

Exhibit No.:

Issues: Monthly In-state
Connection Fee

Witness: Daniel P. Rhinehart

Sponsoring Party: AT&T Communications
of the Southwest, Inc.

Type of Exhibit: Direct Testimony

Case No.: TT-2002-0129

AT&T COMMUNICATIONS OF THE SOUTHWEST, INC.,

DIRECT TESTIMONY

OF

DANIEL P. RHINEHART

TT-2002-0129

June 1, 2005

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Daniel P. Rhinehart. My business address is 919 Congress Ave.,
4 Suite 900, Austin, Texas 78701.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by AT&T Corp. as a Senior Specialist in AT&T's Local Services
7 and Access Management organization. My testimony is presented on behalf of
8 AT&T Communications of the Southwest, Inc. ("AT&T").

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

10 A. I graduated from the University of Nevada at Reno in 1977 with a Bachelor of
11 Science Degree with High Distinction in Education, majoring in mathematics. In
12 1987, I received a Masters of Business Administration degree, with Honors, from
13 Saint Mary's College in Moraga, California. In addition, I have attended
14 numerous training courses covering the topics of separations, telephone
15 accounting, and long run incremental costs. I have completed the Brookings
16 Institute course on Federal Government Operations and the University of
17 Southern California Center for Telecommunications Management, Middle
18 Management Program in Telecommunications.

19 **Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.**

20 A. I joined Nevada Bell in 1979 as a Staff Specialist for the Residence Installation
21 and Maintenance organization. My next assignment was in Nevada Bell's
22 Separations and Settlements organization where I was responsible for reviews of

1 independent telephone company separations and settlements studies. In 1984, I
2 joined AT&T's separations organization in San Francisco and was subsequently
3 promoted in August 1985 with responsibility for mechanized separations results
4 and analysis for AT&T Communications of California and later for exchange
5 carrier cost analysis. In 1987, I became Regulatory Manager, and oversaw
6 AT&T's participation in local exchange carrier regulatory proceedings. I was
7 promoted in April 1995 to District Manager - Government Affairs, with
8 responsibilities in the states of Texas, Kansas, Arkansas, Missouri, and
9 Oklahoma. Beginning in June of 1996, I had various responsibilities in relation to
10 AT&T's participation in numerous local exchange carrier regulatory proceedings,
11 with a focus on Local Exchange Carrier cost studies and interconnection matters.
12 In December 2004 I joined the company's Network Engineering and Operations
13 Division of Global Network and Telecommunications Services. I am responsible
14 for managing the cost to AT&T for network interconnection and the attendant
15 financial arrangements for the exchange of traffic regardless of the underlying
16 technology or class of service. Prior to my relocation to Texas, I held the position
17 of vice chairman of the California Universal Lifeline Telephone Service Trust
18 Fund for approximately two years in addition to my regular work assignments.

19 **Q. HAVE YOU PREVIOUSLY TESTIFIED OR FILED TESTIMONY**
20 **BEFORE A PUBLIC UTILITY OR PUBLIC SERVICE COMMISSION?**

21 A. Yes. I have sponsored testimony on a variety of cost and policy topics in
22 Arkansas, California, Illinois, Kansas, Missouri, Oklahoma, and Texas. Schedule

1 DPR-1 identifies the proceedings in which I have provided testimony and the
2 topics I have addressed.

3 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

4 A. My testimony is in response to the reopening of this case precipitated by the
5 holdings of the Missouri Court of Appeals, Western District in WD 63133, WD
6 63134, and WD 63135.¹

7 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

8 A. My testimony describes the AT&T In-State Connection Fee ("ISCF") presently in
9 effect and approved by this Commission. I provide some history of the ISCF, a
10 description of the current charge and exemptions from the charge provided by
11 AT&T, and I show that AT&T regularly and systematically informs its customers
12 of the fee. In addition, I respond to the basic issues that prompted the remand by
13 the Court of Appeals. Namely, I support the conclusion that the Commission
14 should not apply a "just and reasonable" standard to the ISCF or in the alternative,
15 if the Commission does decide to apply such a standard, I supply sufficient facts
16 upon which the Commission could determine that the ISCF is "just and
17 reasonable." Finally, I provide sufficient basic facts for the Commission to
18 conclude that it has reasonably approved the ISCF and which will permit the

