

**Revised Surrebuttal Testimony of
Ben Johnson, PhD.**

1 would need to be supported with evidence that the basic rate is below the TSLRIC for the service
2 in question. No such evidence has been offered.

3 A review of Dr. Staihr’s workpapers confirms that he has included 100% of the estimated
4 loop costs—amounting to approximately \$36.00 per month. Inclusion of loop costs is crucial to his
5 comparison and the conclusion he has drawn. Yet, by including all of the loop costs, Dr. Staihr has
6 put forward a number which is more akin to a stand alone cost estimate than a true TSLRIC estimate.
7 His \$40.56 cost figure might provide some insight into a reasonable ceiling for local rates, but it
8 doesn’t tell us anything about whether local service is subsidized. The Colorado Commission
9 reached essentially the same decision in its Order in Docket No. 96S-257T (issued January 27,
10 1997), in which it stated:

11 Loop costs are shared and common and should be covered by all the
12 services using the loop.... The inclusion of loop costs in the TSLRIC
13 for basic exchange service violates the definition of TSLRIC in the
14 (Colorado) Commission's Costing and Pricing Rules.... Loop costs
15 would not be avoided if basic exchange services were eliminated and
16 the provision of all other services continued. The network would still
17 be a part of USWC's costs even if basic local exchange service were
18 discontinued. (pp. 42-43)
19

20 *Variability of Common Costs*

21 Q. Dr. Staihr claims that you have made some misstatements concerning common costs.
22 What is your response? (Staihr Rebuttal, p. 14, lines 18-19)

23 A. Dr. Staihr quotes a sentence on page 11 of my direct testimony, in which I wrote “an
24 increase in production of any one good will tend to increase the level of common costs.”