



Rebecca B. DeCook
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August 29, 2002

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65101

Re: Case No. TR-2001-65

Dear Judge Roberts:

Attached for filing with the Commission is the original and eight (8) copies of AT&T Communications of the Southwest, Inc.'s Surrebuttal Testimony of R. Matthew Kohly and Michael J. Pauls in the above-referenced docket.

I thank you in advance for your cooperation in bringing this to the attention of the Commission.

Very truly yours,

A handwritten signature in cursive script that reads "Rebecca B. DeCook (je)".

Rebecca B. DeCook

Attachment

cc: All Parties of Record

Exhibit No.:
Issue(s): Telephone Specific – Other
Telephone Issues
Witness: Michael J. Pauls
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: AT&T Communications
of the Southwest, Inc.
Case No.: TR-2001-65

AT&T COMMUNICATIONS OF THE SOUTHWEST, INC.

CASE NO.

TR-2001-65

SURREBUTTAL TESTIMONY

OF

MICHAEL J. PAULS

Kansas City, Missouri
August, 2002

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF MISSOURI

IN THE MATTER OF AN INVESTIGATION OF THE)
ACTUAL COSTS INCURRED IN PROVIDING)
EXCHANGE ACCESS SERVICE AND THE ACCESS)
RATES TO BE CHARGED BY COMPETITIVE LOCAL)
EXCHANGE TELECOMMUNICATIONS COMPANIES)
IN THE STATE OF MISSOURI.)

CASE NO. TR-2001-65

AFFIDAVIT OF MICHAEL J. PAULS

STATE OF MISSOURI)
) ss:
COUNTY OF JACKSON)

MICHAEL J. PAULS, of lawful age, being first duly sworn deposes and states:

1. My name is Michael J. Pauls. I am Manager, Access Landscape Management and am testifying on behalf of AT&T Communications of the Southwest, Inc., TCG St. Louis, Inc., and TCG Kansas City, Inc.

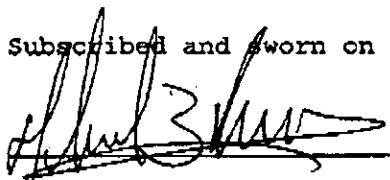
2. Attached hereto and made a part hereof for all purposes is my testimony consisting of pages ___ through ___ and schedules ___ through ___.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.



Michael J. Pauls

Subscribed and sworn on this 29TH day of August, 2002.



Notary Public

My Commission Expires: 5-21-2006.



MICHAEL J. RIVERS
NOTARY PUBLIC - STATE OF MISSOURI
JACKSON COUNTY
MY COMMISSION EXPIRES MAY 21, 2006

AT&T COMMUNICATIONS OF THE SOUTHWEST, INC.

**SURREBUTTAL TESTIMONY
OF
MICHAEL J. PAULS**

CASE NO. TR-2001-65

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

2 A. My name is Michael J. Pauls. My business address is 2121 E. 63rd Street, Kansas
3 City, Missouri 64130.

4

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

6 A. I am employed by AT&T as Manager, Access Landscape Management. My
7 responsibilities include the review and analyses of intrastate access tariff filings
8 and other related telecommunications regulatory issues in the state of Missouri.

9

10 **Q. WOULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL
11 BACKGROUND?**

12 A. I received a Bachelor of Science degree in Finance (summa cum laude) from Fort
13 Hays State University in 1979. I was awarded a Masters of Business
14 Administration degree, with distinction, from Keller Graduate School of
15 Management in 1992.

16

17 **Q. WOULD YOU PLEASE DESCRIBE YOUR PREVIOUS WORK
18 EXPERIENCE?**

19 A. I was employed by Southwestern Bell Telephone Company ("SWBT") as a Rate
20 and Cost Analyst in its Revenues and Public Affairs Department in 1979. In
21 1983, I joined AT&T and have held various access service cost analyst, pricing

1 and regulatory positions within the Southwest Region State Government Affairs
2 organization. I was appointed to my present position on January 1, 1993.