¹ WD 63133 (Consolidated with WD 63134 and WD 63135) State of Missouri, ex rel. Acting Public Counsel, John Coffman, Appellant, v. Public Service Commission of the State of Missouri, et. Al., Respondents. Aug. 10, 2004, Application for transfer to Supreme Court Denied, Dec. 21, 2004. Appeal was in response to the June 27, 2003 judgment affirming the order of the PSC approving AT&T's In-State Connection Fee (Circuit Court of Cole County, Missouri, Case No. 02CV323345).

1 Commission to craft a new order approving the ISCF that, in my lay opinion,
2 should satisfy the Court of Appeals.

3 **II. THE IN STATE CONNECTION FEE APPLIED BY AT&T**

4 **A. The Present ISCF**

5 **Q. PLEASE BRIEFLY DESCRIBE THE IN STATE CONNECTION FEE AND**
6 **ITS HISTORY IN MISSOURI.**

7 A. AT&T filed its initial tariff sheets proposing a \$1.95 ISCF on August 14, 2001.

8 The ISCF was established to recover a portion of the excessive intrastate access
9 charges levied on AT&T by Missouri's incumbent and competitive local
10 exchange carriers ("ILECs" and "CLECs," respectively). According to the
11 original notice provided to customers, the charge was to be applicable to all
12 AT&T consumer accounts except those with monthly spending under \$1.00,
13 customers of AT&T Digital Phone Service, AT&T Digital Broadband, AT&T
14 Long Distance Lifeline Program, and customers under the AT&T Federal Price
15 Protection plan. After a series of suspensions, the Commission issued its Order
16 Approving Tariff on December 13, 2001, effective December 22, 2001, and
17 AT&T actually initiated billing for the ISCF in the spring of 2002. In early 2004,
18 AT&T reduced the number of exemptions from the \$1.95 ISCF such that all
19 residential customers that receive an AT&T bill, with the exception of AT&T
20 Lifeline and AT&T Local customers, were assessed the fee.

1 **Q. WHAT IS THE CURRENT CHARGE AND APPLICABILITY FOR THE**
2 **MISSOURI ISCF?**

3 A. On November 15, 2004, AT&T filed revised tariff sheets raising the ISCF from
4 \$1.95 to \$2.49. The new rate went into effect on December 15, 2004 and applies
5 if an AT&T residential long distance customer has any AT&T billable charges
6 and credits on their bill, including, but not limited to, monthly recurring or
7 minimum usage charges. Customers in AT&T's Lifeline Program are exempt
8 from the service charge and customers who have AT&T Local Phone Service are
9 excluded from the charge. I attach AT&T's present tariff as Schedule DPR-2.

10 **Q. ARE THERE ANY CALLING PLANS OFFERED BY AT&T THAT ARE**
11 **NOT SUBJECT TO THE ISCF?**

12 A. Yes. AT&T offers a plan called One Rate Simple that is not assessed the ISCF.
13 However, the per-minute rates applicable under the plan are \$0.29 per minute
14 compared to the much lower per-minute rates applicable under most other AT&T
15 calling plans. Consequently, the rate for One Rate Simple sufficiently addresses
16 the access cost recovery issue that the ISCF addresses for other calling plans that
17 have much lower minute of use rates.

18 **Q. WAS THE DECEMBER 2004 TARIFF CHANGE REVIEWED BY**
19 **COMMISSION STAFF AND DID THE STAFF RECOMMEND**
20 **APPROVAL OF THE TARIFF?**

21 A. Yes. The telecommunications staff, the telecommunications managerial staff and
22 legal staff reviewed the tariff change and their recommendation that the increase
23 in the ISCF be allowed to go into effect is dated November 24, 2004.

1 **Q. WHAT IS THE PURPOSE OF THE ISCF?**

2 A. As was the case when the ISCF was originally established, the ISCF is designed
3 to recover a portion of the excessive intrastate switched access charges levied on
4 AT&T by Missouri's ILECs and CLECs.

