COMMONWEALTH OF KENTUCKY

KENTUCKY PUBLIC SERVICE COMMISSION

COUNTY OF Prince Georges

STATE OF Maryland

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Ola A. Oyefusi, who being by me first duly sworn deposed and said that he is appearing as a witness on behalf of BellSouth Telecommunications, LLC d/b/a AT&T Kentucky, AT&T Communications of the South Central States, LLC, BellSouth Long Distance, Inc. d/b/a AT&T Long Distance Service, and TCG Ohio (collectively "AT&T") before the Kentucky Public Service Commission in Docket Number 2010-00398, *In the Matter of: An Investigation Into the Intrastate Switched Access Rates of All Kentucky Incumbent and Competitive Local Exchange Carriers*, and if present before the Commission and duly sworn, his statements would be set forth in the annexed rebuttal testimony consisting of 24 pages and 3 exhibits.

Ola Oyefusi

Ola A. Oyefusi

9-5-2012

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 15th DAY OF SEPTEMBER, 2011

Notary Public

My Commission Expires: 9-5-2012

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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE INTRASTATE	)	ADMINISTRATIVE
SWITCHED ACCESS RATES OF ALL	)	CASE NO.
KENTUCKY INCUMBENT AND COMPETITIVE	)	2010-00398
LOCAL EXCHANGE CARRIERS	)	

REBUTTAL TESTIMONY OF

DR. OLA OYEFUSI

On Behalf of

BellSouth Telecommunications, LLC, d/b/a AT&T Kentucky,
AT&T Communications of the South Central States, LLC, BellSouth Long Distance, Inc.
d/b/a AT&T Long Distance Service, and TCG Ohio

September 30, 2011

EDITED

I. INTRODUCTION AND SUMMARY OF TESTIMONY

Q: WHAT IS YOUR NAME?

A: Ola Oyefusi.

Q: ARE YOU THE SAME OLA OYEFUSI WHO PROVIDED DIRECT TESTIMONY ON JULY 8, 2011, IN THIS PROCEEDING ("*OYEFUSI DIRECT*")?

A: Yes, I am.

Q: WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A: I respond to the Direct Testimony of Emmanuel Staurulakis and a portion of the Direct Testimony of Greg Hale filed on behalf of the Rural Local Exchange Carriers ("RLECs") (respectively, "*Staurulakis Direct*" and "*Hale Direct*"); the Direct Testimony of Cesar Caballero on behalf of Windstream Kentucky East, LLC and Windstream Kentucky West, LLC ("*Caballero Direct*"); the Direct Testimony of Bruce H. Mottern on behalf of TDS Telecom ("*Mottern Direct*"); the Direct Testimony of Don Price on behalf of Verizon ("*Price Direct*"); the Direct Testimony of Joseph Gillan on behalf of the Kentucky Cable Telecommunications Association ("KCTA"), tw telecom, Level 3, and PAETEC ("*Gillan Direct*"); and the Direct Testimony of Carey Roesel on behalf of SouthEast Telephone ("*Carey Direct*").

Q: PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.

A: My Direct Testimony demonstrated the AT&T Plan will provide straightforward and meaningful reform to the inflated intrastate switched access rates charged by Kentucky ICOs[1] and CLECs. First, the AT&T Plan will require the ICOs to charge the same access rates for originating and terminating intrastate calls that they charge (and have charged for years) for interstate calls, just as AT&T Kentucky already does – and in fact has done

[1] Cincinnati Bell ("CBT"), the Windstream companies, and the rural LECs including the TDS Companies ("RLECs") are referred to collectively in my rebuttal testimony as the "ICOs."

for years. The ICOs' interstate access rates reflect reforms implemented by the FCC that have been in effect for nearly a decade, yet still are at levels that are above cost. Second, the AT&T Plan will require CLECs to cap their intrastate access rates at the level of the ILEC with which they compete, just as the FCC has required them to do for interstate calls for several years. Third, the AT&T Plan will give the ICOs and CLECs the opportunity to recover or "rebalance" the resulting reductions in access revenues through a combination of (i) modest increases to retail rates for basic local service and (ii) for some ICOs, support from a Kentucky Universal Service Fund ("KUSF"). I showed that these simple steps will lead to lower prices for wireline long-distance service, more fair and more aggressive competition and improved consumer choice, reduced incentives for harmful and wasteful arbitrage, and increased incentives for broadband investment.

No one disputes these points. In fact, the ICOs agree that reform is a good idea, but they nevertheless want the Commission to refrain from any action. They instead want the Commission to protect them from hypothetical FCC reforms that have not even been adopted. Rather than trying to predict and then preemptively address what the FCC *might* do someday in the future, the Commission should focus on intrastate access rates that fall within its jurisdiction and that are unquestionably harming Kentucky consumers today.

Verizon, meanwhile, agrees that the ICOs' and CLECs' rates should be reduced but offers a plan that is more complicated and less effective for addressing them than AT&T's Plan. In contrast to the AT&T Plan, which simply requires the ICOs to charge the same access rates they already charge at the interstate level, Verizon wants the ICOs to match AT&T Kentucky's intrastate switched access rate, which none of the ICOs charge today and which were not designed for the ICOs. Further, Verizon (along with Sprint) suggests that all access reductions must be rebalanced solely through increases in retail rates. The Commission should reject that extreme proposal and instead adopt AT&T's proposed middle ground, which rebalances access reductions through a combination of limited rate increases and transitional USF support.

II. RESPONSE TO DIRECT TESTIMONY OF MR. EMMANUEL STAURULAKIS AND OF MR. GREGORY HALE ON BEHALF OF THE RLECS

Q: WHAT DO THE RLECS PROPOSE FOR ACCESS REFORM?

A: The RLECs don't offer any proposed reform, even as, according to Mr. Staurulakis, those companies acknowledge that reform of the existing intercarrier compensation regime is necessary. While they oppose the AT&T Plan, the RLECs do not present any alternative plan to guide the Commission in the implementation of the needed reform. Instead, the RLECs want the Commission to develop a mechanism to insulate them from anticipated revenue losses that would allegedly occur from possible reforms the FCC might adopt sometime in the future. I will address those points in my Rebuttal Testimony and Dr. Debra Aron further addresses the Direct Testimony of Mr. Staurulakis and of Mr. Hale in her Rebuttal Testimony.

Q: WHY DO THE RLECS OPPOSE THE AT&T PLAN?

A: I have already addressed in my Direct Testimony many of the objections to the AT&T Plan contained in Mr. Staurulakis's testimony, so I will only respond here briefly and refer to my Direct Testimony (pp. 11-14, 33-53) for a more detailed discussion. Among the RLECs' objections are the following:

- The RLECs claim AT&T did not offer proof that their intrastate switched access rates cause harm to consumers.

- The RLECs oppose the provision in the AT&T Plan that requires immediate mirroring of the RLECs' intrastate rates to their interstate rates.

- The RLECs oppose the provision in the AT&T Plan that enables revenue neutral rebalancing over five years.

