL'S POST-HEARING BRIEF

I. Introduction

To address a "continuing lack of competition fostered by rate subsidies" and to "encourage more competition in the local service market," the Legislature passed a new law called the "Tele-Competition Innovation and Infrastructure Enhancement Act." [hereinafter "2003 Act"] Crist v. Jaber, 908 So. 2d 426, 429 (Fla. 2005). Its express purpose was to "further the development of a more competitive telecommunications market in Florida." Id. Section 15 created Section 364.164, Florida Statutes, which permits an ILEC to reduce intrastate switched access rates and to make offsetting increases in basic local service rates via "rebalancing." Id.

The Commission approved petitions by BellSouth, Verizon and Sprint ("Large Companies") to rebalance by a total amount of more than $300 million. See Order No. PSC-03-1469-FOF-TL (12.24.03) ("Rebalancing Order"). The basic residential rates for the Large Companies will increase from an average of about $10 per month to an average of about $15 per month in three or four increments. The Commission denied motions for reconsideration. See Order No. PSC-04-0456-FOF-TL (05.04.04) ("Reconsideration Order"). The Florida Supreme Court affirmed. See Crist, 908 So. 2d at 428.

Alltel Florida, Inc. ("Alltel") serves about 95,000 access lines [T. 24] and proposes to reduce intrastate switched network access rates by a total of about $6 million annually in three increments, with offsetting increases to prices for basic local residential service ("R1"), single-line business service ("B1"), and associated non-recurring residential and business service connection charges. [T. 26] This will reduce Alltel's composite switched access rate from about 12 cents per minute to about 6 cents per minute, [T. 29] which is slightly below "parity" as defined in Section 364.164(5).[1] [Ex. 2] Service hearings were held, but no customers appeared. Unlike the Large Companies' case, the Attorney General and AARP did not intervene. Neither Office of Public Counsel ("OPC") nor Staff sponsored witnesses.

Alltel serves a predominately rural area; however, this should not defeat Alltel's petition. In the Rebalancing Order, the Commission approved rebalancing for approximately 775,000[2] consumers in low density areas like those served by Alltel, thereby implicitly finding that rebalancing will induce competition and provide consumer benefits in rural areas. The rebalancing experience in Wyoming proves rebalancing brings competition. Alltel has committed to irrevocably waive its rights under 47 U.S.C. §251(f)(1) if its petition is granted. [Ex. 2] Accordingly, the nature of Alltel's service territory should not bar Alltel's petition. Rather, if there is a place in Florida where residential competition needs the encouragement and promotion rebalancing can provide, that place is the rural areas like Alltel's.[3] [T. 76]

II. Standard of Decision

Alltel must show by a preponderance of competent substantial evidence that its petition should be granted. See §120.57(1)(j), Fla. Stat.; Crist, 908 So. 2d at 430. "Competent

[1] Willis testified that Alltel would have preferred to reduce its access charges more, but could not do so on a revenue neutral basis without proposing local rates higher than those approved in the Rebalancing Order. [T. 69]

[2] See Ex. 2, Irr. No. 73. This number is more than seven (7) times the number of access lines served by Alltel and more than the 193,037 access lines served by all of the small LECs in Florida in 2004. [Ex. 23, p. 22]

[3] The Commission's 2004 Competition Report shows that CLECs have a 3% market share in rural LEC territories, but 8%, 11% and 22% market shares in the territories of Sprint, Verizon and BellSouth, respectively. [Ex. 23, p. 22] It is generally considered easier to compete in high density areas and the low-density areas of Florida arguably need a little more encouragement for competition to occur. [T. 75-76]

substantial evidence" means "such evidence as will establish a substantial basis of fact from which the fact at issue can be inferred" or "such relevant evidence as a reasonable mind would accept as adequate to support a conclusion." Verizon Florida, Inc. v. Jaber, 889 So. 2d 712, 714 n.1 (Fla. 2004) quoting DeGroot v. Sheffield, 95 So. 2d 912, 916 (Fla. 1957). The term "preponderance of evidence" means evidence that is "more convincing than the evidence that is offered in opposition to it." Black's Law Dictionary (5^{th} Ed.) at 1064.