5 **B. Customer Notice of the ISCF**

6 **Q. DID CUSTOMERS RECEIVE NOTICE WHEN THE ISCF WAS**
7 **ORIGINALLY ESTABLISHED?**

8 A. Yes. AT&T provided customer notice in advance of the initially proposed
9 effective date of the charge and additional notice after Commission approval but
10 in advance of beginning billing for the ISCF in the spring of 2002.

11 **Q. DID CUSTOMERS RECEIVE NOTICE OF THE DECEMBER 2004**
12 **INCREASE IN THE ISCF?**

13 A. Yes. As part of the Commission Staff review, AT&T's customer notice was
14 determined to be adequate.

15 **Q. DOES AT&T PROVIDE ANY ONGOING INFORMATION REGARDING**
16 **THE ISCF TO ITS CUSTOMERS?**

17 A. Yes. The ISCF is a line item on AT&T customer bills in the "Other charges and
18 credits" section of the bill and AT&T includes the following text as part of this
19 line item on every monthly bill:

20 For an explanation of this charge, please call 1 800 333-5256 or
21 visit <http://www.consumer.att.com/instate-connectionfee>

22 This text provides customers with a monthly reminder of the fee and free access
23 to resources where further explanation of the fee may be obtained. The
24 information available via the toll-free telephone number provides a description of

1 the fee and reasons for its imposition as well as answers to four frequently asked
2 questions (FAQs). Customers may also contact AT&T consumer customer
3 service directly at 1-800-222-0300 with questions about their service.

4 **Q. WHAT INFORMATION ABOUT THE ISCF IS AVAILABLE TO**
5 **CUSTOMERS VIA THE WEB LINK ABOVE?**

6 A. The web link takes customers to a main page where he may select the state for
7 which the inquiry is being made. Missouri is one of the twenty-nine choices at
8 present. The Missouri-specific pages provide access to FAQs as well as a
9 variation of the message available via the toll-free number. Specifically,
10 customers are told:

11 Your local telephone company charges AT&T for carrying your
12 in-state local toll and long distance calls over its lines. The local
13 telephone companies' charges to carry these calls in Missouri are
14 higher than those charged for state-to-state calls. As a result,
15 AT&T includes in your monthly bill a \$2.49 In-State Connection
16 Fee. The fee applies to Customers subscribed to AT&T for
17 residential long distance or local toll service. The fee does not
18 apply to customers of AT&T Local Service, where applicable.

19 **Q. IN WHAT OTHER STATES DOES AT&T PRESENTLY CHARGE AN**
20 **ISCF?**

21 A. AT&T assesses an ISCF in Arkansas, Colorado, Florida, Idaho, Iowa, Kentucky,
22 Massachusetts, Minnesota, Montana, Nebraska, New Hampshire, New Jersey,
23 New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma,
24 Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia,
25 Washington, Wisconsin, and Wyoming. At present, Missouri is the only state
26 actively reviewing the ISCF.

1 **III. RESPONSE TO THE REMAND BY THE COURT OF APPEALS**

2 **A. No “just and reasonable” standard should apply to the ISCF.**

3 **Q. HAS AT&T BEEN GRANTED CLASSIFICATION AS A COMPETITIVE**
4 **INTEREXCHANGE TELECOMMUNICATIONS AND LOCAL**
5 **EXCHANGE COMPANY PURSUANT TO SECTION 392.361?**

6 A. Yes. As a result, all services offered by AT&T are classified as competitive
7 services. In order for the Commission to classify a telecommunications service as
8 a competitive service, the Commission must determine that the service is subject
9 to sufficient competition to justify a lesser degree of regulation and that the lesser
10 degree of regulation is consistent with the protection of the ratepayers and
11 promotes the public interest.