- The RLECs oppose the provision in the AT&T Plan that determines the amount of KUSF support on a per line basis.

- Finally, the RLECs claim the AT&T Plan "is not consistent with the access reform measure advocated by AT&T at the federal level."

Q: WHAT IS YOUR RESPONSE TO THE RLECS' CLAIM[2] THAT AT&T DID NOT OFFER ANY PROOF THAT RLECS' INTRASTATE SWITCHED ACCESS RATES HARM CONSUMERS?

A: The RLECs' claim is puzzling because they agree that reform is necessary. In any event, they are wrong. In addition to the explanation provided in AT&T's Comments to the Commission in this case,[3] I explained in my Direct Testimony the different ways that the current access regime harms consumers in Kentucky.[4] Specifically, I demonstrated that the current intrastate switched access rates levied by all Kentucky ICOs distort the pricing of communications services and purchase decisions by Kentucky consumers, create opportunities for harmful and wasteful arbitrage schemes, and without reform could cause collapse of the implicit subsidy system on which some ICOs rely as a revenue source to provide affordable basic communications service. The RLECs are simply ignoring the evidence.

2 *See Staurulakis Direct*, p. 4.
3 *See* Comments of AT&T filed on December 17, 2010.
4 *See Oyefusi Direct*, pp. 11-14.

Q: HOW DO YOU RESPOND TO THE RLECS' OBJECTION TO THE TIMING OF THE INTERSTATE MIRRORING PROPOSED BY THE AT&T PLAN?

A: First, the RLECs misinterpreted the AT&T Plan by implying that it suggests a five-year glide path for the RLECs to achieve interstate mirroring.[5] The AT&T Plan does not contain any such delay in access reductions; rather it requires the ICOs to reduce their intrastate switched access rates to parity immediately with their corresponding interstate rates and rate structure, and for the CLECs' rates to be capped at the level of the ILEC with which they compete. The five-year transition period to which the RLECs refer applies to the gradual rebalancing of the forgone revenues by the RLECs in order to minimize any burden on Kentucky consumers; under the AT&T Plan, local rates will increase only gradually, and over a five-year transition period.

Second, the RLECs are incorrect in claiming that the FCC did not contemplate mirroring of interstate rates. In fact, the FCC has identified intrastate switched access rates as the most serious problem in the current intercarrier compensation regime, and has encouraged states to reform intrastate access rates by unifying them with interstate rates.[6] Indeed, the FCC expressly singled out "mirroring interstate rates" as a possible criterion for future federal support.[7] Now, the FCC is also considering further reforms regarding the entire intercarrier compensation system (interstate access, intrastate access, and reciprocal compensation). The RLECs appear to have confused the interstate mirroring portion of the FCC's reform package with the subsequent and larger steps that the FCC is considering. Nevertheless, the first important step that AT&T proposes the Commission take here is also one that the FCC has in fact acknowledged: that the Kentucky ICOs'

[5] *See Staurulakis Direct*, p. 4, 6.

[6] *In re Connect America Fund: A National Broadband Plan For Our Future*, 2011 WL 466775, ¶ 543 and nn. 816, 819 (Notice of Proposed Rulemaking, rel. Feb. 9, 2011) ("*2011 NPRM*").

[7] *2011 NPRM*, ¶ 544.

intrastate switched access rates mirror their corresponding interstate rates and structure, while the CLECs' intrastate access rates are capped at the level of the ILEC with which they compete.[8]

Third, contrary to Mr. Staurulakis's claims, the immediate implementation of the long overdue intrastate access reform contemplated in the AT&T Plan will not create any "rate shock." While the AT&T Plan calls for access reductions to occur immediately (so that Kentucky consumers quickly receive the benefits of those reductions) the AT&T Plan proposes that increases in retail rates occur in small steps over a five-year period.

As for the RLECs' suggestion that revenue replacement from the KUSF should continue for at least 10 years,[9] the AT&T Plan anticipates Commission review of the KUSF after five years, at which time the Commission may determine whether to continue the KUSF going forward or whether to restructure or eliminate it depending on the current state of the industry at the time of review. The Commission should not commit to a 10-year plan when five years are likely to be sufficient.

Q: HOW DO YOU RESPOND TO THE RLECS' CLAIM THAT SUPPORT SHOULD NOT BE CALCULATED ON A PER LINE BASIS?

A: The RLECs appear to be asking the Commission to guarantee that they will continue to receive the same annual revenue dollars even if they lose lines to competition. The Commission should reject that request. Support from KUSF is meant to protect consumers from large increases in retail rates. It is not meant to protect carriers from competition. Limiting support to the lines that consumers use reflects that fact and protects Kentucky consumers. Moreover, if the existing access rates remain in place, the RLECs will continue to lose lines as customers are driven to alternative technologies in

[8] *Oyefusi Direct*, p. 23.
[9] *Staurulakis Direct*, p. 6.

order to avoid paying access subsidies, as has been going on for several years. No one could seriously suggest that the Commission should create a slush fund to keep the RLECs' revenues constant. If anything, the adoption of access reform and more rational pricing supported by the USF will help the RLECs to keep lines they would otherwise have lost.

This case should not be about putting the RLECs in a ***better*** position than they would otherwise have been or protecting them from losses they would have otherwise incurred. It would simply be a windfall to guarantee the RLECs a fixed stream of revenues in perpetuity even as they lose the customers for whom the support is provided.

Q: DOES MR. STAURULAKIS SUPPORT AT&T'S PROPOSAL THAT THE COMMISSION SHOULD ESTABLISH A BENCHMARK?

A: Yes. Mr. Staurulakis supports the AT&T proposal that the Commission should establish a reasonable benchmark, but he complains that AT&T did not suggest an actual benchmark figure.[10] Without any specific benchmark to criticize, Mr. Staurulakis commented on a benchmark range of $27 to $30 that he alleges AT&T supported in comments filed with the FCC. First, Mr. Staurulakis is simply wrong to suggest that AT&T advocated a basic rate of $27 to $30 in those FCC comments. The figures that he referenced from those comments included the subscriber line charge ("SLC") and other surcharges. When those surcharges are removed, the suggested basic local rates are similar to the reasonable benchmark range of $18.50 to $23.50 for Kentucky that I suggested in my Direct Testimony.

Second, even though I believe this range of benchmark is reasonable for Kentucky, I have not proposed that Kentucky ICOs should be required to raise their basic

[10] In my Direct Testimony filed concurrently with Mr. Staurulakis's Direct Testimony, I suggested a reasonable benchmark range of $18.50 to $23.50 (*Oyefusi Direct*, p. 42).

local rates to that level or any level. I have only recommended that the Commission offer the ICOs an opportunity to do so. Should the ICOs decide to use that opportunity, the AT&T Plan limits any potential monthly rate increases to $2.00 annually.[11] The Plan's transition cap is not a mandated increase (as Mr. Staurulakis claims) but actually a *limit* on any rate increase the ICOs might choose to adopt.[12] Thus, the proposed transition cap will minimize the burden on all Kentucky consumers.[13]

Q: THE RLECS ALLEGE THAT THE AT&T PLAN IS INCONSISTENT WITH AT&T'S FEDERAL ADVOCACY. IS THAT CORRECT?