Section 364.164 contains a four part standard for evaluating a rebalancing petition, which standards form the basis for the issues in this case. In addition, the Commission must "ensure that basic local telecommunications services are available to all consumers of the state at reasonable and affordable prices." §364.01(4)(a), Fla. Stat. However, the Commission must also "encourage" competition [§364.01(4)(b)], "promote" competition [364.01(4)(d)], "encourage all providers of telecommunications services to introduce new or experimental telecommunications services free of unnecessary regulatory restraints" [364.01(4)(e)], and "eliminate any rules or regulations [i.e., policies] which will delay or impair the transition to competition" [364.01(4)(f)].

III. Argument

Issue Nos. 1a, 3, 4, 6 and 8 are not in dispute.[4] Rather, the key issues are Issues 1(b), 1(c), 2, 7 and 5, discussed below. Alltel has met its burden on all issues by a preponderance of evidence.

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[4] Per the pre-hearing order, Alltel's positions on these issues are: **Issue 1(a):** **Alltel presented three different cost estimates, none of which it asserts represents "THE" cost of basic local service, but all of which show that $6 million is a conservative estimate of the support provided by switched access to basic local telecommunication services and Exhibit 59 [T. 199] proves this point. **Issue 3:** **If an order approving the petition is entered in 2005, Alltel will file tariffs making the first increase effective April 1, 2006, with the second and third effective on April 1, 2007 and 2008, respectively [T. 37]. **Issue 4:** **Record evidence shows that Alltel's proposal is revenue neutral to the Company [T. 31-33]. **Issue 6:** **Alltel agrees with the flow-through proposal advanced by staff. **Issue 8:** **Alltel agrees with keeping this docket open to monitor access reductions. Alltel's positions on the disputed issues are shown with asterisks (per the pre-hearing order) in the headings to subsections III A-E, below.

A. Issue 1(b): **The support for basic local telecommunications services inherent in intrastate switched access rates (conservatively estimated at $6 million) prevents the creation of a more competitive local exchange telecommunications market.

The Large Companies presented testimony that the current level of support has allowed residential rates to remain lower than they would be in an undistorted competitive market, and that the effect of having rates that are below cost is to discourage competitive entry and innovation. Rebalancing Order at 24-25. The parties also presented evidence regarding the historical practice of pricing access charges above cost to hold down the price for basic local exchange services under the old monopoly regime, that intrastate switched access rates are priced above their incremental cost and that "approving the ILEC's petitions to reduce intrastate access charges in a revenue neutral manner will, in fact, remove some of the support for local service, which will in turn make local service market entry more attractive for prospective entrants." Id. at 25. The parties presented evidence that states that have implemented rebalancing have seen little noticeable impact on subscribership levels in spite of residential local rate increases. Id. at 25. With this, plus the 2003 Competition Report and the testimony of a potential competitor, the Commission found that the current support provided by access charges does, in fact, impede competition in the residential local exchange markets. Id. at 26.

Except for testimony from a potential competitor, Alltel has presented similar evidence. The 2004 Competition Report [Ex. 23] shows that CLECs are increasing their overall market share, but that CLEC market share in the territories of rural LECs is well below CLEC market share in the territories of the Large Companies. See Note 3, above. Blessing explained the historical pricing model for telephone services [T. 93-94] and testified that Alltel's basic local residential service rates are priced significantly below cost [T. 92], that intrastate access charges are priced above cost [Ex. 7, Tbl 1], that artificially low local residential service rates discourage potential competitors from entering the residential market [T. 107], that rebalancing rates as proposed by Alltel will remove some, but not all (see note 1, above), of the current support that has allowed residential rates to be priced below cost [T. 106], and that removing the support for residential rates as proposed by Alltel will make local service market entry more attractive to prospective entrants, both CLEC and non-CLEC, regardless of their chosen technology. [T. 109] He also explained that increasing local rates to the levels proposed by Alltel in this case have not had a material adverse impact on subscribership and universal service in other states [T. 140-141], and supported his opinion with an empirical study by Crandall and Waverman.[5] [Ex. 41]

There is no dispute that competition has developed more slowly in rural LEC territories and that pricing R1 service below cost is one of the major factors behind this condition. Evidence like Alltel's was sufficient to support a finding in the Rebalancing Order that the current support provided by access charges does, in fact, impede competition in the residential local exchange markets. Accordingly, the Commission should find that the current support for Alltel's low residential rates provided by Alltel's switched access charges does, in fact, impede competition in Alltel's residential local exchange market.