3
4 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY OR APPEARED AS AN**
5 **EXPERT WITNESS BEFORE A REGULATORY BODY?**

6 A. Yes. Schedule MJP-1 provides a listing of other regulatory proceedings in which
7 I have provided testimony on behalf of AT&T.

8
9 **Q. CAN YOU DESCRIBE THE COMPANIES YOU ARE REPRESENTING?**

10 A. I am representing AT&T Communications of the Southwest, inc., TCG St. Louis,
11 Inc. and TCG Kansas City, Inc. ("AT&T" or "AT&T Companies"). AT&T
12 Communications of the Southwest, Inc. operates as both an interexchange carrier
13 throughout Missouri and as a local exchange carrier in portions of Missouri. TCG
14 Kansas City, Inc. and TCG St. Louis, Inc. are facilities-based local exchange
15 providers that provide local exchange service to business customers in the Kansas
16 City and St. Louis metropolitan areas. Through these business activities, the
17 AT&T Companies are both purchasers and providers of intrastate switched access
18 service.

19
20 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN**
21 **THIS PROCEEDING?**

22 A. The purpose of my surrebuttal testimony is to provide the Commission with
23 quantitative data relative to ILEC-specific revenue impacts, and the possible
24 associated offsets of reducing intrastate switched access service rates in Missouri.
25 I believe it is important for the Commission to have this data in order for it to

1 establish a long-term solution that will result in just, reasonable and affordable
2 rates for intrastate exchange access service in Missouri.

3
4 **Q. HOLWAY ET AL. (WARINNER REBUTTAL, PAGE 16) STATES THAT**
5 **SHOULD THE COMMISSION ADOPT A COST METHODOLOGY IN**
6 **THIS PROCEEDING THAT RESULTS IN ANY SIGNIFICANT**
7 **REDUCTION IN INTRASTATE ACCESS CHARGES, A**
8 **CORRESPONDING INCREASE IN OTHER RATES WOULD BE**
9 **REQUIRED TO MAKE THE COMPANIES WHOLE. MR. WARINNER**
10 **THEN PROVIDES DATA FOR HIS CLIENT COMPANIES THAT**
11 **ILLUSTRATES HOW MUCH A \$0.01 PER MINUTE ACCESS**
12 **REDUCTION WOULD IMPACT LOCAL SERVICE RATES. CAN YOU**
13 **PROVIDE THE COMMISSION WITH SIMILAR DATA FOR ALL**
14 **ILECS?**

15 **A.** Yes. Schedule MJP-2 provides the revenue impact to each ILEC of a \$0.01 per
16 minute intrastate switched access reduction. The total ILEC industry revenue
17 reduction is shown to be approximately \$55.8 million. Schedule MJP-2 also
18 provides the offsetting per month end-user rate increase which would be
19 necessary for each ILEC to remain revenue neutral from such a \$0.01 per minute
20 access reduction. The data shows that for the total ILEC industry in Missouri, it
21 would be necessary to increase end-user rates an average of \$1.23 per month for
22 every \$0.01 per minute of access reduction in order to maintain revenue
23 neutrality.

24

1 **Q. CAN YOU ALSO PROVIDE THE COMMISSION WITH THE REVENUE**
2 **IMPACT TO EACH ILEC OF INCREASING END-USER RATES BY \$1.00**
3 **PER MONTH?**

4 A. Yes. Schedule MJP-2 further provides the revenue impact to each ILEC of
5 increasing basic local service rates by \$1.00 per month. The total ILEC industry
6 revenue increase is shown to be approximately \$45.5 million.

