EXHIBIT 7

Exhibit 7

White Pages Delivery Charge

White Pages Delivery	Zone 1 Urban	Zone 2 Suburban	Zone 3 Rural	Zone 4 Springfield	Weighted
Zone Weightings	56.0%	29.0%	8.6%	6.4%	100.0%
Per Price List	$6.48	$2.81	$2.50	$6.48	
Weighted Value	$3.63	$0.82	$0.21	$0.41	$5.07
Per Month	$0.54	$0.23	$0.21	$0.54	$0.42

Notes:

1) Contract says Kansas City, Springfield, and St. Louis = $6.48 delivered, Balance of directories either $2.50 or $2.81.

2) Based on M2A Attachment 19, WP-O, White Pages -Other

EXHIBIT 8
(REDACTED FOR PUBLIC INSPECTION)

EXHIBIT 9

Exhibit 9

Basic Local Rates

Local Rate Zones	CCMI Rate 1FR	Local Revenue by Local Rate Zone	# of Wire Centers	# of Lines	# of Exchanges
1	$ 7.55	$ 1,678,616	108	206,461	107
2	$ 9.10	$ 4,555,571	57	470,775	50
3	$ 10.10	$ 901,141	4	89,222	1
4	$ 11.40	$ 187,415	5	14,723	5
5	$ 11.35	$ 4,386,913	17	386,512	2
6	$ 11.85	$ 3,413,248	12	288,038	12
7	$ 12.50	$ 2,208,817	10	176,705	13
Totals/Avg.	$ 10.62	$ 17,331,719	213	1,632,436	190

Notes:
1) Local Rate Effective date: 9/30/2000 from CCMI
2) Does not reflect impact of MCA

Optional MCA Arrangement	
K3	$ 12.35
K4	$ 21.55
K5	$ 32.50
P2	$ 11.45
S3	$ 12.35
S4	$ 21.55
S5	$ 32.50

EXHIBIT 10

Exhibit 10

Basic Local and UNE Loop Rates by UNE Zone

UNE Rate Zone	Res Lines	UNE Loop Price	Average Local Rate	# of Wire Centers
1	913,830	$ 12.71	$ 11.98	42
2	473,945	$ 18.64	$ 14.02	57
3	140,167	$ 19.74	$ 10.99	104
4	104,495	$ 16.41	$ 10.47	10
Totals/Avg.	**1,632,436**	**$ 15.27**	**$ 12.39**	**213**

EXHIBIT 11

Exhibit 11

Loop Rates and Cost in 5-State SWBT Region

	% difference: MO Rates vs. other states	% difference: MO Cost vs. other states	Amount of Rate Difference Unexplained by Cost Difference	Study Area Res Loop Rates	Adj SynMOD Study Area Loop Cost
Arkansas	7%	-19%	32%	$14.30	$18.96
Kansas	11%	1%	10%	$13.76	$15.17
Oklahoma	-4%	-8%	5%	$15.87	$16.63
Texas	7%	19%	-11%	$14.33	$12.82
Missouri	0%	0%	0%	$15.27	$15.28

EXHIBIT 12

Exhibit 12

Time Trend Analysis of Cable and Wire Net Investment per Line

SWBT - Texas	1992	1993	1994	1995	1996	1997	1998	1999	2000	1999 vs 1992 Overall Growth	1999 vs 1992 CAGR	1999 vs 1996 Overall Growth	Estimate growth 1996 to 2001
Total Access Lines	7,264,560	8,015,589	8,981,756	9,486,275	10,357,490	11,064,280	12,152,410	13,595,780	12,655,640	**87%**			
Cable & Wire Facilities (eoy)	6,618,659	6,875,300	7,124,764	7,364,385	7,661,151	8,198,287	8,548,727	8,944,548	9,445,495				
Estimated Net C&W Plant	3,751,259	3,764,518	3,753,362	3,708,970	3,688,246	3,833,717	3,808,595	3,781,706	3,850,001	**1%**			
Net C&W Plant per tot line	$ 516.38	$ 469.65	$ 417.89	$ 390.98	$ 356.09	$ 346.49	$ 313.40	$ 278.15	$ 304.21	**-46%**	**-7.4%**	**-22%**	**-36%**