A: No. The intrastate switched access reform Plan that AT&T proposes for Kentucky is consistent with AT&T's advocacy in support of comprehensive reform at the FCC. Indeed, the RLECs' argument that the two are somehow at odds defies logic and the facts. The AT&T Plan in Kentucky would bring intrastate access rates into alignment with interstate access rates, and provide some explicit state USF support that would better position Kentucky in the context of further comprehensive federal reform. Neither of these proposals is directionally inconsistent with the reforms proposed at the federal level. More to the point, it is reform that this Commission should accomplish for the benefit of Kentucky consumers, and all of the reforms AT&T proposes here would benefit Kentucky consumers whether or not the FCC takes action.

[11] Mr. Staurulakis's discussion that the benchmark range of $27 to $30 will result in "a yearly increase of $3 or more" (*Staurulakis Direct*, p. 10, lines 3-8) is without merit because it is based on an erroneous analysis. The AT&T Plan does not suggest or require such an increase.

[12] As the Commission weighs in on this discussion regarding how much restructuring responsibility the ICOs' customers should be required to bear, I want to reiterate the purpose of the benchmark and transition cap of the AT&T Plan. They are meant to strike a balance between requiring ICO customers to pay a greater share of the costs of providing service to them, and the extent to which other consumers across Kentucky are going to be required to subsidize the ICOs – *i.e.*, how much will the subsidies be, and how long will they remain in place. The AT&T Plan strikes the right balance in ensuring that access reform treats all Kentucky consumers fairly, and delivers the maximum possible benefits over time.

[13] *Oyefusi Direct*, pp. 38-40.

Q: WHAT OTHER ARGUMENTS DID THE RLECS MAKE?

A: Mr. Staurulakis claims that the RLECs may lose additional revenues or federal support[14] as a result of future FCC intercarrier compensation reform, and wants the Commission to use the KUSF to protect the RLECs from such reform. The Commission should not consider these claims. First, Mr. Staurulakis is simply engaging in speculation about what the FCC might do at some indefinite date in the future. The FCC has not done anything yet. Historically, the FCC has allowed carriers to recover revenue losses resulting from past federal reforms and there is no reason to expect any difference this time, and no reason for the Commission to consider preemptively using KUSF for the rebalancing of federal reform. Second, as I discuss above, the AT&T Plan is designed to lay the groundwork for future FCC actions – AT&T only asks this Commission to adopt for Kentucky's intrastate switched access service the same types of reforms that the FCC adopted for interstate switched access service more than a decade ago.

Q: THE RLECS' ADDITIONAL WITNESS, MR. HALE, CLAIMS THAT THE AT&T PLAN REQUIRES CONSUMERS IN RURAL KENTUCKY, INCLUDING LOW INCOME CONSUMERS, TO BEAR THE BRUNT OF ACCESS REFORM ALONE.[15] HOW DO YOU RESPOND?

A: Mr. Hale's statement is off the mark. Dr. Aron explains in her Rebuttal Testimony how federal and state Lifeline programs are available to low income consumers (both in rural and urban parts of Kentucky) to protect them. Furthermore, the AT&T Plan does not

[14] Specifically, Mr. Staurulakis suggests that if the FCC reforms the legacy high-cost funding mechanisms such as High-Cost Loop Support ("HCLS"), Local Switching Support ("LSS"), Interstate Common Line Support ("ICLS") and Safety-Net Additive Support ("SNA") federal support payments could decrease and that would "place upward financial pressure on intrastate earnings of the RLECs." *Staurulakis Direct*, p. 11. The RLECs expect the Commission to replace any such forgone federal support by increasing "the amount of support needed from a KYUSF." *Id*.

[15] *Hale Direct*, p. 8, lines 2-6.

propose ***any*** local retail rate increases for customers receiving low income assistance.[16] The AT&T Plan also lessens the burden on the remaining customers because it only imputes up to the annual transition cap during the five-year transition period up to a reasonable benchmark set by the Commission, and the remaining revenue shift for the ICOs will be replaced from a state USF that will be spread over all consumers, not just the RLECs' rural consumers as Mr. Hale claims in his Direct Testimony.[17]

III. RESPONSE TO DIRECT TESTIMONY OF MR. CESAR CABALLERO ON BEHALF OF WINDSTREAM

Q: HAS WINDSTREAM PROVIDED ANY NEW ARGUMENTS IN THIS CASE?

A: No. Rather, Mr. Caballero simply attached his direct and rebuttal testimonies from the case involving Verizon's petition to reduce Windstream's intrastate switched access rates,[18] which have already been incorporated into this proceeding. Here, Mr. Caballero repeats his claims that (i) the Commission does not have jurisdiction to reform Windstream's intrastate switched access rates, (ii) certain interexchange carriers ("IXCs") seek access reduction without providing reasonable recovery mechanisms, and (iii) AT&T's proposal for reform did not provide for a transition period.[19]

I will not address the jurisdictional issue since that is a legal matter that I understand is currently pending in court. As for the other two issues that Mr. Caballero raises, I have discussed them comprehensively in my Direct Testimony so I will not

[16] In my analysis of the AT&T Plan in my Direct Testimony, I excluded all Lifeline counts provided by the ICOs such that no potential local retail rate increase was imputed to those lines in the calculation.

[17] Expanding the KUSF contribution base to all consumers spreads the universal service obligation equally among all consumers and, therefore, lessens the impact on each.

[18] *In the Matter of MCI Communications Services, Inc., Bell Atlantic Communications, Inc., NYNEX Long Distance Company, TTI National, Inc., Teleconnect Long Distance Services & Systems Company and Verizon Select Services, Inc., v. Windstream Kentucky West, Inc., Windstream Kentucky East, Inc. – Lexington and Windstream Kentucky, East – London,* Case No. 2007-00503 ("*Windstream Case*.")

[19] I filed rebuttal testimony in the *Windstream Case* responding to the incorrect arguments made by Mr. Caballero in his direct testimony in that case. He made additional flawed assertions in his rebuttal testimony in that case, however, and has attached the same to his brief statement in this case. I respond to those flawed statements below.

repeat any expansive explanation here. I only state briefly that the AT&T Plan contains reasonable provisions that should resolve any concern about these matters – specifically, it proposes that the Commission take the following three steps:

(i) require all ICOs in Kentucky to reduce their intrastate switched access rates for all elements (both usage and non-usage) to "parity" with their corresponding interstate rates (as AT&T Kentucky has already done), *i.e.*, to mirror their intrastate and interstate switched access rate levels and structures;

(ii) allow all Kentucky ICOs the opportunity to recover the associated reductions in access revenue through flexibility in retail rates and, in limited circumstances, through universal service support, and

(iii) require the CLECs to cap their intrastate switched access rates at the access levels of the ILECs with which they compete, and the CLECs may recover the access revenue reduction through their existing unlimited retail rate flexibility.