12 **Q. IN YOUR OPINION, DOES THE COMMISSION HAVE THE**
13 **AUTHORITY TO DETERMINE IF AT&T’S RATES AND CHARGES**
14 **ARE “JUST AND REASONABLE”?**

15 A. No. While I am not an attorney, it is my understanding that in granting AT&T
16 competitive status, the Commission waived Section 392.240(1) which “authorizes
17 the Commission, after hearing, to set just and reasonable rates with due regard,
18 among other things, to a reasonable return upon the property actually used in the
19 public service.” Additionally, AT&T is exempted from Section 392.270, which
20 gives the Commission the authority to determine the valuation of property used to
21 provide services. Absent these two statutes, it appears to me that the Commission
22 has no legal authority to value the rate-base or to engage in an effort to determine
23 whether AT&T’s rates are just and reasonable.

1 **Q. SHOULD THE COMMISSION OPERATE ON THE PRESUMPTION**
2 **THAT AT&T'S PRICES ARE "JUST AND REASONABLE"?**

3 A. Yes. As a competitive company, all rates charged by AT&T should be presumed
4 to be just and reasonable from a regulatory standpoint. This is because consumers
5 decide whether AT&T's rates are just and reasonable, not regulators. Every long
6 distance customer of AT&T has the ability to choose another long distance
7 provider and may exercise that competitive choice at any time for any reason.
8 Because of the availability of competitive options, competitive companies are and
9 should be subjected to a lesser degree of regulation.

10 **B. Even if the Commission were to apply a "just and reasonable"**
11 **standard, AT&T's ISCF is "just and reasonable."**

12 **Q. ASSUMING THAT THE COMMISSION WAS TO DECIDE THAT IT HAS**
13 **AUTHORITY TO DETERMINE IF AT&T'S ISCF IS "JUST AND**
14 **REASONABLE", WHAT INFORMATION WOULD SUPPORT A**
15 **FINDING THAT THE ISCF IS "JUST AND REASONABLE"?**

16 A. If one were to assume that the Commission has the authority to determine whether
17 AT&T's ISCF is "just and reasonable", AT&T could point to a number of reasons
18 for finding that the ISCF is "just and reasonable." First, the ISCF recovers only a
19 portion of the excessive switched access charges incurred by AT&T. Second,
20 AT&T's "rate design" is a reasonable choice exercised by AT&T, not only as a
21 telecommunications carrier generally, but especially as a carrier with a
22 competitive classification. Third, customers have had and continue to receive
23 adequate notice and explanation of the ISCF. I will discuss each of these in turn
24 below.

1 **Q. PLEASE EXPLAIN WHY YOU BELIEVE THE ISCF RECOVERS ONLY**
2 **A PORTION OF EXCESSIVE INTRASTATE SWITCHED ACCESS**
3 **CHARGES.**

4 A. AT&T's present ISCF is set at \$2.49 per month. Based on average consumer
5 usage patterns and the difference between interstate and intrastate access charges,
6 the average excess intrastate monthly access cost per customer is nearly twice this
7 level.

8 **Q. HOW HAS AT&T DETERMINED ITS "EXCESS" INTRASTATE**
9 **ACCESS COSTS?**

10 A. AT&T identified its average switched access cost per minute of use for intrastate
11 and interstate consumer services. The difference between the average intrastate
12 switched access cost per minute of use and the average interstate switched access
13 cost per minute of use was then multiplied by the average monthly intrastate
14 minutes used by AT&T's customers. I will demonstrate this calculation through a
15 hypothetical example. Suppose that the average intrastate switched access cost
16 per minute is approximately \$0.10 and the average interstate switched access cost
17 per minute is approximately \$0.01. The difference in cost per minute would be
18 approximately \$0.09. Further, suppose the average monthly intrastate consumer
19 usage is 50 minutes. The average "excess" switched access cost per customer for
20 calls placed within the state of Missouri would be approximately \$4.50 (\$0.09 x
21 50).

1 **Q. ONCE THE AVERAGE EXCESS INTRASTATE SWITCHED ACCESS**
2 **COST PER CUSTOMER WAS DETERMINED, HOW DID AT&T THEN**
3 **SET THE LEVEL OF THE ISCF IN MISSOURI?**

4 A. AT&T set the ISCF for Missouri balancing the need to recover excessive
5 intrastate access charges and the realities of the marketplace.