SWBT - Missouri	1992	1993	1994	1995	1996	1997	1998	1999	2000				
Total Access Lines	2,071,787	2,306,542	2,706,799	2,809,037	2,972,987	3,033,069	3,230,499	3,575,101	3,438,830	**73%**			
Cable & Wire Facilities (eoy)	1,646,178	1,716,539	1,797,761	1,868,520	1,954,491	2,033,411	2,101,213	2,184,519	2,297,930				
Estimated Net C&W Plant	933,005	939,878	947,070	941,054	940,935	950,872	936,124	923,603	936,640	**-1%**			
Net C&W Plant per tot line	$ 450.34	$ 407.48	$ 349.89	$ 335.01	$ 316.49	$ 313.50	$ 289.78	$ 258.34	$ 272.37	**-43%**	**-6.7%**	**-18%**	**-31%**

SWBT - Total	1992	1993	1994	1995	1996	1997	1998	1999	2000				
Total Access Lines	12,603,030	13,015,640	15,518,350	16,343,360	17,601,590	18,701,080	20,342,900	22,539,150	21,173,460	**79%**			
Cable & Wire Facilities (eoy)	11,243,430	11,682,900	12,108,950	12,536,080	13,051,740	13,794,520	14,335,820	14,912,120	15,696,530				
Acumulated Depreciation	4,870,989	5,286,018	5,729,893	6,222,458	6,768,346	7,343,870	7,948,982	8,607,357	9,298,596				
Net C&WF Plant	6,372,441	6,396,882	6,379,057	6,313,622	6,283,394	6,450,650	6,386,838	6,304,763	6,397,934	**-1%**			
C&W Depreciation Reserve	43%	45%	47%	50%	52%	53%	55%	58%	59%				
Net C&W Plant per Total Line	$ 505.63	$ 491.48	$ 411.07	$ 386.31	$ 356.98	$ 344.93	$ 313.96	$ 279.72	$ 302.17	**-45%**	**-7.1%**	**-22%**	**-35%**

Source: Missouri data from ARMIS 43-03 and 43-08, SWBT data is from ARMIS 43-02 and 43-08

EXHIBIT 13

Exhibit 13

Time Trend Analysis of Net Switch Investment per DEM

SWBT - Texas	1992	1993	1994	1995	1996	1997	1998	1999	2000	2000 vs 1992 Overall Growth	2000 vs 1992 CAGR	2000 vs 1996 Overall Growth	Estimate growth 1996 to 2001
Total DEM (Millions)	152,681	161,778	137,487	174,514	193,598	216,416	237,778	260,845	277,868	82%	7.8%	44%	51%
Total CO Switch EOP Gross Plant ($M)	2,804	2,860	2,973	3,107	3,289	3,538	3,712	3,788	3,876				
Est Total CO Switch EOP Net Plant ($	1,750	1,766	1,826	1,831	1,947	2,025	2,136	2,129	2,142	22%	2.6%	10%	13%
Net Switch Inv per DEM	$ 0.01146	$0.01092	$0.01328	$0.01049	$0.01006	$0.00936	$0.00898	$0.00816	$0.00771	-33%	-4.8%	-23%	-28%

SWBT - Missouri	1992	1993	1994	1995	1996	1997	1998	1999	2000	2000 vs 1992 Overall Growth	2000 vs 1992 CAGR	2000 vs 1996 Overall Growth	Estimate growth 1996 to 2001
Total DEM (Millions)	41,995	45,500	50,065	48,529	52,307	56,261	60,881	67,160	72,259	72%	7.0%	38%	45%
Total CO Switch EOP Gross Plant ($M)	735	753	751	783	848	879	917	954	1,006				
Est Total CO Switch EOP Net Plant ($	459	465	461	461	502	503	528	536	556	21%	2.4%	11%	13%
Net Switch Inv per DEM	$ 0.00301	$0.00287	$0.00336	$0.00264	$0.00259	$0.00232	$0.00222	$0.00205	$0.00200	-33%	-5.0%	-23%	-28%

