

Exhibit No.:
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Telephone Specific Issues
Witness: R. Matthew Kohly
Sponsoring Party: AT&T Communications of
the Southwest, Inc
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Case Nos.: TR-2001-65

AT&T COMMUNICATIONS OF THE SOUTHWEST, INC.,

SURREBUTTAL TESTIMONY

OF

R. MATTHEW KOHLY

CASE NO. TR-2001-65

Jefferson City, MO
August 29, 2002

Schedule AG-7

Surrebuttal Testimony of
R. Matthew Kohly

1 First, the Commission has already found that the public interest is best served by lower
2 rather than higher switched access rates. If the public interest is served by lower access rates it
3 makes no sense to focus on CLECs and ignore the remaining 90+% of the switched access
4 market. If the Commission is going to affect any significant change, it needs to address ILEC
5 access rates as well.

6 Undeniably, Missouri's access rates are among the highest in the nation. Based upon
7 AT&T's own data, Missouri ranks fifth in the nation for the highest average switched access rates.
8 The only states exceeding Missouri in this category are North Dakota, South Dakota, New Mexico
9 and Alaska. These are some "big square states" that have lower population densities than
10 Missouri. AT&T's own data is consistent with the data presented in Dr. Johnson's Direct
11 Testimony. The access rates charged by SWBT in Missouri are higher than those charged in the
12 other four SWBT states or even those charged by its affiliate PacBell or Ameritech. Dr.
13 Johnson's shows the same results for Sprint and Verizon. Yet, Missouri is not one of the highest
14 cost states in the nation. Comparing the current access rates with the TSLRIC surrogates
15 presented in my testimony shows that for SWBT, Sprint and Verizon, Missouri access rates are
16 well above TSLRIC levels.

17 Undeniably, Missouri's access rates not only distort the interexchange market, but also
18 create disincentives to serve certain areas, create the ability as well as incentive and ability to
19 engage in discriminatory pricing and cause other adverse competitive consequences. While the
20 Commission is certainly accustomed to hearing complaints about high access rates from AT&T,
21 complaints about the adverse impacts of high access rates are popping up in other proceedings.
22 For example, recently in the recent on-the-record presentation in the ongoing MCA case, Mr.
23 England complained that high terminating access rates impacted his client's ability to offer
24 expanded calling into neighboring exchanges, especially into exchanges served by Sprint and