B. Issue 1(c): **Alltel's rebalancing proposal will benefit residential consumers.

The Large Companies presented opinion testimony from economic experts and empirical evidence showing that rebalancing will result in increased economic activity, enhanced service offerings, decreased long distance rates, new employment opportunities, improved customer service, the efficient use of resources and will eventually put downward pressure on local telephone service rates, all of which will benefit residential consumers. Crist, 908 So.2d at 431. On the empirical side, the Large Companies showed that similar rate rebalancing in Maine and

[5] The cross-examination of Blessing on levels of subscribership in Florida was inconclusive and did not reveal changes in subscribership levels sufficient to defeat Alltel's petition.

Massachusetts resulted in "the more widespread availability ... of new services and new providers" and that one CLEC's entry into a local market generated new services, better service and price discounts for residential consumers. Id. The Commission found that rebalancing will make providing bundled packages more attractive to residential consumers more economically attractive and that overpriced toll rates result in less calling and a "loss to society." Rebalancing Order at 29. The Commission did not require proof of a benefit to each customer and found that "bill neutrality" is not required. Id. at 30-31. With this, the Commission found that the Large Companies' rebalancing proposal provided the "required benefit of a more attractive competitive telecommunications market for Florida consumers." Id. at 33.

Alltel has presented similar evidence. Blessing testified that Alltel's rebalancing proposal will induce enhanced market entry (see Section C, below), resulting in increased competition in Alltel's territory. [T. 121] Increased competition in Alltel's territory will give consumers therein a wider choice of local service providers, new bundles of service, new and innovative services and lower prices. [Id.] Alltel's rebalancing plan will provide economic benefits to consumers in Alltel's service territory because moving rates toward average cost will provide consumers and competitors cost-based pricing signals that will lead to more economically rational utilization of telecommunications services. [T. 191] This, in turn, will foster competition which will increase consumer benefits by providing consumer choice in telecommunications services and providers, place downward cost pressure on telecommunications firms, drive telecommunication service prices downward, reduce costs for businesses which will lead to lower prices for their products, and stimulate innovation and investment in telecommunications. [T. 191-92]

Blessing's discussion with Commissioner Bradley shows the importance of bringing competition to the rural areas and the dangers of a two-tiered system, where some customers live in areas where competition has been encouraged through rebalancing ("haves") and other customers live in an area where competition has not been encouraged through rebalancing ("have-nots"). [T. 152-155] Alltel serves areas demographically similar to areas served by a large LEC where rebalancing has been approved. [Ex. 2, Irr. Nos. 42, 46] There are no factual or policy reasons supporting encouraging competition by rebalancing in Madison County (served by a large LEC), but not encouraging competition in adjacent Hamilton County (served by Alltel). [T. 201-02]

Blessing also testified that the market distortion inherent in overpriced access charges and under-priced local service rates reduces social welfare [Ex. 5, p. 26], which he discussed with Commissioner Edgar. [T. 148-150]

Blessing's theoretical testimony is supported by empirical, real world experience from Wyoming, which is a very rural state. Since the Wyoming Telecommunications Act of 1995 was passed, the Wyoming PSC has rebalanced rates for Wyoming's ILECs. [T. 121-125] The Wyoming Commission's 2005 Competition Report states that as companies came into compliance with the TSLIRC provisions of the Act (i.e., rebalancing), more competition developed [Ex. 28, p. 54] and resulted in new competitors entering the local telephone market in Wyoming. [T. 122] The evidence shows that the new competitors in Wyoming are offering better bundles of services (for example, cable TV bundled with high speed internet, local calling and unlimited long distance) with lower prices. [Id.] This real world experience supports Blessing's theoretical testimony and shows that rebalancing will benefit consumers in Alltel's territory.