7

8 **Q. MR. WARINNER GOES ON TO STATE THAT THE COMMISSION**
9 **COULD EXAMINE THE USE OF THE HIGH-COST PORTION OF THE**
10 **MISSOURI UNIVERSAL SERVICE FUND ("USF") TO OFFSET**
11 **INTRASTATE EXCHANGE ACCESS REDUCTIONS, IF ORDERED.**
12 **CAN YOU PROVIDE THE COMMISSION WITH DATA THAT**
13 **ILLUSTRATES HOW A \$0.01 PER MINUTE ACCESS REDUCTION**
14 **WOULD IMPACT AN USF?**

15 A. Yes. As noted above, a \$0.01 per minute access reduction for all ILECs would
16 result in an industry revenue reduction of \$55.8 million. Therefore, the use of an
17 USF to offset this revenue reduction would result in a \$55.8 million fund increase.
18 The incremental end-user surcharge necessary to fund this additional amount
19 would be approximately 3.1%.¹

20

21 **Q. IN HIS SURREBUTTAL TESTIMONY, AT&T WITNESS R. MATTHEW**
22 **KOHLI HAS PRESENTED THE COMMISSION WITH SURROGATE**
23 **TSLRIC ACCESS COST ESTIMATES/RATE TARGETS FOR THE**
24 **INDIVIDUAL ILECS IN MISSOURI. IF THE COMMISSION WERE TO**
25 **OFFSET SIGNIFICANT ILEC ACCESS RATE REDUCTIONS BY**

¹ Based on net jurisdictional revenue of \$1,786,572,709 as utilized in the industry workshops in Case No. TO-98-329.

1 **OTHER RATE INCREASES OR FUNDING FROM THE MISSOURI USF**
2 **AS MR. WARINNER SUGGESTS (REBUTTAL TESTIMONY, PAGE 16),**
3 **CAN YOU PROVIDE THE IMPACT, AND POSSIBLE ASSOCIATED**
4 **OFFSETS, OF MR. KOHLY'S RECOMMENDATION?**

5 A. Yes. Schedule MJP-3 provides ILEC-specific access rate impacts of
6 implementing Mr. Kohly's surrogate TSLRIC access cost/rate targets. As shown
7 on the schedule, the total ILEC industry access impact would be a revenue
8 reduction of approximately \$291.5 million. Schedule MJP-3 also provides ILEC-
9 specific end-user monthly increases that would fully offset the access revenue
10 reductions—they range from \$2.02 per month (SWBT) to \$40.56 per month
11 (Steelville). The statewide average end-user impact would be \$6.41 per month.
12 Finally, Schedule MJP-3 illustrates that if the \$291.5 million industry access
13 reduction was to be fully offset by the Missouri USF, the resulting end-user
14 surcharge would be approximately 16.3%.

15
16 **Q. MR. KOHLY HAS ALSO PRESENTED THE COMMISSION WITH AN**
17 **ALTERNATIVE "STEP 1—CCL ELIMINATION" PROPOSAL IN**
18 **MOVING ILEC SWITCHED ACCESS RATES TOWARDS COST-BASED**
19 **LEVELS. AGAIN, IF THE COMMISSION WERE TO**
20 **OFFSET SIGNIFICANT ILEC ACCESS RATE REDUCTIONS BY OTHER**
21 **RATE INCREASES OR THE MISSOURI USF AS MR. WARINNER**
22 **SUGGESTS, CAN YOU PROVIDE THE IMPACT, AND POSSIBLE**
23 **ASSOCIATED OFFSETS, OF MR. KOHLY'S ALTERNATIVE**
24 **RECOMMENDATION?**

25 A. Yes. Schedule MJP-4 provides ILEC-specific access rate impacts of
26 implementing Mr. Kohly's "Step 1—CCL Elimination" alternative

1 recommendation. As shown on the schedule, the total ILEC industry access
2 impact would be a revenue reduction of approximately \$158.9 million. Schedule
3 MJP-4 also provides ILEC-specific end-user monthly increases that would fully
4 offset the access revenue reductions—they range from \$1.06 per month (SWBT)
5 to \$26.42 per month (Steelville). The statewide average end-user impact would
6 be \$3.49 per month. Finally, Schedule MJP-4 illustrates that if the \$158.9 million
7 industry access reduction was to be fully offset by the Missouri USF, the resulting
8 end-user surcharge would be approximately 8.9%.