Q: MR. CABALLERO CLAIMS "COMPARING LOCAL INTERCONNECTION RATES AND SWITCHED ACCESS RATES TO DETERMINE COST RECOVERY IS WHOLLY INAPPROPRIATE."[20] HOW DO YOU RESPOND?

A: Mr. Caballero's comment misses the point. In my Direct Testimony, I showed that the *cost* incurred by any given LEC is materially the same for local wireline traffic, wireless intra-MTA traffic, intrastate switched access traffic, and interstate switched access traffic, because the participating LEC performs materially the same function for each. Mr. Caballero does not dispute this key point.[21]

It is true that the *rates* the LEC charges for each type of traffic are very different. As I explained in my Direct Testimony, the current intercarrier compensation system is a hodge-podge. My point is that because the *cost* for each type of traffic is materially the same, there is no legitimate reason why intrastate switched access rates should be so much higher than interstate rates, which are indisputably compensatory because they are

[20] *Caballero Direct*, Exhibit B, p. 43.
[21] In fact, Windstream admitted in its response to discovery in the *Windstream Case* that "[g]enerally speaking, the functions performed in originating or terminating intrastate traffic are not materially different from originating or terminating interstate traffic." *See* Windstream Response to AT&T First Data Request, Item No. 10g.

still higher than rates for local wireline traffic (which are based on cost). Reducing intrastate access rates to parity with interstate rates, as the AT&T Plan proposes, will still leave those intrastate rates well above cost.

Q: HOW DO YOU RESPOND TO MR. CABALLERO'S ARGUMENT THAT PRICES NEED NOT REFLECT UNDERLYING COSTS WHEN CARRIER OF LAST RESORT ("COLR") EXISTS?[22]

A: It is elementary economics that efficiency is enhanced or promoted when prices reflect costs, and consumers benefit from the competition and innovation that follow. But Mr. Caballero is misreading AT&T's proposal. AT&T does not propose that the intrastate access rates of Windstream and other ICOs be reduced all the way down to the underlying *incremental cost*; rather, AT&T simply proposes that the ICOs' intrastate access rates be reduced to parity with their interstate rates, which I have shown are well above incremental cost. Further, AT&T proposes that the ICOs be given the opportunity to make up for the access reductions through modest increases in retail rates for local service and, in some cases, through USF support. Thus, to the extent COLR obligations might affect costs (and Mr. Caballero has made no attempt to quantify those costs), AT&T's proposal gives Windstream the same opportunity to recover those costs. It is not in the public interest to suggest or insist that continuing the current implicit subsidy system that is destined for collapse is an advisable regulatory approach to funding COLR obligations.

The AT&T Plan is a first step towards reform that will provide a reasonable glide path from the current implicit subsidy system by rebalancing cost recovery in a more rational and sustainable manner. First, the Plan makes available the opportunity to increase retail local rates to a Commission determined benchmark rate. Essentially this

[22] *Caballero Direct,* Exhibit B, p. 39.

permits local service rates to move toward the cost of providing service in high cost areas. Second, the Plan makes allowance for a KUSF to recover portions of the access revenue reduction that cannot be recovered from local rate increase opportunities. Accordingly, AT&T's Plan does not materially affect a carrier's ability to meet its COLR obligations.[23]

IV. RESPONSE TO DIRECT TESTIMONY OF MR. BRUCE MOTTERN ON BEHALF OF LESLIE COUNTY TELEPHONE COMPANY, LEWISPORT TELEPHONE COMPANY, AND SALEM TELEPHONE COMPANY (COLLECTIVELY "TDS TELECOM")

Q: PLEASE DESCRIBE TDS TELECOM'S POSITION ON ACCESS REFORM.

A: TDS Telecom generally supports access reform but with certain conditions, such as (i) ensuring affordable local rates, (ii) providing predictable sources of revenues for local voice providers, and (iii) delaying the implementation of access parity through use of an elongated transition period. *See Mottern Direct*, p. 4. The AT&T Plan already addresses TDS Telecom's first two points. It contains provisions that will ensure that local rates continue to be affordable and that local voice providers will have reasonable opportunities to recover their potential revenue losses from access reform on a revenue neutral basis. As for TDS Telecom's third argument, implementation of the parity approach (which began with AT&T Kentucky over a decade ago) should not be delayed any further and Kentucky consumers should not be forced to wait any longer to receive the benefits of access reform. There is no credible rationale for the type of delay suggested by TDS Telecom. Indeed, Mr. Mottern's claim that the TDS Telecom companies' revenues are eroding to competition under the current implicit subsidy

[23] *See* AT&T Plan attached as Exhibit OAO-2 to *Oyefusi Direct*.

system[24] is simply further reason to implement a more rational and balanced rate structure quickly. The immediate implementation of parity, as AT&T proposes, will if anything help the ICOs to stabilize their revenues and provide them the opportunity to avoid further erosion.

Q: MR. MOTTERN APPEARS TO ANTICIPATE THAT FORGONE REVENUES FROM ACCESS REFORM WILL BE FULLY RECOVERED ONLY FROM RETAIL RATE INCREASES.[25] HOW DO YOU RESPOND?

A: Mr. Mottern discusses a rebalancing approach that requires the entire amount of access reduction to be recovered through retail rates. That is not what the AT&T Plan does. The AT&T Plan strikes the right balance between (i) implementing revenue recovery through rebalancing retail rates for local service and (ii) implementing revenue recovery through a universal service fund.[26] Under the AT&T Plan, retail rates increase gradually over time, and, over that same transition period, the subsidy burden that today is being borne by consumers across Kentucky will be reduced.

Q: MR. MOTTERN PRESENTS AN OHIO PLAN AS AN EXAMPLE OF AN ACCESS REFORM APPROACH THAT TDS TELECOM SUPPORTS. SHOULD THE COMMISSION ADOPT THE OHIO PLAN?

A: No. First, as Mr. Mottern correctly states, the Ohio Plan attached to his testimony is a proposal by the Staff of the Ohio Public Utilities Commission that is currently being considered. Mr. Mottern neglected to mention, however, that the Ohio Plan is being reviewed along with suggested modifications to the proposal that AT&T presented in its comments to the Ohio Commission. The Ohio Commission has not reached any final decision and there is no indication whether it will approve the Staff's proposal without

[24] *See Mottern Direct*, p. 5-6.
[25] *Mottern Direct*, pp. 9-10.
[26] *See Oyefusi Direct*, pp. 45-47. Any alternative proposal advocating these extreme positions will harm all consumers, including rural consumers whose providers currently receive the implicit subsidies.

any changes, or with AT&T's suggested modifications, or with other variations. This Commission should not waste its valuable time reviewing a plan designed for another state that may or may not be approved as appropriate even for Ohio. The Commission already has before it a proposal structured for the Kentucky ICOs, and it would be more expedient to concentrate its review on the AT&T Plan.[27]

Moreover, the AT&T Plan contains provisions that address the alleged "trilogy" that Mr. Mottern seeks, *i.e.*, reform and reduce existing intrastate rates using a parity approach, enable ICOs to recover forgone revenues through opportunities to increase retail rates up to a Commission determined benchmark that ensure local rate affordability, and allow ICOs to receive explicit support from the KUSF for any forgone revenue that cannot be imputed to local retail rates.