Although Section 364.164 does not mandate consideration of the degree of benefit to residential consumers from long distance rate reductions, generally, or "bill neutrality," specifically, a substantial number of Alltel's residential consumers will see a reduction in long distance rates. Approximately one-third of Alltel's annual intrastate access revenues are received from its affiliate, ACI, and most of ACI's customers are in Alltel's territory. [T. 69] Alltel therefore estimates that between $1.5 and $2 million of access reduction proposed by Alltel will be flowed-through directly to Alltel's consumers via long distance rate reductions from ACI. [Id.] Thus, a substantial portion of the access reduction will inure to Alltel's consumers, which is a real, demonstrable benefit to Alltel's residential consumers. Based on this evidence, and the evidence on the benefits of competition, which is similar to the evidence discussed in the Rebalancing Order, the Commission should find that Alltel's rebalancing proposal will benefit residential consumers.

C. Issue 2: **Alltel's rebalancing proposal will "induce enhanced market entry."

The Large Companies presented both theoretical and empirical evidence on this point. On the theoretical side, they presented opinion testimony that the rebalancing proposals, which reduced the implicit support for basic local telecommunications services, would induce market entry by increasing cash flow and moving prices closer to cost. Crist, 908 So. 2d at 432. On the empirical side, Dr. Gordon testified[6] that new competitors entered the market in response to rebalancing in Maine and Massachusetts, and a competitor testified that it planned to expand and compete further in Florida. Id. The Commission noted that granting the petition would "result in more attractive pricing for basic local telephone service, providing market entry opportunities for competitors that have been constrained by inefficient pricing in the past," and found that

[6] His testimony is in the record at Ex. 20 and is additional support for points made by Blessing.

rebalancing would induce enhanced market entry. Rebalancing Order at 38-39. The Commission should reach the same conclusion here.

As a preliminary point, Alltel has not based its case solely on competition from CLEC resellers, wireless carriers, VoIP providers and cable telephone providers. Rather, the support inherent in switched access charges allows the price of basic residential service to be artificially low, which makes it less likely for competitors to enter the residential market *in whatever form or using whatever technology they choose* and whether or not the competitor is a traditional CLEC or an inter-modal competitor. [Ex. 5, p. 9-11] Moreover, if Alltel raises its R1 rate by $6 per month, potential and current competitors *of all types* and *using all types of technology* will have an additional $6 of margin (cash flow) available, and will either have a greater incentive to enter the market or increase their competitive efforts in the market if already there. [Ex. 5, p. 14-15] Increasing the price of basic residential service by $6 per month will also cause consumers to re-evaluate the value proposition for Alltel's R1 service relative to other types of substitute services (e.g., VoIP) and will increase the likelihood that Alltel consumers will substitute VoIP or some other service for Alltel's R1 service. [Ex. 5, p. 39-40] These factors will induce enhanced market entry by new competitors and new services and bundles from existing competitors.

Blessing makes the same theoretical points made in the Large Companies' case. Market entry will be enhanced if implicit support is removed from Alltel's local residential service rates. [T. 110-111] Reducing implicit support and raising residential service rates will better enable potential competitors to compete effectively. [Id.] The reduction of implicit support and basic rate increases will result in a price that will give more correct economic signals about the potential profitability of providing local residential telecommunications services, will lead to a more efficient allocation of resources and will induce enhanced market entry. [Id.]

On the empirical side, Blessing presented the results of three peer reviewed empirical studies and evidence about the rebalancing experience in Wyoming, all of which prove that increasing local rates as proposed by Alltel will induce enhanced market entry. The McDermott and Ros study found that residential rates priced below average cost inhibited the development of competition for local residential telephone service and concluded that a 10% increase in residential rates (which were below average cost) could lead to a 9% to 13% increase in local competition. [Ex. 19] The Eisner and Lehman study concluded: "there appears to be less competitive entry (principally facilities-based) where residential rates are lower." [Ex. 21] The Ros and Banejee study examined rate rebalancing in Latin America concluded that in some Latin American countries where the supply of residential local service had been constrained by below cost pricing, rate rebalancing led to increases in the supply of main telephone lines by providing better incentives to market participants. [Ex. 22] These three studies, together with the Wyoming rebalancing results, provide ample empirical evidence that Alltel's rebalancing proposal will induce enhanced market entry.

According to Blessing, all other things being equal, access charge reductions and increasing local rates will improve gross margins and cash flow per customer for competitors of all types [Ex. 5 at 16-17]. This testimony is supported by Alltel's answers to Staff's Interrogatory Nos. 81-84 and 91-94 [Ex.2] and explains the inducement for competitors to enter the market and offer new and innovative services and bundles. Simply put, the proposed $6 per month price increase is what will induce enhanced market entry, both in terms of new competitors and new services and bundles by existing competitors.

