Exhibit No. (HJR-6)

Docket No. UT-081393
AT&T's Response to Embarq Data Request 3
Date: 6/23/09

Embarq: EQ-AT&T DR 79

Question: Reference Currie rebuttal testimony, page 67: "The TSLRIC and the FCC's TELRIC methodologies are very similar, but there are differences that would make costs different." Please identify and explain the differences between TSLRIC and TELRIC that would make costs different.

Response: The regulatory purpose of performing a TSLRIC study is different from the regulatory purpose of performing a TELRIC study, which necessarily leads to differences in developing the corresponding costs. The primary regulatory purpose of developing TSLRICs for individual services is to establish price floors for services, which permits subsidy-free pricing. The primary regulatory purpose of developing TELRICs for network elements is to develop prices for network elements. Hence, the development of prices using the TELRIC methodology requires allocations of shared and common costs, whereas no allocations of shared and common costs are appropriate when developing TSLRICs. One specific example of this distinction is the different fill factors that should be used between these two methodologies. Objective or usable capacity fill factors are appropriate for TSLRIC studies, since the identification of volume-sensitive costs is crucial to satisfy its regulatory purpose. On the other hand, TELRIC studies use "reasonably accurate 'fill factors' (estimates of the proportion of a facility that will be 'filled' with network usage)." (FCC's *Local Competition Order* at ¶ 682) Also, the FCC clarified in its Triennial Review Order at ¶¶ 680-681 that a TELRIC-based cost of capital "should reflect the risks of a competitive market" and not "the actual competitive risk the incumbent LEC currently faces in providing UNEs." In other words, the TELRIC methodology presumes full facilities-based competition and not a hybrid industry having regulated and competitive participants. Of course, the TSLRIC approach should reflect the actual competitive risk that currently exists for Embarq, which includes traditional monopoly offerings such as switched access.

Responsible Person: Kent Currie