SWBT - Total	1992	1993	1994	1995	1996	1997	1998	1999	2000	2000 vs 1992 Overall Growth	2000 vs 1992 CAGR	2000 vs 1996 Overall Growth	Estimate growth 1996 to 2001
Total DEM (Millions)	255,053	270,869	250,522	290,283	319,470	355,602	389,984	431,950	432,939	70%	6.8%	36%	42%
Total CO Switch EOP Gross Plant ($M)	4,699	4,784	4,872	5,026	5,323	5,680	5,963	6,141	6,359				
CO Switch Depreciation Reserve	1,766	1,829	1,880	2,064	2,172	2,429	2,532	2,690	2,845				
CO Switch Reserve Ratio	38%	38%	39%	41%	41%	43%	42%	44%	45%				
Total CO Switch EOP Net Plant ($M))	2,933	2,955	2,992	2,962	3,151	3,251	3,431	3,451	3,514	20%	2.3%	12%	14%
Net Switch Inv per DEM	$ 0.0115	$ 0.0109	$ 0.0119	$ 0.0102	$ 0.0099	$ 0.0091	$ 0.0088	$ 0.0080	$ 0.0081	-29%	-4.3%	-18%	-22%

* Source: ARMIS 43-03 for Texas-specific data and ARMIS 43-02 for aggregate SWBT data

Redacted For Public Inspection

Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of

Application by SBC Communications Inc., Southwestern Bell Telephone Company, And Southwestern Bell Communications Services, Inc. d/b/a/ Southwestern Bell Long Distance For Provision of In-Region, InterLATA Services In Arkansas and Missouri	)	CC Docket No. 01-194

DECLARATION OF MICHAEL R. BARANOWSKI
ON BEHALF OF AT&T CORP.

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Before the
Federal Communications Commission
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In the Matter of		
Application by SBC Communications Inc., Southwestern Bell Telephone Company, And Southwestern Bell Communications Services, Inc. d/b/a/ Southwestern Bell Long Distance For Provision of In-Region, InterLATA Services In Arkansas and Missouri	)	CC Docket No. 01-194

DECLARATION OF MICHAEL R. BARANOWSKI
ON BEHALF OF AT&T CORP.

Based on my personal knowledge and on information learned in the course of my duties, I, Michael R. Baranowski, declare as follows:

1. My name is Michael R. Baranowski. I am Executive Vice President of FTI/Klick, Kent & Allen, Inc., a subsidiary of FTI Consulting, Inc. ("FTI/KKA"). FTI/KKA is an economic and financial consulting firm with offices at 66 Canal Center Plaza, Suite 670, Alexandria VA, 22314. In that position, I conduct economic and cost analysis for a variety of clients. Since 1996, I have been directly and continuously involved in interconnection agreement arbitrations and other network element rate proceedings before state public utility commissions. In that regard, I am intimately familiar with the cost models submitted by Southwestern Bell Telephone Company ("SWBT") and other incumbent local exchange carriers. I am submitting this declaration at the request of AT&T Corp. ("AT&T").

I. PURPOSE AND OVERVIEW OF TESTIMONY.

2. The unbundled network element ("UNE") rates upon which SWBT's Missouri Section 271 Application is based are a hodge-podge of permanent rates approved by the Missouri Public Service Commission ("MPSC") and interim rates taken either from SWBT cost studies that the MPSC has never reviewed or from SWBT's rates in other states. Furthermore, the cost studies on which many of SWBT's Missouri rates are based do not comply with the Commission's TELRIC rules – indeed, that is evident from SWBT's own descriptions of its cost models. As a result of these many TELRIC errors, all of SWBT's UNE rates are massively inflated. For this reason, the arbitrary discounts that SWBT has implemented to *some* of its UNE rates are insufficient, on their face, to address the rate inflation caused by all of the TELRIC violations in SWBT's cost models. In all events, it is impossible to determine whether SWBT's arbitrary rate discounts are sufficient to offset the rate inflation caused by its non-TELRIC cost studies because SWBT has not provided the Commission or other parties with access to electronic versions of those cost studies.