The fact that Alltel has not entered into Section 251(c) interconnection agreements with traditional CLECs should not defeat Alltel's petition for several reasons. First, OPC has suggested that UNE competition is passé, which, if true, would make a lack of 251(c) agreements irrelevant. Second, whatever the form or technology selected by a potential competitor, the almost 60% price increase proposed by Alltel for R1 will provide potential competitors an additional $6 of margin (and cash flow) and will substantially improve the economic incentives to enter the market, even using UNEs. [Ex. 5, p. 10-11] Third, although UNEs and resale at a discount have not been requested by CLECs, Alltel has committed to irrevocably waive its rights under 47 U.S.C. §251(f)(1) if its petition is granted, thereby clearing the way for CLECs to negotiate under Section 251(c) without first seeking to eliminate a rural exemption. So, to the extent competition via agreement under Section 251(c) is not passé, increasing the R1 price by $6 per month will make competition on this basis more economically viable. [T. 73-74]

Importantly, even if UNE competition is passé, the Commission has already ruled that UNE competition is not a prerequisite to rebalancing. After the Large Company case was decided, the future viability of UNEs was muddied by the D.C. Circuit's decision in <u>United States Telecom Ass'n v. FCC</u>, and the Attorney General moved to reconsider. The Commission did not retreat from rebalancing for the Large Companies, because the Commission expressly recognized, "even if the D.C. Circuit's decision remains in place, carriers that compete using their own facilities would not be directly affected." <u>Reconsideration Order</u> at 8-9. This ruling shows that UNE-based competition is not a prerequisite for rebalancing.

Although Public Counsel would condition approval of Alltel's petition on an offering of stand-alone DSL at $14.95 per month, this position is not supported in the record and otherwise has no merit. The price proposed by Citizens is below Alltel's loop cost and would arguably be considered anti-competitive. [T. 71] The Large Companies were not required to offer stand-alone DSL[7] as a condition of approval and providing stand-alone DSL is not required under Section 364.164; therefore, Public Counsel's arguments regarding stand-alone DSL should fail.

Blessing testified that rebalancing will accelerate the pace of competition. [T. 151] Competitors are poised to enter Alltel's market or have entered the market and would be encouraged to compete more vigorously if the Petition is granted. [Ex. 2, Irr. Nos. 8, 9] The 2004 Competition Report indicates that inter-modal competition is emerging. [Ex. 23] Companies like Vonage are more likely to offer local numbers in Alltel's territory (a new service) if Alltel's R1 price increases as proposed. [T. 72] Cable companies are more likely to offer phone service if Alltel's price increases as proposed. [T. 202] Bundles offered by competitors will be more attractive to consumers if Alltel's R1 price increases as proposed [T. 70-71], thereby making it more likely for competitors to offer new bundles [id.] or to exert more effort to market existing services and bundles [Ex. 5, p. 14-15]. Accordingly, the Commission should find that granting the petition will induce enhanced market entry.

D. Issue 7: **Alltel's basic local rates will be reasonable and affordable.

The best evidence on this issue is the Rebalancing Order itself [Ex. 18], which approved highest and lowest residential rates of $18.34 and $11.43 per month, respectively. Alltel proposes to increase its R1 rates in three increments of $2.11 per month to an average monthly rate of $16.49 [T. 37] and B1 rates in three increments of $1.47 per month over two years to an average monthly rate of $30.27. The highest and lowest R1 rates proposed by Alltel are $19.00 and $15.97 per month, respectively. [Ex. 58] These rates are comparable to the rates approved for the Large Companies, which the Commission found to be reasonable and affordable; therefore, the same conclusion should apply here.

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[7] Whether they are in Florida and at what price was not proved in the record.

