

Docket No. UT-081393  
 United's Response to Staff Data Request No. 28  
 Date 5/14/2009  
 Preparer: John Felz – Director State Regulatory

### UTC STAFF DATA REQUEST NO. 28:

Please provide Mr. Felz's understanding of whether United's rates for basic residential and business service would be affordable if all customers in all exchanges paid the rates presently charged to customers in Poulsbo.

### RESPONSE:

United has not completed any specific studies or evaluations to determine affordable rate levels for residential or business services in Washington. Notwithstanding the absence of specific studies, United offers the following comparisons of the hypothetical rates suggested in Staff's question with other representative rates to provide information responsive to the question.

As a starting point, the rates for basic residential and business service, including Extended Area Service additives, for United's Poulsbo exchange are:

	Residential	Business
One Party Flat Rate	\$ 9.40	\$18.80
Extended Area Service Rate	\$ 7.00	\$13.30
Total Basic Rate	\$16.40	\$32.10

The following table compares United's Poulsbo rates with national averages and Qwest and Verizon rates in Washington. The comparison demonstrates that setting United's rates for residential basic service rates for customers in all exchanges to those currently charged to Poulsbo customers would result in a rate that exceeds the national average and the rate currently charged by Qwest, but a rate that is slightly below that charged by Verizon NW in Washington. For basic business service, the United rate for Poulsbo would be below both the national average rate and the rate for Verizon NW, but higher than Qwest's Washington rate.

	United – Poulsbo	National Avg	Verizon NW	Qwest
Residential	\$16.40	\$15.62 <sup>1</sup>	\$16.90	\$13.50
Business	\$32.10	\$35.17 <sup>2</sup>	\$33.60	\$29.00

Notwithstanding the above comparisons of United's Poulsbo rates with national averages and the rates of Verizon NW and Qwest in Washington, setting rates for residential and business customers in all United exchanges to the Poulsbo rates as proposed in Staff's

<sup>1</sup> Table 1.1 - FCC Reference Book of Rates 2008

<sup>2</sup> Table 1.8 - FCC Reference Book of Rates 2008

hypothetical question would result in significant rate increases for customers in certain exchanges. For example, rates for residential customers in United's Stevenson exchange would increase from \$8.90 to \$16.40, an 84% increase. Similarly, a business customer in United's White Salmon exchange would experience a 47% increase from \$21.85 to \$32.10.