

Cross Exhibit No. _____

Responses to United's Discovery
Requests to AT&T 2
In UTC Docket UT-081393

Cross Exhibit No. _____

Docket No. UT-081393

AT&T Response to Embarq Data Request No. 2

Date: 4/9/09

Embarq 2-53

Question: If Embarq's intrastate switched access rates were to be adjusted as proposed by AT&T in this proceeding, will AT&T reduce its In-State Connection Fee of \$1.40?

Objections & Response:

AT&T objects to this request in that it seeks irrelevant confidential information not reasonably calculated to lead to the discovery of admissible evidence. This proceeding involves a dispute over Embarq's intrastate switched access, and AT&T's In-State Connection fee is not relevant to whether Embarq's access rates are just and reasonable. Without waiving its objection, AT&T responds that it will change the AT&T Consumer In-State Connection Fee of \$1.40 to reflect material changes in statewide access unit costs.

Responsible Person: Eileen Somerville

Cross Exhibit No. _____

Docket No. UT-081393
AT&T Response to Embarq Data Request No. 2
Date: 4/9/09

Embarq 2-54

Question: For each year from 2005 - 2008, what percentage of AT&T's total intrastate switched access charges in Washington were collected from toll customers via the In-State Connection Fee? If this figure is less than 100 percent, explain how the remainder of the total intrastate switched access charges was collected from customers. If they were not collected from customers, state so.

Objection & Response:

AT&T objects to this request in that it seeks irrelevant confidential information not reasonably calculated to lead to the discovery of admissible evidence. AT&T objects to this request in that it seeks irrelevant confidential information not reasonably calculated to lead to the discovery of admissible evidence. This proceeding involves a dispute over Embarq's intrastate switched access, and AT&T's In-State Connection fee is not relevant to whether Embarq's access rates are just and reasonable. AT&T further objects to this request as overly broad and unduly burdensome. Without waiving its objections, AT&T responds that it is not the intent of the In-State Connection Fee to recover all of AT&T's intrastate switched access charges.

Responsible Person: Eileen Somerville

Cross Exhibit No. _____

Docket No. UT-081393
AT&T Response to Embarq Data Request No. 2
Date: 4/9/09

Embarq 2-55

Question: Please explain the rationale, and provide the relevant studies, of how AT&T determined to set the In-State Connection Fee at \$1.40.

Objections & Response:

AT&T objects to this request in that it seeks irrelevant confidential information not reasonably calculated to lead to the discovery of admissible evidence. AT&T objects to this request in that it seeks irrelevant confidential information not reasonably calculated to lead to the discovery of admissible evidence. This proceeding involves a dispute over Embarq's intrastate switched access, and AT&T's In-State Connection fee is not relevant to whether Embarq's access rates are just and reasonable. Without waiving its objections, AT&T states that the purpose of the In-State Connection Fee is to recover the portion of intrastate access costs which are higher than interstate access unit cost.

Responsible Person: Eileen Somerville

Cross Exhibit No. _____

Docket No. UT-081393
AT&T Response to Embarq Data Request No. 2
Date: 4/9/09

Embarq 2-56
Page 1 of 2

Question: Reference AT&T's response to Embarq data request 1-13. If Embarq's intrastate switched access rates were to be adjusted as proposed by AT&T in this proceeding:

- a. What amount or percentage of AT&T's expected cost savings would it intend to flow-through to its customers?
- b. In what form would AT&T pass these cost-savings to its customers (i.e., lower toll rates, lower In-State Connection Fees, others)?

Objections & Response:

- a. AT&T objects to this request in that it seeks irrelevant confidential information not reasonably calculated to lead to the discovery of admissible evidence. This proceeding involves a dispute over Embarq's intrastate switched access rates.
- b. AT&T objects to this request in that it seeks irrelevant information not reasonably calculated to lead to the discovery of admissible evidence. AT&T objects to this question as this proceeding involves a dispute over Embarq's intrastate switched access rates. Whether or not AT&T will flow through any Commission ordered access reductions or how it might do so is not relevant to whether Embarq's rates are just and reasonable.

Without waiving its objections, AT&T states that in fact, LECG, LLC Economist Dr. Debra J. Aron recently filed testimony¹ before the New Jersey Board of Public Utilities in which she cited a number of studies, including her own analysis, which demonstrated that "[t]here is significant evidence from economic analysis of over two decades' worth of actual access and long distance prices that reductions in switched access fees have systematically caused reductions in retail long-distance prices."² Dr. Aron cited four studies: (1) William E. Taylor and Lester D. Taylor, "Postdivestiture Long-Distance Competition in the United States," American Economic Review 83, no. 2, May 1993; (2) William E. Taylor

¹ Direct Testimony Of Dr. Debra J. Aron, In The Matter of The Board's Investigation and Review of Local Exchange Carrier Intrastate Exchange Access Rates, New Jersey Board of Public Utilities Docket No. TX08090830, February 13, 2009.