9
10 **Q. WOULD YOU PLEASE SUMMARIZE YOUR TESTIMONY?**

11 A. Yes. I have provided the Commission with quantitative data relative to ILEC-
12 specific revenue impacts, and the associated possible offsets, of reducing
13 intrastate switched access service rates in Missouri. I believe it is important for
14 the Commission to have this data in order for it to establish a long-term solution
15 that will result in just and reasonable rates for intrastate exchange access service
16 in Missouri.

17
18 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

19 A. Yes, it does.

TESTIMONY RÉSUMÉ -- MICHAEL J. PAULS

Arkansas

Docket No. 99-220-U; November, 1999 and August, 2002

In the Matter of the Joint Application of GTE Southwest Incorporated, GTE Arkansas Incorporated and GTE Midwest Incorporated for Authority to Sell and for CenturyTel of Northwest Arkansas, LLC. And CenturyTel of Central Arkansas, LLC. To Acquire Certain Assets and for Relinquishment of Certain Rights Under Certificates of Public Convenience and Necessity

Docket No. 97-450-U; January, 1998

In the Matter of Objection to Arkansas Universal Service Funds Requests

Docket No. 97-386-U; January, 1998

In the Matter of a Motion to Vacate Order No. 7 of Docket No. 93-142-U

Docket No. 86-160-U; September, 1998

In the Matter of Those Elements of the Intrastate Access Charge Maintained at Parity with Interstate Access

Docket No. 90-105-U; December, 1992

In the Matter of a Generic Proceeding to Address the Establishment of a Community Calling Plan on an Interim Basis

Docket No. 86-166-TF/86-186-TF; January, 1987

In the Matter of Tariff Filing of Southwestern Bell Telephone Company

Kansas

Docket No. 01-GIMT-081-GIT; October, 2000

In the Matter of a General Investigation into the Reduction of Intrastate Access Charges for Rural Telephone Companies in Compliance with K.S.A. 66-2005(c)

Docket No. 00-GIMT-455-GIT; July, 2000

In the Matter of the Investigation into the Cost to Provide Local Service of the United Telephone Companies of Kansas d/b/a Sprint, as Required by K.S.A. 1998 Supp.66-2008(d)

Docket No. 00-GIMT-236-GIT; January, 2000

In the Matter of an Investigation to Determine the March 1, 2000 Assessment for the New Kansas Universal Service Fund Year

Docket No. 99-GIMT-784-GIT; August, 1999

In the Matter of a General Investigation into Issues Relating to Local Competition in the State of Kansas

Docket No. 98-GIMT-712-GIT; June, 1999

In the Matter of a General Investigation into IntraLATA Toll Dialing Parity Cost Recovery, PIC Change Charge and Other Issues

Docket No. 190,492-U (Phase II); June, 1996

In the Matter of a General Investigation into Competition within the Telecommunications Industry in the State of Kansas

Docket No. 190,383-U; November, 1995

In the Matter of a General Investigation into Access Charges

Docket No. 93-UTAT-426-TAR; November, 1993

In the Matter of United Telephone Association, Inc. Filing Access Service Tariff Table of Contents, Sheet 7; Section 4-SS7 Access Tariff, Original Sheets 1 through 18. (Introduction of SS7 Switched Access Service.)

Missouri

Case No. TO-98-329; August, 2001

In the Matter of an Investigation into Various Issues Related to the Missouri Universal Service Fund

Case No. TC-2001-402; May, 2001

Staff of the Missouri Public Service Commission, Complainant, v. Ozark Telephone Company, Respondent.

Case No. TR-2001-344; March, 2001

In the Matter of Northeast Missouri Rural Telephone Company's Rate Case in Compliance with the Commission's Orders in Case Nos. TO-99-530 and TO-99-254.

Case No. TT-2001-115; December, 2000

In the Matter of the Access Tariff Filing of Green Hills Telephone Corporation.

Case No. TT-2001-116; December, 2000

In the Matter of the Access Tariff Filing of IAMO Telephone Company.

Case No. TT-2001-117; December, 2000

In the Matter of the Access Tariff Filing of Ozark Telephone Company.

Case No. TT-2001-118; December, 2000

In the Matter of the Access Tariff Filing of Peace Valley Telephone Co., Inc.