6 **Q. WHY IS THE ISCF AS PART OF A RATE DESIGN REASONABLE?**

7 A. Flat charges for service have been a staple of telecommunications services for
8 decades. Flat rate charges for local toll and long distance offers include monthly
9 subscription fees, minimum monthly usage requirements as well as fees such as
10 the ISCF. Historically, local dial tone and most ancillary vertical features (e.g.,
11 caller ID, three-way calling, call waiting) have been provided for flat rates
12 regardless of usage. In recent years, there has been a trend toward flat rate
13 charges that encompass the entirety of a customer's local service, local toll and
14 long distance calling. Customers in the market demand certainty that their
15 telecommunications costs not exceed known, predictable levels. Since flat rate
16 charges are common and found in practically any consumer services
17 telecommunication tariff or wireless service offering, the ISCF should be seen as
18 a reasonable market-driven part of AT&T's rate design.

19 **Q. ARE CUSTOMERS ADEQUATELY INFORMED OF THE PRESENCE**
20 **OF THE ISCF?**

21 A. Yes. As I discussed above, AT&T provided notice of the ISCF before its
22 implementation and prior to modification of the rate. AT&T also provides
23 continuous and regular notice of and information about the ISCF to each of its

1 customers. This regular information flow helps develop informed consumers that
2 can vote with their wallets if AT&T's offer is not sufficiently competitive.

3 **C. AT&T's ISCF satisfies legal standards for approval under Missouri**
4 **statutes.**

5 **Q. IS IT REASONABLE THAT THE COMMISSION HAS APPROVED**
6 **AT&T'S ISCF PROPOSALS?**

7 A. Again, I am not an attorney, but in reviewing the issues discussed by the appellate
8 court my expert lay answer would have to be "Yes." The Commission has
9 properly exercised its oversight authority in permitting AT&T's ISCF and other
10 carriers' comparable fees.

11 **Q. AS A COMPETITIVE INTEREXCHANGE CARRIER, ARE AT&T'S**
12 **INTRASTATE RATES REGULATED UNDER MISSOURI STATUTE?**

13 A. The Missouri Commission regulates AT&T's rates to the extent permitted under a
14 variety of subparts of §392. The Missouri Court of Appeals cited the more
15 relevant subparts, namely, §392.361.5 and its references to §392.200 to §392.340
16 and §392.390.

17 Although authorizing the Commission to suspend or modify the
18 application of any statutory provision with respect to a competitive
19 telecommunication company, § 392.361.5 makes it clear that the
20 Commission may not suspend the application of § 392.390, which
21 provides, in pertinent part:

22 Except as provided in subsection 1 of section 392.520, a
23 telecommunications company shall at a minimum: (5) Be
24 subject to the provisions of subsections 2, 3, 4 and 5 of
25 section 392.200, so far as such provisions are applicable to
26 a telecommunications company.

27 Thus, even if a telecommunications company is classified as
28 competitive pursuant to § 392.361.1, it is still subject to the
29 provisions of § 392.200.2, .3, .4, and .5. Thus, pursuant to

1 § 392.200.2, such companies may not charge any customer more
2 or less for any service than it charges any other customer; pursuant
3 to § 392.200.3, such companies may not give any undue or
4 unreasonable preference to any customer, or subject any customer
5 to any undue or unreasonable prejudice or disadvantage; pursuant
6 to § 392.200.4, such companies may not discriminate based on
7 geographic area or other market segmentation; and, pursuant to §
8 392.200.5, such companies may not charge a different price for
9 equivalent service over equivalent distances without filing the
10 appropriate tariff. It is, of course, significant that § 392.390.5
11 omits any reference to § 392.200.1, which requires that all of a
12 telecommunications company's charges must be "just and
13 reasonable."

14 While I will leave the full legal analysis to briefing by AT&T's attorneys, the
15 court's analysis provides guidance for my own analysis that follows.