Q: MR. MOTTERN EXPECTS THE COMMISSION TO BALANCE THE INTERESTS OF PARTIES IN THIS CASE. SHOULD THE COMMISSION BE CONCERNED ABOUT THE INTERESTS OF ANY PARTICULAR CARRIER WHEN IT DECIDES THE RIGHT POLICY TO BENEFIT KENTUCKY CONSUMERS?

A: No. Access reform is not about any carrier's interests; it is about restructuring implicit subsidies that are hurting Kentucky consumers and are no longer sustainable. If left unreformed, Kentucky consumers may be subject to serious harm when the implicit subsidy system finally collapses as a result of the competitive pressures of the current communications environment. Also, the implicit subsidy for which AT&T proposes reform was initially established for the benefit of Kentucky consumers, to help keep retail local rates low in order to promote the goal of universal service. Therefore, when the Commission reforms that implicit subsidy system the only interests worthy of any

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[27] The Ohio Plan contains certain provisions similar to what AT&T proposes here and which TDS Telecom opposes, *e.g.*, the immediate implementation of access parity by all ILECs. *See* Appendix A (¶ 2) to Ohio Plan, attached to *Mottern Direct*.

consideration are those of Kentucky consumers, and the goal must be to benefit those consumers. Carriers must adjust their business plans accordingly to reflect the new communications environment and provide services that consumers want.[28]

V. RESPONSE TO DIRECT TESTIMONY OF MR. DON PRICE ON BEHALF OF VERIZON

Q: PLEASE SUMMARIZE VERIZON'S PROPOSAL.

A: Verizon supports access reform, but it advocates a deficient approach for achieving it. Verizon proposes that the Commission order all Kentucky ICOs to reduce their intrastate switched access rates to match AT&T Kentucky's intrastate rates. Mr. Price justifies this approach by arguing that AT&T is the dominant provider and that its intrastate switched access rates better approximate the rates that would prevail in the competitive market.[29]

Q: IS THE AT&T PROPOSAL SUPERIOR TO THE VERIZON PROPOSAL?

A: Yes.[30] AT&T's proposal is that each ICO mirror *its own* interstate switched access charges, rather than mirroring the intrastate rates of a different carrier (AT&T Kentucky). The AT&T Plan is superior in several ways. First, it will be easier to implement the AT&T Plan than the Verizon proposal. The AT&T Plan simply requires the ICOs to take the exact same rate structures, elements and levels that they are already using for interstate switched access services (and that they have been working with for several years) and extend them to intrastate calls. Indeed, the AT&T Plan would *reduce*

[28] The changes in the communications environment did not just begin in 2011; they started more than a decade ago. Carriers that now seek very long transition glide paths to parity have had adequate time to adjust to and prepare for these changes and wean themselves from the monopoly era's implicit subsidy system.

[29] *See Price Direct*, p. 44. It is incorrect to claim that AT&T Kentucky's rates would represent the market rates in all of the service areas in Kentucky had those service areas operated under competition. No such concept applies in economics as Mr. Price describes. It appears Mr. Price has misapplied the Dominant-Fringe theory, which applies to the relationship between a particular ILEC and new entrants into the ILEC's specific service area and in which the ILEC's rates are expected to be the market cap for the new entrants (*i.e.*, the CLECs). This economic concept is not valid for ILECs that operate in different (unrelated) service areas.

[30] Dr. Aron also discusses from an economic perspective the flaws in Verizon's proposal; I provide here the policy implications and practical impact on the ICOs and their consumers.

administrative costs, because each ICO would have only one set of rates to charge and enforce, not two as they do today. By contrast, Verizon's proposal would require the ICOs to modify their systems and procedures to match AT&T's rate structures, elements and levels – which the ICOs do not use today, which they have never used in the past, and which were not even designed for their operations. The Verizon proposal would thus require much more in the way of system development and modification.

Second, the AT&T Plan eliminates incentives or opportunities for arbitrage between interstate and intrastate rates, because each ICO's rates for interstate and intrastate calls would be identical. Thus, there would be no point in trying to disguise intrastate traffic as interstate traffic, or in arguing or litigating about whether calls are interstate or intrastate. Under the Verizon plan, each ICO would still charge different rates for interstate versus intrastate calls: the ICO would charge its existing interstate rates on interstate calls, but would charge AT&T Kentucky's (different) rate on intrastate calls. So the incentives and opportunities for arbitrage (and the potential for disputes about traffic jurisdiction) would still exist.

Third, the AT&T Plan will enable those ICOs with interstate rates higher than the rates charged by AT&T Kentucky (and presumably higher unit costs) to maintain that relationship in their intrastate access rates. The Verizon proposal, on the other hand, forces all ICOs to charge exactly the same rates, regardless of size and regardless of any cost or service area differences reflected in their interstate rate structures. Thus, the Verizon proposal would force smaller RLECs to decrease their intrastate switched access rates more than they should in this proceeding.[31]

[31] The Commission should also note that only one out of 34 states that have engaged in access reform (*i.e.*, Maryland) has supported the reform proposed by Verizon here. *See Oyefusi Direct*, Exhibit OAO-5. In fact, the

Q: PLEASE DESCRIBE THE HARMFUL EFFECTS OF VERIZON'S PROPOSAL ON SMALL RLECS AND CONSUMERS.

A: As shown on **Rebuttal Exhibit OAO-1**, a number of the smaller Kentucky RLECs have average interstate switched access rates that are *higher* than AT&T Kentucky's average intrastate rates. Presumably, that is because they operate in different service areas where costs are also higher. Verizon's proposal would hurt those RLECs and their consumers, while the AT&T Plan allows the ICOs to mirror their own interstate rates and minimizes the impact on consumers.

For example, AT&T proposes that Thacker-Grigsby Telephone Company mirror its interstate switched access rate, which is [redacted] per minute on average; Verizon would force Thacker-Grigsby to reduce its average rate down to [redacted] per minute, a rate some [redacted] than what AT&T proposes. Similarly, under the AT&T Plan Mountain Rural Telephone Cooperative would mirror its average interstate rate of [redacted], but Verizon would force Mountain Rural's intrastate rate down to [redacted] per minute, some [redacted] than what AT&T proposes. For these and other small RLECs, the Verizon proposal would reduce switched access rates far below interstate parity and far below what AT&T has proposed.[32] The Verizon proposal would force these small carriers either to raise their local exchange rates higher, and/or to take a bigger draw from the KUSF than would be necessary under AT&T's proposal, thereby harming consumers more.[33]

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evidence Mr. Price presents confirms that many of the states he cited have adopted reforms based on AT&T's suggested approach of interstate-intrastate parity.