Case No. TT-2001-119; December, 2000

In the Matter of the Access Tariff Filing of Holway Telephone Company.

Case No. TT-2001-120; December, 2000

In the Matter of the Access Tariff Filing of KLM Telephone Company.

Case No. TT-2000-22; December, 1999

In the Matter of AT&T's Tariff Filing to Introduce an IntraLATA Overlay Plan, PSC Mo. No. 15

Case No. TO-99-254 et al.; April, 1999

In the Matter of an Investigation Concerning the Primary Toll Carrier Plan and IntraLATA Dialing Parity

Case No. TR-98-345; October, 1998

In the Matter of the Investigation into the Earnings of Lathrop Telephone Company

Case No. TC-98-350; September, 1998

In the Matter of the Investigation into the Earnings of Miller Telephone Company

Case No. TR-98-343; August, 1998

In the Matter of the Investigation by the Staff of the Missouri Public Service Commission into the Earnings of Mid-Missouri Telephone Company

Case No. TT-98-545; August, 1998

In the Matter of GTE Midwest Incorporated's Proposed Revision of its PSC Mo. No. 1 to Introduce LATA-Wide GTE Extended Reach Plan

Case No. TO-98-329; July, 1998

In the Matter of an Investigation into Various Issues Related to the Missouri Universal Service Fund

Case No. TT-98-351; April, 1998

In the Matter of Southwestern Bell Telephone Company's Tariff Revisions Designed to Introduce a LATA-Wide Extended Area Service (EAS) Called Local Plus, and a One-Way COS Plan

Case No. TO-98-216; April, 1998

The Investigation into the Over-earnings of Northeast Missouri Rural Telephone Company

Case No. TR-97-567; February, 1998

In Re the Investigation into the overearnings and modernization of Eastern Missouri Telephone Company, Missouri Telephone Company, and ALLTEL Missouri, Inc.

Case No. TO-97-217/220; August, 1997

In the Matter of an Investigation Concerning the Continuation or Modification of the Primary Toll Carrier Plan when IntraLATA Presubscription is Implemented in Missouri
In the Matter of the Request for Suspension and Modification of Federal Communications Commission Rules Regarding IntraLATA Dialing Parity

Case No. TT-96-398; December, 1996

In the Matter of GTE Midwest Incorporated's Tariff Revision Designed to Provide IntraLATA Equal Access Conversion in GTE End Offices

Case No. TT-96-268; May, 1996

In the Matter of Southwestern Bell Telephone Company's Tariffs Designed to Revise P.S.C. Mo.-No. 26, Long Distance Message Telecommunications Services, to Introduce Designated Number Optional Calling Plan

Case No. TR-96-123; January, 1996

In the Matter of Steelville Telephone Exchange, Inc.'s Tariff Revisions Designed to Increase Rates for Telephone Service Provided to Customers in the Missouri Service Area of the Company

Case No. TT-96-21; November, 1995

In the Matter of Southwestern Bell Telephone Company's Tariffs to Revise P.S.C. Mo.-No. 36, Optional Payment Plan (Volume and Term Discounts) for Switched Access Service

Case No. TR-95-342; September, 1995

In the Matter of Southwestern Bell Telephone Company's Tariff Sheets Designed to Restructure Local Transport Rates

Case No. TC-93-224/192; May, 1993

The Staff of the Missouri Public Service Commission, Complainant, V. Southwestern Bell Telephone Company, A Missouri Corporation, Respondent
In the Matter of Proposals to Establish an Alternative Regulation Plan for Southwestern Bell Telephone Company

Case No. TR-93-181; February, 1993

In the Matter of the Application of United Telephone Company of Missouri for Authority to File Tariffs Increasing Rates for Telephone Service to Customers in Missouri

Oklahoma

Cause No. 200000471; December, 2000

Application of AT&T Communications of the Southwest, Inc. for an Order Revising the Intrastate Access Tariff of Southwestern Bell Telephone Company in Parity with Interstate Access Tariff