To the extent the Rebalancing Order is not dispositive on this point, Alltel has also shown that: (1) Alltel's proposal results in an annual expenditure for basic local service equal to approximately 2.2% and 0.5% of annual median family and household income in Florida, respectively [T. 129], (2) Alltel's proposed average R1 rate of $16.49 is less than half of what consumers are paying for wireless service in Florida [T. 133], (3) a sizeable number of states have concluded that $20 per month is a reasonable rate for R1 service [T. 135], and (4) increasing local rates in other states to levels proposed by Alltel in this case has not had a material adverse impact on subscribership. [T. 92] Alltel also offered opinion testimony that its rebalanced rates will remain reasonable and affordable and will not harm universal service. [T. 92-95] Importantly, the most economically disadvantaged of Alltel's customers will be protected from the rate increases via Lifeline service.[8] [T. 137-9] The Commission should conclude that Alltel's rebalanced local rates will remain reasonable and affordable.

E. Issue 5: **Alltel's Petition Should Be Granted.

The purpose of the 2003 Act was to "further the development of a more competitive telecommunications market in Florida." The Legislature has charged the Commission to "encourage" competition [§364.01(4)(b)], "promote" competition [364.01(4)(d)], "encourage all providers of telecommunications services to introduce new or experimental telecommunications services free of unnecessary regulatory restraints" [364.01(4)(e)], and "eliminate any rules or regulations [i.e., policies] which will delay or impair the transition to competition" [364.01(4)(f)]. The support for basic local rates inherent in access charges is a policy that delays and impairs the transition to competition and should be eliminated. If there is a place in Florida

[8] Alltel will commit additional resources to Lifeline promotion during the rebalancing period if its petition is approved. [T. 62]

where residential competition needs the encouragement and promotion rebalancing can provide, it is the areas served by Alltel.

Alltel has met the standards in Section 364.164 by a preponderance of competent substantial evidence and has shown that the resulting rebalanced R1 rates will continue to be reasonable and affordable. The fact that rebalancing was approved for 775,000 customers in low density areas served by Large Companies is strong evidence that rebalancing will induce enhanced market entry and provide benefits to residential consumers in Alltel's territory. To deny Alltel's petition would suggest that the Rebalancing Order was wrong, at least in the rural areas, which it was not.

Citizens' argument that Alltel's customers will bear the burden of rate rebalancing, but receive no benefit, conflicts with the record evidence and ignores what has already happened. The evidence shows that competition will bring substantial benefits and that between \$1.5 and \$2 million of the proposed access reduction will flow through to Alltel's consumers. By virtue of statewide toll rate averaging, customers of Alltel have *already* received the benefit of the Large Companies' access reductions; however, the benefits of enhanced market entry and increased competition will continue to be denied from Alltel's consumers unless and until the Commission allows Alltel's R1 rate to move closer to cost through rebalancing. There is no sound public policy reason to deprive customers in Alltel's territory the same opportunities afforded consumers in the rural territories served by the Large Companies, and to do so would create a dual system of "haves" and "have-nots." The fact that customers of Large Companies living in rural areas are now paying for the long distance price reductions enjoyed by customers of Alltel raises serious fairness issues.

It has been suggested, but not proved, that granting Alltel's petition will not change the economics of providing R1 service sufficiently to induce competitors to enter Alltel's rural market. It has also been suggested, but not proved, that inter-modal carriers will enter Alltel's territory whether or not Alltel's petition is granted. The first suggestion essentially argues that a greater R1 increase will be needed to induce competition in Alltel's territory, and if true would suggest that the Commission should not have approved rebalancing for the rural areas served by the Large Companies. If the second suggestion is true, the Commission should not have approved rebalancing for the urban areas served by the Large Companies, because if there are any markets where residential competition would likely develop anyway, it is the high density, urban areas served by the Large Companies. Of course, these two suggestions have not been proved on the record, are not true, and the Commission did not err in the Rebalancing Order.

Alltel has proved its case by a preponderance of the evidence. The Commission can and should promote and encourage competition by approving Alltel's rebalancing plan. There are no factual or policy reasons to deprive Alltel's customers of the benefits of enhanced market entry and competition that the Commission found would be induced by rebalancing in the rural areas of the Large Companies. Approving Alltel's plan is in the public interest and its petition should be granted.

DATED this 6th day of December, 2005.

J. JEFFRY WAHLEN
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Post Office Box 391
Tallahassee, Florida 32302

ATTORNEYS FOR
ALLTEL FLORIDA, INC.

Certificate of Service

I hereby certify that a true and correct of the foregoing was served by hand delivery and electronic mail this 6th day of December, 2005, to the following:

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