² Direct Testimony Of Dr. Debra J. Aron, In The Matter of The Board's Investigation and Review of Local Exchange Carrier Intrastate Exchange Access Rates, New Jersey Board of Public Utilities Docket No. TX08090830, February 13, 2009, at p. 52.

Cross Exhibit No. _____

Docket No. UT-081393
AT&T Response to Embarq Data Request No. 2
Date: 4/9/09

Embarq 2-56
Page 2 of 2

and J. Douglas Zona, "An Analysis of the State of Competition in Long-Distance Telephone Markets," *Journal of Regulatory Economics* 11, 1997; (3) Robert W. Crandall and Leonard Waverman, "Talk is Cheap: The Promise of Regulatory Reform in North American Telecommunications," Washington DC: The Brookings Institution, 1995; and, (4) T. Randolph Beard, George S. Ford, R. Carter Hill, and Richard Saba, "The Flow Through Of Cost Changes In Competitive Telecommunications: Theory And Evidence," *Empirical Economics* 30, 2005.³ Dr. Aron concludes that each of these studies found "that access reductions are passed through to consumers through lower long distance prices."⁴ Dr. Aron's own 48-state study found "that reducing intrastate access charges to parity with interstate switched access rates is associated with a statistically significant and material decrease in the retail prices that customers pay for long distance services."⁵ Dr. Aron states that these findings are consistent with "elementary economic and mathematic principle that is not the result of competition but is true even for a company that faces no competition whatsoever."⁶

Responsible Person: Lawrence J. Bax

³ Direct Testimony Of Dr. Debra J. Aron, In The Matter of The Board's Investigation and Review of Local Exchange Carrier Intrastate Exchange Access Rates, New Jersey Board of Public Utilities Docket No. TX08090830, February 13, 2009, at pp. 52-54. Notably, the review by Crandall and Waverman focused on intrastate rates.

⁴ Direct Testimony Of Dr. Debra J. Aron, In The Matter of The Board's Investigation and Review of Local Exchange Carrier Intrastate Exchange Access Rates, New Jersey Board of Public Utilities Docket No. TX08090830, February 13, 2009, at p. 53.

⁵ Direct Testimony Of Dr. Debra J. Aron, In The Matter of The Board's Investigation and Review of Local Exchange Carrier Intrastate Exchange Access Rates, New Jersey Board of Public Utilities Docket No. TX08090830, February 13, 2009, at p. 56.

⁶ Direct Testimony Of Dr. Debra J. Aron, In The Matter of The Board's Investigation and Review of Local Exchange Carrier Intrastate Exchange Access Rates, New Jersey Board of Public Utilities Docket No. TX08090830, February 13, 2009, at p. 59.

Cross Exhibit No. _____

Docket No. UT-081393
AT&T Response to Embarq Data Request No. 2
Date: 4/9/09

Embarq 2-57

Question: Reference to AT&T's response to EQ-AT&T DR-1-23, please list the "alternatives" that AT&T is referring to in this sentence.

Objections & Response:

Mr. Bax use of the word "alternatives" refers to VoIP service (including nomadic and fixed), wireless service, e-mail, text messaging, instant messaging, and social networking web sites. See, AT&T's response to EQ-AT&T DR-1-25(4).

Furthermore, the Internet allows consumers to conduct business transactions such as purchasing goods and services, booking travel arrangements, and obtaining information and/or forms from government agencies online which often previously required long distance calls, and therefore have contributed to a diminishment in long distance usage.

Responsible Person: Lawrence J. Bax

Cross Exhibit No. _____

Docket No. UT-081393
AT&T Response to Embarq Data Request No. 2
Date: 4/9/09

Embarq 2-58

Question: Provide a list of all current (for years 2007 and 2008) long distance calling plan, services, and products offered or provided by AT&T on a stand-alone basis and available in Washington. For purpose of this question, stand-alone means a long distance plan, service or product that is not bundled by AT&T with any other service or product.

Objections & Response:

AT&T objects to this request in that it seeks irrelevant information not reasonably calculated to lead to the discovery of admissible evidence. This proceeding involves a dispute over Embarq's intrastate switched access rates, and AT&T's long distance plans offered on a stand-alone basis are not relevant to whether Embarq's access rates are just and reasonable. Without waiving its objections, AT&T refers Embarq to AT&T's Consumer Service Guide website at <http://www.serviceguide.att.com/ACS/ext/index.cfm> and small business service guide website at I Business long distance calling plans can be found on AT&T's Small Business Service Guide website at: <http://serviceguide.att.com/ABS/ext/index.cfm>.

Responsible Persons: Eileen Somerville

Charlie Emanuel