Cause No. 980000580/604; November, 1998

Applicant: Southwestern Bell Telephone Company; Chouteau Telephone Company; Pine Telephone Company; Totah Telephone Company. Relief Sought: Approval of Compensation Agreements for Local Plus and Area Wide Calling Service
Applicant: Southwestern Bell Telephone Company and Salina-Spavinaw Telephone Company, Inc. Relief Sought: Approval of Compensation Agreement for Local Plus and Area Wide Calling Service

Cause No. 980000144; October, 1998

Application of Southwestern Bell Telephone Company for an Order Approving Proposed Revisions to Applicant's Access Service Tariff in Accordance with H.B. 1815

Cause No. 980000263; August, 1998

In the Matter of the Application of Atlas Telephone Company ET AL., for Approval of Tariffs

Cause No. 000254; September, 1988

In the Matter of the Application of Southwestern Bell Telephone Company for an Order Approving Proposed Additions and Changes in Applicant's Access Service Tariff and Wide Area Telecommunications Service Plan Tariff

MISSOURI -- CASE NO. TR-2001-65

| | Revenue Impact of a \$0.01 Per Minute Access <u>Reduction (1)</u> | End-User Increase to Offset a \$0.01 Per Minute Access <u>Reduction</u> | Revenue Impact of a \$1.00 Per Month End-User <u>Increase (2)</u> |
|--------------------|--|--|--|
| Southwestern Bell | (\$27,579,492) | \$0.83 | \$33,032,688 |
| Verizon | (\$11,970,959) | \$2.29 | \$5,233,464 |
| Sprint | (\$5,880,751) | \$1.77 | \$3,323,040 |
| Spectra | (\$3,973,753) | \$2.55 | \$1,560,000 |
| Alltel | (\$1,953,778) | \$2.38 | \$821,064 |
| Alma | (\$22,592) | \$4.95 | \$4,560 |
| BPS | (\$132,712) | \$2.85 | \$46,560 |
| Cass County | (\$135,124) | \$1.41 | \$96,000 |
| Chariton Valley | (\$339,246) | \$3.28 | \$103,308 |
| Choctaw | (\$14,997) | \$1.96 | \$7,668 |
| Citizens | (\$120,474) | \$2.27 | \$53,172 |
| Craw-Kan | (\$140,594) | \$4.40 | \$31,944 |
| Ellington | (\$71,384) | \$2.76 | \$25,860 |
| Farber | (\$14,228) | \$4.94 | \$2,880 |
| Fidelity | (\$559,552) | \$2.74 | \$204,480 |
| Goodman | (\$79,956) | \$3.44 | \$23,268 |
| Granby | (\$220,609) | \$6.15 | \$35,856 |
| Grand River | (\$501,156) | \$2.85 | \$175,668 |
| Green Hills | (\$167,477) | \$3.57 | \$46,944 |
| Holway | (\$19,352) | \$2.88 | \$6,720 |
| Iamo | (\$31,907) | \$2.14 | \$14,916 |
| Kingdom | (\$185,414) | \$2.82 | \$65,808 |
| KLM | (\$53,476) | \$2.79 | \$19,200 |
| Lathrop | (\$30,564) | \$1.79 | \$17,064 |
| Le-Ru | (\$111,814) | \$6.21 | \$18,000 |
| Mark Twain | (\$143,060) | \$2.51 | \$57,108 |
| McDonald County | (\$146,973) | \$3.18 | \$46,200 |
| Mid-Missouri | (\$157,012) | \$3.13 | \$50,160 |
| Miller | (\$47,726) | \$3.46 | \$13,800 |
| Modern | (\$109,312) | \$2.06 | \$53,064 |
| Mokan Dial | (\$7,610) | \$0.77 | \$9,828 |
| Northeast Missouri | (\$154,567) | \$2.72 | \$56,724 |
| New Florence | (\$19,426) | \$3.44 | \$5,640 |
| New London | (\$34,764) | \$2.73 | \$12,720 |
| Orchard Farm | (\$6,475) | \$0.63 | \$10,212 |
| Oregon Farmers | (\$60,565) | \$3.97 | \$15,252 |
| Ozark | (\$53,535) | \$1.85 | \$28,956 |
| Peace Valley | (\$19,984) | \$3.36 | \$5,940 |
| Rock Port | (\$42,236) | \$1.85 | \$22,800 |
| Seneca | (\$120,474) | \$3.03 | \$39,804 |
| Steelville | (\$242,881) | \$4.17 | \$58,200 |
| Stoutland | (\$76,301) | \$4.08 | \$18,696 |
| Total | (\$55,754,259) | \$1.23 | \$45,475,236 |

