

Cross Exhibit No. \_\_\_\_\_

**Responses to United's Discovery  
Requests to UTC Staff  
In UTC Docket UT-081393**

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**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSE TO DATA REQUEST**

DATE PREPARED: June 19, 2009  
DOCKET: UT-081393  
REQUESTER: United Tel. Co. of the NW  
d/b/a Embarq

WITNESS: Glenn Blackmon  
RESPONDER: Glenn Blackmon  
TELEPHONE: 360-556-7888

**REQUEST NO. 2:** Reference Blackmon testimony, page 3: "United also has persisted with a retail rate structure that fails to place primary responsibility for the cost of service on those customers who are actually receiving the service."

- a. Is it Staff's position that each customer should have a rate that allows United to recover the cost of serving that customer? If not, why not. If yes, are there any upper bounds on rates that should be in place? What are they and what is the rationale for those upper bounds?
- b. Is it Staff's position that United should increase retail rates to a level that allows United to recover the cost of service from each customer?

**RESPONSE:**

- a. No. Dr. Blackmon's testimony at page 3 does not advocate customer-specific pricing, which is not generally practiced in network industries whether regulated or unregulated. Generally speaking, United should set rates at a service level that reflect the costs of providing that service. Over a range of costs, it is reasonable for rates to reflect the average cost of providing the service. Many companies can operate in a financially sound manner while charging uniform rates for local service. If there is a significant variation in costs within the customer class, it is reasonable to expect those higher-cost customers to bear some portion of the additional cost of providing their service. This pricing structure should be constrained by the need to maintain rates that are affordable and reasonably comparable to rates paid by urban customers. A company should use a universal service mechanism only as necessary to maintain affordable and reasonably comparable rates. Dr. Blackmon's testimony explains how United has failed to place primarily responsibility on its own customers for the cost of their services.
- b. No. Staff is not advocating customer-specific rates. Staff does, however, believe that United should not collect a universal service rate while charging lower rates in high-cost exchanges than it charges customers in its lower-cost exchanges.

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**REQUEST NO. 7:** Reference Blackmon testimony, page 14: "Moreover, the obligation to serve that United bears is one that is shared with other companies that have been designated as eligible telecommunications carriers under federal universal service law." Is it Mr. Blackmon's position that United's COLR obligation is eliminated when an ETC is present?

**RESPONSE:** No. If the obligation were eliminated, it could not be shared.

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**REQUEST NO. 13:** Reference Blackmon testimony, page 15: "The amendments provide the correct balance of obligations among customers, local exchange service providers, and interexchange carriers." Please define the obligations that the interexchange carriers have in regard to line extension construction. Has that obligation ceased? If not, how is it applied today.

**RESPONSE:** The statement quoted above is the Commission's, not Dr. Blackmon's. Given the actions taken by the Commission in the 2008 line extension rulemaking, Dr. Blackmon interprets the Commission's statement to mean that the appropriate balance of equity is achieved by shifting the burden of line extensions from interexchange carriers to the individual customers served by those line extensions.

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**REQUEST NO. 15:** Reference Blackmon testimony, page 21: "The Commission set rates for access services, local exchange service, and other services so that the company's overall revenues were sufficient to cover its costs,..." Please provide all analysis, documentation and workpapers that demonstrate Staff has analyzed United's overall revenue with their proposed adjustments and these revenues are sufficient to cover United's costs.

**RESPONSE:** The statement refers to the Commission's actions in Docket UT-950200. The statement refers to the Commission, not Staff, and to U S WEST, not United. Therefore the statement does not suggest that Staff has analyzed United's overall revenue.