

Docket No. UT-081393
United's Response to Staff Data Request No. 16
Date 5/14/2009
Preparer: Henry Roth – Director Economic Costing

UTC STAFF DATA REQUEST NO. 16:

Please provide for each wire center the number of residential and business lines that would, according to Mr. Roth's cost study, require an incremental investment of more than \$100,000 per line.

OBJECTION:

United objects to this request on the grounds that it is vague, ambiguous, overly broad, and unduly burdensome. United also objects on the grounds that the information sought is not relevant, and it is not reasonably calculated to lead to the discovery admissible information. Notwithstanding, but without waiving, any objection United provides the following response.

RESPONSE:

United's cost study at Exhibit No. HC(HJR-4HC) uses a total service long run incremental cost ("TSLRIC") methodology and adds a contribution to common costs. United's Economic Cost Model ("ECM") models the "total service" which is the entire quantity of services that the firm produces and results in a unit cost representative of the total network and total services. ECM does not identify a marginal increment over and above a given level of demand.

Each service location has a unique network makeup thus an increment of demand is specific to that location and only that location. Considering the interconnection and sharing of network elements, identifying locations that exceed a specific incremental investment level is beyond the capabilities of the model. Each location served by United would require a special study in order to determine the incremental investment beyond a fixed total demand.