[32] A total of 17 out of 19 ICOs will be forced to reduce their intrastate switched access rates below their corresponding interstate rates under Verizon's proposal. *See* Rebuttal Exhibit OAO-1.

[33] When combined with Verizon's proposal that there be no state USF, these local rates would be even higher and the burden on consumers even greater.

Q: WOULDN'T AT&T ITSELF BENEFIT IF THESE ICOs CHARGED ACCESS RATES THAT ARE EVEN LOWER THAN THEIR INTERSTATE RATES, AND THUS LOWER THAN THE RATES AT&T PROPOSES?

A: It is true that Verizon's proposal would result in AT&T paying lower access fees to some ICOs than AT&T would pay under its own Plan. But Verizon's proposal is bad policy for Kentucky as a whole, and AT&T will not support bad policy even if AT&T itself would gain some short-term benefit. Verizon's proposal will be more difficult and costly to implement, will maintain disparities between interstate and intrastate access charges and the attendant arbitrage opportunities, and will place a larger burden on ICO customers and the Kentucky USF.

V. RESPONSE TO DIRECT TESTIMONY OF MR. JOSEPH GILLAN ON BEHALF OF THE KCTA, TW TELECOM, LEVEL 3, AND PAETEC

Q: DO YOU HAVE ANY OVERALL COMMENTS ON MR. GILLAN'S DIRECT TESTIMONY?

A: Yes. Mr. Gillan's main argument is that the Commission should not act to implement any reform at this time. Instead, he advocates that the Commission only collect and study data about terminating traffic and wait to see what the FCC will do, because, as he alleges, the roles of the FCC and the states must be understood in the ongoing FCC's intercarrier compensation proceeding.[34] He also erroneously claims that AT&T's long distance prices will not be affected by a reduction in originating intrastate switched access rates.[35]

I will only respond to the latter point and correct Mr. Gillan's misconception about the effect of switched access charges on AT&T's long distance prices. As Dr. Aron and I have explained in our Direct Testimonies, there should be no further delay in

[34] *Gillan Direct*, pp. 3-8.
[35] *Gillan Direct*, pp. 9-10.

bringing the benefits of access reform to Kentucky consumers, so there is no need to repeat those discussions here.[36] Dr. Aron addresses in her Rebuttal Testimony Mr. Gillan's argument to exclude originating traffic from access reform.

Q: MR. GILLAN CLAIMS HE CANNOT COMPREHEND HOW ORIGINATING INTRASTATE ACCESS PRICES PLAY ANY ROLE IN LONG DISTANCE PRICES WHEN AT&T'S PRICES ARE THE SAME NATIONALLY, SO HE ALLEGES CONSUMER BENEFIT FROM ACCESS REDUCTIONS IS NOT LIKELY. DOES AT&T OFFER THE SAME PLANS ACROSS STATES SUCH THAT THERE ARE NO UNIT PRICE DIFFERENCES TO REFLECT DIFFERENCES IN SWITCHED ACCESS EXPENSES?

A: No. Mr. Gillan's analysis is narrowly focused only on stand alone long distance service (*e.g.,* AT&T's One Rate Plus®), even as he admits that subscriptions for such service have declined as customers purchase more bundles or packages.[37] The analysis that Dr. Aron and I presented in our Direct Testimonies, however, fully takes into account the explicit and implicit similarities and differences in AT&T's pricing policies across states.[38] Rather than assuming that customers pay the same rates in each state, or discriminatorily focus on only one product out of the universe, our analyses look at the total picture. We calculate the prices that customers really pay by calculating the average per minute revenue. This process takes into account not only the "rack rate" prices available in the market or the AT&T One Rate Plus, which is the only focus of Mr. Gillan's analysis, but also discounted pricing plans, grandfathered plans, add-on plans,

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[36] *See also AT&T's Response in Opposition to Joint Motion of TWTC, Level 3, PAETEC, and KCTA to Expand Procedural Schedule* filed September 15, 2011, in which counsel for AT&T responded with reasons why the Commission should deny a request by these Parties to further delay this proceeding due to recent filings at the FCC; and PSC Order dated September 20, 2011, denying the Joint Motion.

[37] *Gillan Direct*, p. 9, lines 8-10. In fact, the AT&T One Rate Plus which constitutes the focus of Mr. Gillan's defective analysis is less than **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** percent of AT&T's total long distance volume in Kentucky.

[38] Specifically, Dr. Aron's regression analysis captures the effect of access rate differences on the actual revenues earned by AT&T from its menu of available pricing plans excluding ISCF revenues (which is a different pricing structure), and the effect on consumers of reduced access rates is greater than the effect measured by the regression analysis. *See Aron Direct*, pp. 49-52.

and other offerings that Mr. Gillan admits many customers purchase today. The analyses also take into account the fact that AT&T offers a menu of plans, but may vary its marketing strategy in some states to encourage some plans over others, or promote some discount plans more heavily in some states relative to others. Obviously, there are many reasons that per-minute revenues may vary from state to state, but Mr. Gillan has failed to capture those differences in his flawed analysis and therefore reached an incorrect and unreliable conclusion.

Q: DID YOU REVIEW AT&T PLANS AND FIND DIFFERENCES ACROSS STATES IN THE PRICING STRUCTURES?

A: While I have not exhaustively reviewed the entire menu of calling plans offered by AT&T, I have reviewed (as illustrative examples) the Consumer Basic plan and the Business All in One plan and my research shows that the Basic and All in One plan prices are not the same from state to state.[39] I have presented the results of my research of these plans in **Rebuttal Exhibit OAO-2**.[40]

[39] Dr. Aron's consumer benefit analysis relies on AT&T's intrastate toll revenue which included total revenues from all calling plans, and therefore those revenues reflected the differences in calling plans across states.

[40] I have provided in **Rebuttal Exhibit OAO-3** instructions and links to access these plans. Examples of other plans with varying prices across states include: For Business - AT&T Business Network Service, AT&T Pro WATS/Plan Q Service, AT&T CustomNet Service, Toll-Free Megacom® Service; these plans can be found in the Custom Network Services tariff which can be found using the same instructions. For Consumer – AT&T One Rate USA℠, AT&T Intralata Overlay, AT&T Intralata Overlay II, AT&T True Reach, AT&T Reach Out® America), AT&T In-State Overlay.

VI. RESPONSE TO DIRECT TESTIMONY OF MR. CAREY ROESEL ON BEHALF OF SOUTHEAST TELEPHONE

Q: MR. ROESEL CLAIMS SOUTHEAST TELEPHONE SHOULD BE GRANTED A WAIVER FROM INTRASTATE ACCESS REFORM SIMILAR TO THE FCC'S RURAL EXEMPTION. DO YOU HAVE ANY GENERAL COMMENTS ABOUT THE FCC'S RURAL EXEMPTION PROVISION?