(1) Based on Case No. TO-98-329 Industry Workshop Data

(2) Based on Missouri Telecommunications Industry Association-MTIA Information

MISSOURI -- CASE NO. TR-2001-65

| | Surrogate TSLRIC Access Cost/Rate Target | Access Revenue Impact | Revenue Neutral End-User Monthly Impact |
|--------------------|---|----------------------------------|--|
| Southwestern Bell | \$0.0056 | (\$66,688,516) | \$2.02 |
| Verizon | \$0.0052 | (\$101,082,834) | \$19.31 |
| Sprint | \$0.0132 | (\$50,857,286) | \$15.30 |
| Spectra | \$0.0179 | (\$30,032,614) | \$19.25 |
| Alltel | \$0.0197 | (\$13,032,621) | \$15.87 |
| Alma | \$0.0197 | (\$122,139) | \$26.78 |
| BPS | \$0.0197 | (\$939,549) | \$20.18 |
| Cass County | \$0.0197 | (\$917,368) | \$9.56 |
| Chariton Valley | \$0.0197 | (\$2,733,693) | \$26.46 |
| Choctaw | \$0.0197 | (\$107,002) | \$13.95 |
| Citizens | \$0.0197 | (\$1,061,227) | \$19.96 |
| Craw-Kan | \$0.0197 | (\$312,654) | \$9.79 |
| Ellington | \$0.0197 | (\$680,687) | \$26.32 |
| Farber | \$0.0197 | (\$92,179) | \$32.01 |
| Fidelity | \$0.0197 | (\$3,133,113) | \$15.32 |
| Goodman | \$0.0197 | (\$203,641) | \$8.75 |
| Granby | \$0.0197 | (\$1,305,820) | \$36.42 |
| Grand River | \$0.0197 | (\$3,438,569) | \$19.57 |
| Green Hills | \$0.0197 | (\$1,171,080) | \$24.95 |
| Holway | \$0.0197 | (\$162,051) | \$24.11 |
| Iamo | \$0.0197 | (\$185,078) | \$12.41 |
| Kingdom | \$0.0197 | (\$1,001,013) | \$15.21 |
| KLM | \$0.0197 | (\$447,315) | \$23.30 |
| Lathrop | \$0.0197 | (\$68,663) | \$4.02 |
| Le-Ru | \$0.0197 | (\$691,923) | \$38.44 |
| Mark Twain | \$0.0197 | (\$927,016) | \$16.23 |
| McDonald County | \$0.0197 | (\$826,411) | \$17.89 |
| Mid-Missouri | \$0.0197 | (\$1,581,000) | \$31.52 |
| Miller | \$0.0197 | (\$367,162) | \$26.61 |
| Modern | \$0.0197 | (\$729,666) | \$13.75 |
| Mokan Dial | \$0.0197 | (\$61,934) | \$6.30 |
| Northeast Missouri | \$0.0197 | (\$1,548,926) | \$27.31 |
| New Florence | \$0.0197 | (\$128,561) | \$22.79 |
| New London | \$0.0195 | (\$124,757) | \$9.81 |
| Orchard Farm | \$0.0197 | (\$41,140) | \$4.03 |
| Oregon Farmers | \$0.0197 | (\$490,408) | \$32.15 |
| Ozark | \$0.0197 | (\$391,710) | \$13.53 |
| Peace Valley | \$0.0197 | (\$191,777) | \$32.29 |
| Rock Port | \$0.0197 | (\$112,479) | \$4.93 |
| Seneca | \$0.0197 | (\$523,126) | \$13.14 |
| Steelville | \$0.0197 | (\$2,360,656) | \$40.56 |
| Stoutland | \$0.0148 | (\$618,953) | \$33.11 |
| Total | | (\$291,494,318) | \$6.41 |