16 **Q. IS THE ISCF DISCRIMINATORY IN ITS EXEMPTIONS FROM**
17 **APPLICABILITY IN CERTAIN CIRCUMSTANCES?**

18 A. No. There are obvious public policy reasons to permit AT&T not to charge the
19 ISCF to low income customers signed up for AT&T's lifeline program. Where
20 the ISCF does apply, it applies equally to all chargeable customer accounts. In
21 other words, similarly situated customers are charged similarly and there is no
22 discrimination that would warrant rejection of the ISCF.

23 **Q. IS THERE ANY DISTINCTION BETWEEN THE CHARGES LEVIED ON**
24 **URBAN AND RURAL CUSTOMERS FOR THE ISCF?**

25 A. No. The ISCF charge is levied on urban and rural alike. Thus the application of
26 the ISCF is not discriminatory on any geographic basis.

1 **Q. TO THE EXTENT THAT AT&T HAS DIFFERING SERVICE OFFERS**
2 **AVAILABLE TO ITS CUSTOMERS AT DIFFERENT RATES, HAS**
3 **AT&T FILED TARIFFS WITH THIS COMMISSION?**

4 A. Yes. AT&T offers a wide variety of local toll and intrastate long distance
5 services to residence and business customers with many differing per-minute
6 prices, monthly recurring charges and/or minimum monthly usage fees. Pursuant
7 to § 392.200.5 each of these services is provided pursuant to tariffs filed with this
8 Commission. The ISCF is also assessed pursuant to an approved tariff. This
9 Commission has routinely approved tariffs for services with rate levels that vary
10 by customer class.

11 **Q. IS THE ISCF SIMPLY A RATE DESIGN ISSUE?**

12 A. Yes. As I discussed earlier, flat rate charges have been a staple of
13 telecommunications rate design for decades. It might be argued that any flat rated
14 charge for a usage sensitive service (e.g., local toll and long distance calling)
15 necessarily overrecovers costs from some users and underrecovers costs from
16 other customers, but such would be the case for nearly all flat rated charges,
17 including basic dial tone service offered by the LECs. It is a basic principle of
18 rate design that any flat rate is an average rate covering both high and low costs of
19 providing service. In this case, however, the ISCF itself does not actually recover
20 our average excess access cost. The ISCF is not discriminatory and if the
21 Commission were to decide it is, the Commission would necessarily have to
22 determine that all flat rate monthly charges are discriminatory and undo decades
23 of telecommunications rate design practice.

1 **Q. WHY IS IT REASONABLE TO EXEMPT AT&T LOCAL SERVICE**
2 **CUSTOMERS FROM THE ISCF?**

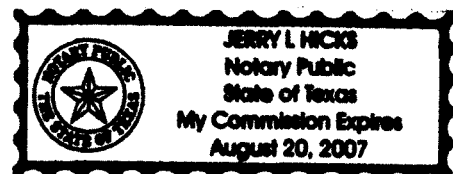
3 A. When AT&T operates solely as an interexchange carrier it pays switched access
4 charges to originate calls and to terminate calls. When AT&T operates as a
5 CLEC and provides end users with dial tone, AT&T avoids one end of access fees
6 for every long distance call. Thus, for AT&T local customers, AT&T incurs only
7 approximately half the excessive access charges incurred for the average long-
8 distance only customer.

9 **Q. WHAT DO YOU CONCLUDE FROM YOUR DISCUSSION ABOVE?**

10 A. I conclude that the ISCF meets the statutory requirements for approval as a rate
11 charged by AT&T. I have shown that there are many good reasons that the ISCF
12 has been approved and that there is no reason for the Commission to second guess
13 its earlier conclusion that the ISCF should be approved. Consequently, the
14 Commission should issue an order approving AT&T's ISCF and the ISCF should
15 remain a part of AT&T's tariff as it has been for the past three years.

16 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

17 A. Yes. However, I reserve the right to provide surrebuttal testimony as
18 contemplated by the Order adopting the procedural schedule in this case.