A: The AT&T Plan does not include a rural exemption for Kentucky. That is because the FCC's rural exemption is not working. Although the FCC may have had the intention of creating parity between the rural CLECs competing with NECA carriers and those competing with non-rural ILECs,[41] the rural exemption provision of the FCC's *2001 CLEC Access Order* has had deleterious consequences, however unintended. AT&T warned the FCC about the potential pitfalls and perils associated with adopting the rural exemption, and unfortunately AT&T's predictions have come true.[42] Rather than increasing rural competition and leveling the playing field, the *2001 CLEC Access Order* has had the effect of fostering fraud and massive arbitrage in the form of traffic stimulation. Some of the CLECs that have been accused of or found to be engaging in traffic stimulation schemes are rural CLECs that qualify for the FCC's rural CLEC exemption.[43] In other words, CLECs have located themselves in areas where they qualify for the rural exemption not for the benefit of rural customers in those areas, but rather

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[41] *See In the Matter of Access Charge Reform, Reform of Access Charges Imposed by Competitive Local Exchange Carriers*, CC Docket No. 96-262, Seventh Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 9923 (2001) ("*2001 CLEC Access Order*"), ¶ 66

[42] AT&T Additional Comments, *In the Matter of: Access Charge Reform*, CC Docket No. 96-262; *Complete Detariffing for Competitive Access Providers and Competitive Local Exchange Carriers*, CC Docket No. 97-146; and, *Interexchange Carrier Purchases of Switched Access Services Offered by Competitive Local Exchange Carriers*, CCB/CPD File No. 98-63, January 11, 2001, at pages 5-6, 13-16 ("*AT&T Additional Comments – Rural Exemption*").

[43] *See* AT&T Letter dated October 27, 2009, to Congress regarding traffic pumping schemes, attached as Attachment 1to AT&T Responses to RLEC First Data Request No. 14; *See also*, *In re Qwest Communications Corp. v. Superior Telephone Coop., et al.*, Iowa Department of Commerce, Utilities Division Docket No. FCU-07-2 (Qwest complaint, in which AT&T and Sprint intervened, against 10 rural carriers alleging that the carriers and their free calling partners engaged in illegal traffic stimulation activities that violate Iowa law, the carriers' tariffs and their certificates); and *In re High Volume Access Service*, Iowa Department of Commerce, Utilities Division Docket No. RMU-2009-2009 (in which the Iowa Board adopted amended rule addressing situation where a LEC experiences "relatively large and rapid increases" in traffic volumes).

solely so they can increase arbitrage profits by taking advantage of high access rates for exempt companies.[44] The extremely high access rates provided under the rural exemption have resulted in the forced extraction of many millions of dollars from toll providers and their customers for no public policy benefit.[45]

Moreover, the proposed rural exemption would be difficult to police and would strain the Commission's limited resources. For example, the Commission would have to decide who qualifies for the exemption in the first place. Adopting the FCC's rural exemption as is would be wrong, because of the changes that have occurred, since the FCC adopted that exemption, in the way the Census Bureau classifies territories as either urban or rural - specifically the treatment of urbanized areas or urban clusters. Analyzing and then figuring out what to do about these changes would cost valuable resources and would divert attention from the simple access reform proposal in AT&T's Plan that can be implemented quickly and in a straightforward way. The rural exemption policy should not be replicated at the state level.

Q: IF THE COMMISSION WERE TO ADOPT A PROVISION FOR A RURAL EXEMPTION, SHOULD THERE BE CONSTRAINTS IMPOSED WITH THE GRANT OF A RURAL EXEMPTION?

A: Yes. Although, as I have shown no provision for an intrastate rural exemption is justified or appropriate here, to the extent the Commission wants to consider such an exemption for SouthEast Telephone or other similarly situated CLEC on a case by case basis, the Commission should impose certain constraints to ensure the problems that arose as a result of the FCC's rural exemption can be avoided in Kentucky. In particular, in addition to ensuring that the CLEC qualifies based on the newer Census Bureau's definition of

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[44] *Id.*
[45] *Id.*

rural areas (*i.e.*, excluding parts of rural geography that are now known as "urban clusters"),[46] the Commission should require an automatic suspension of any rural exemption when the particular CLEC's intrastate switched access minutes of use increase by 100 percent or more in a calendar year. The CLEC must satisfactorily explain the sources of such large spike before it can resume the rural exemption if granted.

VII. CONCLUSION AND RECOMMENDATION

Q: DO YOU HAVE ANY CONCLUDING REMARKS?

A: My Direct Testimony already demonstrated that the AT&T Plan will give Kentucky consumers meaningful, fast relief. If the Commission wanted any confirmation that I was right, the opposing Parties' testimony has provided it, because no one really disputes the benefits of access reform. The Commission should ignore their empty scare tactics and their attempts to benefit themselves, and it should instead take a step forward for Kentucky consumers by adopting the AT&T Plan.

Q: DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A: Yes, it does.

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[46] The Census Bureau changed its rural definition only after the FCC adopted its rural exemption criteria, so the new classifications (*i.e.*, Urban Clusters) were not included in the FCC's determination. But the Census Bureau has put all regulatory agencies on notice suggesting that its adoption of the Urban Clusters classification may impact the way those agencies use its data. See *Final Federal Register Notice for Urban Area Criteria*, March 15, 2002; Supplementary Information, Federal Register, Vol. 67, No. 51, Friday, March 15, 2002, Notices, pages 11663 – 11670. ("*Final Federal Register Notice for Urban Area Criteria*").

Rebuttal Exhibit OAO-1

ADOPTING VERIZON'S PROPOSAL TO USE AT&T'S RATE AS TARGET FOR KENTUCKY ACCESS REFORM WILL NOT ELIMINATE RATE DISPARITIES

	ICO Current Composite		Effects of Verizon's Proposed Pricing Structure			
	Current Composite Intrastate Access Rate	Rates at Interstate Parity	Using Verizon Proposal - (Rates at AT&T KY Target)	Is Verizon Proposal Higher or Lower than ICO Interstate?	If Lower, Percent Less Than Interstate	If Higher, Percent More Than Interstate
KY ICOs						
TDS Leslie County Telephone Company				Lower	-65%	na
TDS Lewisport Telephone Company				Lower	-85%	na
TDS Salem Telephone Company				Lower	-83%	na
Ballard Rural Telephone Cooperative				Lower	-78%	na
Brandenburg Telephone Company				Lower	-74%	na
Duo County Telephone Cooperative				Lower	-79%	na
Foothills Rural Telephone				Lower	-77%	na
Gearhart Communications Company				Lower	-84%	na
Highland Telephone Cooperative				Lower	-78%	na
Logan Telephone Cooperative, Inc.				Lower	-74%	na
Mountain Rural Telephone Cooperative				Lower	-87%	na
North Central Telephone Cooperative				Lower	-69%	na
Peoples Rural Telephone Cooperative				Lower	-77%	na
South Central Rural Telephone Cooperative Corporation				Higher	na	33%
Thacker-Grigsby Telephone Company				Lower	-85%	na
West Kentucky Rural Telephone Cooperative Corporation				Lower	-83%	na
Cincinnati Bell Telephone Company				Lower	-2%	na
Windstream Kentucky East				Higher	na	9%
Windstream Kentucky West				Lower	-62%	na

Source/Notes:

AT&T Kentucky rate derived from AT&T's 2010 actual access revenue and minutes, excluding third party traffic that did not originate from or terminate to AT&T end office but only transit AT&T tandem.