Revenue Neutral USF End-User Surcharge

16.3%

MISSOURI -- CASE NO. TR-2001-65

| | Step 1 - CCL Elimination Rate Target | Access Revenue Impact | Revenue Neutral End-User Monthly Impact |
|--------------------|---|----------------------------------|--|
| Southwestern Bell | \$0.0171 | (\$34,939,005) | \$1.06 |
| Verizon | \$0.0513 | (\$45,925,805) | \$8.78 |
| Sprint | \$0.0408 | (\$34,612,888) | \$10.42 |
| Spectra | \$0.0514 | (\$16,735,973) | \$10.73 |
| Alltel | \$0.0439 | (\$8,286,894) | \$10.09 |
| Alma | \$0.0408 | (\$74,376) | \$16.31 |
| BPS | \$0.0527 | (\$500,722) | \$10.75 |
| Cass County | \$0.0514 | (\$488,942) | \$5.09 |
| Chariton Valley | \$0.0389 | (\$2,081,290) | \$20.15 |
| Choctaw | \$0.0306 | (\$90,592) | \$11.81 |
| Citizens | \$0.0501 | (\$694,082) | \$13.05 |
| Craw-Kan | \$0.0352 | (\$94,143) | \$2.95 |
| Ellington | \$0.0566 | (\$417,194) | \$16.13 |
| Farber | \$0.0497 | (\$49,434) | \$17.16 |
| Fidelity | \$0.0558 | (\$1,109,941) | \$5.43 |
| Goodman | \$0.0320 | (\$104,736) | \$4.50 |
| Granby | \$0.0377 | (\$907,797) | \$25.32 |
| Grand River | \$0.0522 | (\$1,808,209) | \$10.29 |
| Green Hills | \$0.0387 | (\$852,824) | \$18.17 |
| Holway | \$0.0478 | (\$107,509) | \$16.00 |
| Iamo | \$0.0444 | (\$106,029) | \$7.11 |
| Kingdom | \$0.0406 | (\$612,348) | \$9.31 |
| KLM | \$0.0449 | (\$312,555) | \$16.28 |
| Lathrop | \$0.0343 | (\$24,054) | \$1.41 |
| Le-Ru | \$0.0510 | (\$341,331) | \$18.96 |
| Mark Twain | \$0.0371 | (\$678,064) | \$11.87 |
| McDonald County | \$0.0434 | (\$478,012) | \$10.35 |
| Mid-Missouri | \$0.0562 | (\$1,007,591) | \$20.09 |
| Miller | \$0.0395 | (\$272,465) | \$19.74 |
| Modern | \$0.0312 | (\$603,163) | \$11.37 |
| Mokan Dial | \$0.0383 | (\$47,747) | \$4.86 |
| Northeast Missouri | \$0.0477 | (\$1,114,870) | \$19.65 |
| New Florence | \$0.0463 | (\$76,806) | \$13.62 |
| New London | \$0.0397 | (\$54,638) | \$4.30 |
| Orchard Farm | \$0.0425 | (\$26,356) | \$2.58 |
| Oregon Farmers | \$0.0398 | (\$368,418) | \$24.16 |
| Ozark | \$0.0136 | (\$423,933) | \$14.64 |
| Peace Valley | \$0.0536 | (\$123,907) | \$20.86 |
| Rock Port | \$0.0338 | (\$52,820) | \$2.32 |
| Seneca | \$0.0346 | (\$343,318) | \$8.63 |
| Steelville | \$0.0535 | (\$1,537,653) | \$26.42 |
| Stoutland | \$0.0403 | (\$424,333) | \$22.70 |
| Total | | (\$158,912,767) | \$3.49 |

Revenue Neutral USF End-User Surcharge

8.9%