

**Exhibit No.** \_\_\_\_\_

**Cross Examination Exhibit**

**Christian M. Dippon**

**Embarq Response to ATT DR-68 (5-20-09)**

REDACTED VERSION

Docket No. UT-081393

United's Response to AT&T Data Request No. 68

Date 5/20/2009

Preparer: Christian Dippon and John Felz (subpart e)

AT&T 3-68 Mr. Dippon at page 21 of his Responsive Testimony indicates at the time access rates were initially established rates for services such as toll, vertical services and switched access services to long-distance carriers "were set above both incremental costs and efficient levels."

- (a) Are United's current rates for toll above incremental costs? Provide all documents and analyses that show the relationship between United's current rates for toll and the associated incremental costs.
- (b) Are United's current rates for toll above efficient levels? Provide all documents and analyses that support the response.
- (c) Are United's current rates for vertical services above incremental costs? Provide all documents and analyses that show the relationship between United's current rates for vertical services and the associated incremental costs.
- (d) Are United's current rates for vertical services above efficient levels? Provide all documents and analyses that support the response.
- (e) Are United's current rates for bundles and packages, *i.e.*, services subject to minimal regulation by the WUTC, above incremental costs? Provide all documents and analyses that show the relationship between United's current rates for bundles and packages and the associated incremental costs.
- (f) Are United's current rates for bundles and packages, *i.e.*, services subject to minimal regulation by the WUTC, above efficient levels? Provide all documents and analyses that support the response.

**RESPONSE:**

- (a) As explained in Mr. Dippon's responsive testimony, pages 69-70, given opportunity cost, United would not price its toll services below the breakeven point at which United would be no worse off carrying the call itself than having an IXC carry the call. Since, IXC toll rates include the required subsidy element for USF, this would then imply that United rates for toll are also above incremental cost.
- (b) Yes – relative to a world without regulation. See United's response to AT&T 3-68(a).
- (c) Mr. Dippon made no reference to United's current rates for vertical services.

(d) See United's response to AT&T 3-68 (c).

(e) See United's response to AT&T 3-68 (c). Notwithstanding, see Highly Confidential Attachment Staff-5 provided in response to Staff Data Request No. 19.

(f) See United's response to AT&T 3-68 (e).

Docket UT-081393  
Embarq – Washington  
AT&T 3-68

Attachment ATT-68C

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END CONFIDENTIAL