ICOs Interstate and Intrastate composite average rates are calculated based on actual data provided in RLECs' Responses to AT&T's First Data Requests Nos. 7 and 11.

EDITED

AT&T Consumer State to State Direct Dial Basic & Value Rate, In-State LD

		Offpeak	Peak	Weekend	Night/Weekend
AL	$0.3000				
AZ		$0.2400	$0.3200	$0.1500	
CO	$0.3600				
IA	$0.3600				
IN		$0.3400	$0.3600	$0.3400	
KY		$0.3600	$0.3600		$0.3400
LA	$0.3600				
MS	$0.3600				
MO		$0.3900	$0.4200	$0.3300	
NC	$0.3600				
NE		$0.3300	$0.3300	$0.3300	
ND		$0.4200	$0.4500	$0.3900	
NV		$0.3600	$0.3800		$0.3200
OH	$0.3600				
OR	$0.3600				
PA	$0.3600				
SC	$0.3600				
SD	$0.3800				
TN	$0.3600				
TX		$0.3600	$0.3600		$0.3100
WA		$0.3600	$0.3600		$0.3100
WV		$0.2600	$0.2600	$0.2600	
WY	$0.3600				

Instructions and Links to Access the AT&T's Consumer and Business Plans

USING CONSUMER TARIFF – Basic Rate Plan and all other plans in states which have tariffs

From www.att.com

Select "About AT&T" tab

Select "Regulatory and Legal Documents" at bottom of page

Select "AT&T Service Publications" which takes you to:

http://www.att.com/gen/public-affairs?pid=9700

Select a state on the map and then select "Residential"

Under the company "AT&T Communications of the XXX …" select "Learn More" under "State tariffs"

Select a state again

Select "Tariffs". You have to look through the different tariffs to find the service in which you are interested. The tariff may differ for each state.

As an example from

http://www.att.com/gen/public-affairs?pid=9700:

Select "AZ" for the state.

Select "Residential"

Under AT&T Communications of the Mountain States, Inc. …, select "Learn More" under "State Tariffs:

Select "AZ"

Select "Tariffs"

Select "AZ Message Telecommunications Service"

Search for "X Schedule, Dial Station"

As another example, from

http://www.att.com/gen/public-affairs?pid=9700:

Select “TX” for the state.

Select “Residential”

Under AT&T Communications of the Southwest, Inc…., select “Learn More” under “State Tariffs:

Select “TX”

Select “Tariffs”

Select “TX MTS TOC Section 1 MTS and OCPs”

Search for “Schedule X”

USING CONSUMER SERVICE GUIDE – Basic Rate Plan

From www.att.com

Select “About AT&T” tab

Select “Regulatory and Legal Documents” at bottom of page

Select “AT&T Service Publications”, which takes you to:

http://www.att.com/gen/public-affairs?pid=9700

Select a state on map and select “Residential”

Under the company “AT&T Communications of the XXX …., select “Learn More” under “State Guidebooks/Service Guides” which takes you to:

http://www.serviceguide.att.com/ACS/ext/index.cfm

Select “Domestic Service Guide” on the left

Select “AT&T State to State Direct Dialed Basic Rate Plan”

Select “AT&T State-To-State Direct Dialed Basic Rate Plan service guide”

Once link opens, go to bottom of page and in the last paragraph, select the “information” link,

Select the desired state. Only states that have “Service Guides” for the “Basic Rate Plan will be available to select.

USING CONSUMER SERVICE GUIDE – One Rate USA, AT&T True Reach and AT&T Reach Out America

From www.att.com

Select “About AT&T” tab

Select “Regulatory and Legal Documents” at bottom of page

Select “AT&T Service Publications”, which takes you to:

http://www.att.com/gen/public-affairs?pid=9700

Select a state on map and select “Residential”

Under the company “AT&T Communications of the XXX …., select “Learn More” under “State Guidebooks/Service Guides” which takes you to:

http://www.serviceguide.att.com/ACS/ext/index.cfm

Select “Domestic Service Guide” on the left

One Rate USA

Scroll down to “Local Services Bundle”, select One Rate USA, a new document opens up, scroll down to bottom and click on desired state

AT&T TRUE REACH AND AT&T REACH OUT AMERICA

Scroll down to “Offers No Longer Available to New Customers”, and select “more” at the bottom and you will then see expanded list of grandfathered plans

Scroll down to AT&T True Reach or AT&T Reach Out America, select plan, and a new page opens up,

Select the Plan again, a new document opens up

Scroll down to bottom of document, in the last paragraph (usually) it talks about state rates (for de-tariffed states), select the “information” link, new screen opens up

Select desired state

USING CONSUMER SERVICE GUIDE – AT&T In-State Overlay, AT&T IntraLATA Overlay and AT&T IntraLATA Overlay II

From www.att.com

Select “About AT&T” tab

Select “Regulatory and Legal Documents” at bottom of page

Select “AT&T Service Publications”, which takes you to:

http://www.att.com/gen/public-affairs?pid=9700

Select a state on map and select “Residential”

Under the company “AT&T Communications of the XXX …., select “Learn More” under “State Guidebooks/Service Guides” which takes you to:

http://www.serviceguide.att.com/ACS/ext/index.cfm

Select “State Specific Service Guides” on the left

Scroll down to “Offers No Longer Available to New Customers”, and select “more” at the bottom and you will then see expanded list of grandfathered plans

Scroll down to AT&T In- State Overlay or AT&T IntraLata Overlay OR AT&T IntraLATA Overlay II, select plan, and a new page opens up,

Select the Plan again, a new document opens up

Scroll down to bottom of document, in the last paragraph (usually) it talks about state rates (for de-tariffed states), select the “information” link, new screen opens up

Select desired state

BUSINESS TARIFF OR SERVICE GUIDE FOR THE “ALL IN ONE” PLAN AS WELL AS OTHER BUSINESS PLANS

From www.att.com

Select “About AT&T” tab

Select “Service Publications” in the “Public Policy and Regulatory Information” section, which takes you to:

http://www.att.com/gen/public-affairs?pid=9700

Select a state and then select “Business”

Under the company “AT&T Communications of the XXXX…., select “Learn More” under “State tariffs”

Select state again

Select “Services”

Under “Custom Network Services”, select “the Price List”,

On “Price List” page, select either Section 10 or “AT&T All in One Service”. Only one of these will be available. If “AT&T All in One Service” is available, go to Section 10 within the document.