PREVIOUS TESTIMONY OF DANIEL P. RHINEHART

Date Filed	State	Proceeding Number	Subjects Addressed
5/05	Missouri	Case No. TO-2005-0336	UNE Policy Issues (dedicated transport, combinations/commingling, EELs, ILEC obligations, etc.), UNE Rider, Pricing
3/05 4/05	Texas	Docket 28821	UNE Policy (dedicated transport, combinations and commingling, EELs, ILEC obligations, etc.)
2/05 3/05	Kansas	Docket 05-AT&T-366-ARB	Call Flows, UNE Policy Issues
1/05 2/05 3/05	Oklahoma	Cause No. PUD 200400493	Interim contract pricing terms (1/05), call flows and permanent pricing (2/05), UNE Issues and Pricing (3/05)
3/04	Oklahoma	Cause No. PUD 200300646	Track I Triennial Review Impairment Analysis (Sponsored with Robert Flappan)
12/03 1/04	Texas	Docket No. 28600	Asset Lives, Capital Cost Factors, Annual Cost Factors, Shared and Common Costs
5/03 6/03	Illinois	Docket No. 03-0329	Reciprocal compensation, 8YY compensation, space license
11/02 2/03	Texas	Docket 25834	Depreciation, Annual Cost Factors, Investment Factors, Inflation and Productivity, Common Costs
10/01	Missouri	Case No. TO-2001-438	Depreciation, Cost Factors, Labor Rates, Common Costs
4/01	Missouri	Case No. TO-2001-455	AT&T Interconnection Agreement Arbitration – Intellectual Property, Stand-alone Services Resale, Audit Rights, UNE Costs
2/01	Kansas	Docket 99-GIMT-326-GIT	Universal Service Fund Portability (Sponsored at hearing by R. Flappan)
12/00	Oklahoma	Cause No. PUD 2000000587	Intellectual Property, Reciprocal Compensation for ISP-bound traffic, Vertical Services Resale, Access to OSS and CPNI, OSS Audit, Definitions
8/00	Kansas	Docket 00-GIMT-1054-GIT	Reciprocal Compensation for ISP-bound traffic
6/00	Texas	PUC Docket 22315	Intellectual Property and Access to Operational Support Systems
5/00	Texas	PUC Docket 21425 SOAH No. 473-99-2071	Resale obligations under FTA for vertical features, Local Plus and LDMTS service offers
3/00	Texas	Docket 21982	SWBT Cost Study for Internet-Bound Traffic
1/00	FCC	Docket 00-4	SWBT Long Distance Entry in Texas, Glue Charges and Intellectual Property
1/00	Kansas	Docket 97-SCCC-149-GIT	Resale Discount Levels
1/00	Missouri	Docket TT-2000-258	Local Plus Resale Issues
12/99	Texas	Docket 20047	GTE Directory Assistance Listing Information Service

Date Filed	State	Proceeding Number	Subjects Addressed
11/99	Kansas	Docket 99-GIMT-326-GIT	Kansas Universal Service Fund Issues (Sharing of USF Support)
10/99	Texas	Docket 21392	SWBT Switched Access Optional Payment Plan
10/99	Texas	Project 18515	Texas USF Further Implementation Issues
6/99 7/99	Texas	Project 18515 Project 18516	Texas USF Implementation Issues
4/99 5/99	Kansas	Docket 99-GIMT-326-GIT	Kansas Universal Service Fund Issues
4/99 5/99 6/99	Missouri	Case No. TO-98-329	Missouri Universal Service Fund Issues
12/98	Texas	Project 16251	Right-to-Use Adder costs
10/98	Texas	Project 18516	Texas Universal Service Fund Issues for Small LECs
9/98	Missouri	Docket TO-98-115	Arbitration Cost Studies of SWBT (Sponsored at hearing by D. Crombie)
6/98 7/98 8/98	Kansas	Docket 97-SCCC-149-GIT	Generic Cost Docket for SWBT. Depreciation, cost factors, fill factors.
4/98	Texas	Docket 16251	Non-cost basis of certain Arbitration rates for SWBT – TX
1/98	Oklahoma	Cause No. PUD 970000442	Permanent Rates for SWBT Services
1/98	Oklahoma	Cause No. PUD 970000213	Permanent Rates for SWBT Unbundled Network Elements
8/97	Texas	Docket No. 16226	Restatement of SWBT Arbitration Cost Studies
3/97	Kansas	Docket 97 SCCC 149-GIT	Generic Cost Proceeding for SWBT
1/97	Arkansas	Docket No. 96-395-U	Arbitration Cost Studies of SWBT – AR
1/97	Kansas	Docket 97-AT&T-290-ARB	Arbitration Cost Studies of SWBT – KS
10/96	Texas	Docket 16300	Arbitration Cost Studies of GTE – TX
10/96	Missouri	Case No. TO-97-63	Arbitration Cost Studies of GTE – MO
10/96	Oklahoma	Cause 960000242	Arbitration Cost Studies of GTE – OK
10/96	Missouri	Case No. TO-97-40	Arbitration Cost Studies of SWBT – MO
9/96	Oklahoma	Cause No. PUD 960000218	Arbitration Cost Studies of SWBT – OK
9/96	Texas	Docket 16226	Arbitration Cost Studies of SWBT – TX
6/96 7/96	Kansas	190,492-U	Universal Service Fund, Alternative Regulation, Imputation
1/96	Texas	Docket 14659	Costs of SWBT and GTE loop facilities
1/96	Texas	Docket 14658	Resale of SWBT and GTE services under PURA
9/95	California	A.95-02-011 A.95-05-018	Uniform System of Accounts Rewrite rate adjustments
6/95	Missouri	Case TR-95-241	SWBT Local Plus service offering
8/94 2/95	California	A.93-12-005 I.94-02-020	Citizens Utilities General Rate Case, Access Pricing, Price Cap, IntraLATA Equal Access, Imputation
4/93	California	A.92-05-002	First Price Cap Review, productivity

Date Filed	State	Proceeding Number	Subjects Addressed
		A.92-05-004 I.87-11-033	factors, sharing
6/92	California	I.87-11-033	Centrex and PBX trunk Pricing
10/91	California	I.87-11-033	Competitive entry issues
1/91	California	A.85-01-034	High Cost Funding
10/90	California	I.87-11-033	Expansion of Local Calling Areas, Touch Tone

P.S.C. Mo. No. 15
 AT&T COMMUNICATIONS OF THE SOUTHWEST, INC.
 MESSAGE TELECOMMUNICATIONS SERVICE TARIFF

Section 1

8th Revised Sheet 7

Replacing 7th Revised Sheet 7

MESSAGE TELECOMMUNICATIONS SERVICE

1.2 General Regulations - (Continued)

1.2.17 Deposits - (Continued)

- E. The deposit shall cease to draw interest on the date it is returned or credited to the customer's account. Service may be discontinued for failure to furnish a suitable deposit, when conditions appear to require the Company or its agent to have such credit protection, after the Company or its agent has furnished five day's written notice to the customer requiring the customer to furnish such deposit. If, in the judgment of the Company or its agent, unusual risk of financial loss exists, service may be suspended after forty-eight hours' written notice has been furnished to the customer.

1.2.18 Special Taxes, Fees and Charges

- A. Any assessments, franchise fees, privilege, license, occupation, excise, or other similar taxes or fees, whether in a lump sum or at a flat rate, or based on receipts, or based on poles, wire or other utility property units, imposed upon the Company by any governmental authority shall be added pro rata, in so far as practical, to the rates and charges stated in the Company's standard schedules, in amounts which in the aggregate for the Company's customers of any political entity shall be equal to the amount of any such tax upon the Company. The Company shall, so long as any such tax or fee is in effect, add to the bills of the customers in such political entity pro rata on the basis of the revenue derived by the Company from each such customer, an amount sufficient to recover any such tax or fee.
- B. A monthly service charge will be applied to each AT&T long distance residential customer's account. This monthly charge is applied if a customer has AT&T billable charges and credits on their bill, including, but not limited to, monthly recurring or minimum usage charges. This charge does not contribute towards any applicable minimum monthly charge.

(MT)

Customers in AT&T's Lifeline Program are exempt from this service charge. Customers who have AT&T Local Phone Service are also excluded from this charge.

(MT)

Per Account

Per Month
 \$2.49

(CR)

Issued: November 15, 2004

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District Manager
 5501 LBJ Freeway
 Dallas, TX 75240-6202