3. Nevertheless, even assuming (contrary to fact) that the arbitrary discounts offered by SWBT could offset the rate inflation caused its non-TELRIC-compliant cost studies, that would only mean that SWBT's flawed cost studies combined with the rate discounts could produce TELRIC-compliant rates for the base year (pre-1997) data on which its cost studies relied. Given the significant decline in the cost of providing UNEs in Missouri, therefore, SWBT's rates would still be well-above cost-based rates by today's standards.

4. SWBT's Arkansas nonrecurring charges ("NRCs") are also grossly inflated. In Arkansas, SWBT proposed, and the Arkansas Public Service Commission ("APSC") blindly adopted, the exact same inflated UNE NRCs that SWBT uses in Kansas. Those are rates that

even the Kansas Corporation Commission ("KCC") has found to violate TELRIC principles. A comparison of the Kansas NRCs to those in Texas shows that SWBT's Kansas (and now Arkansas) NRCs are significantly higher than those in Texas. That comparison is significant because the Kansas commission has specifically pointed out that there is no reason to believe that NRCs should vary among states in SWBT's five-state region.

II. MISSOURI.

A. MPSC Proceedings Leading to the Adoption of SWBT's Missouri UNE Rates.

5. The UNE rates proposed in SWBT's Section 271 Application are derived from three sources: (1) permanent rates adopted by the MPSC in July of 1997, (2) interim rates adopted by the MPSC in December of 1997, (3) and rates that SWBT charges in other states. In this section, I describe the unusual course of proceedings that produced the permanent and interim UNE rates on which SWBT's Section 271 Application relies.

6. On July 29, 1996, AT&T petitioned the MPSC seeking compulsory arbitration of certain unresolved issues relating to its interconnection agreement with SWBT, including the establishment of cost-based rates. SWBT filed its response to AT&T's petition on August 23, 1996. The MPSC conducted hearings in October, 1996, and issued its Arbitration Order on December 11, 1996.[1] The December 11 Order, however, set only interim rates. *Id.* at 48.

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[1] *See* Arbitration Order, *AT&T Communications of the Southwest, Inc.'s Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Southwestern Bell Telephone Company; MCI Telecommunications Corporation and Its Affiliates, Including MCImetro Access Transmission Services, Inc. for Arbitration and Mediation Under the Federal Telecommunications Act of 1996 of Unresolved Interconnection Issues With Southwestern Bell Telephone Company*, Case Nos. TO-97-40 & TO-97-67 (issued December 11, 1996) ("*December 11 Order*").

7. In an Order dated January 22, 1997, the MPSC recognized that the hurried 90 day proceeding culminating in the *December 11 Order* was insufficient to "permit the detailed analysis the [MPSC] considers necessary for establishing permanent rates for unbundled elements and resale."[2] Accordingly, the MPSC set a new schedule for developing permanent cost-based rates. However, the MPSC chose not to hold hearings to develop those permanent rates, opting instead to assign its staff ("MPSC Staff") to hold separate closed meetings with the parties and, based upon those meetings, to recommend permanent rates to the MPSC. These procedures did not allow parties to reply to the positions taken by other parties or to the conclusions being drawn by the MPSC Staff. There were no opportunities to cross-examine witnesses and no opportunities to file rebuttal testimony. Although the MPSC had promised the parties that they would have an opportunity to comment on the rates proposed by MPSC Staff, *see January 22 Order at 11*, the MPSC instead simply adopted all of its staff's recommendations.[3]

8. A second arbitration took place pursuant to a petition filed by AT&T for arbitration of a number of issues that remained unresolved by the first arbitration. The

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[2] Order Granting Clarification And Modification And Denying Motion to Identify And Motions For Rehearing, *AT&T Communications of the Southwest, Inc.'s Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Southwestern Bell Telephone Company; MCI Telecommunications Corporation and Its Affiliates, Including MCImetro Access Transmission Services, Inc. for Arbitration and Mediation Under the Federal Telecommunications Act of 1996 of Unresolved Interconnection Issues With Southwestern Bell Telephone Company*, Case Nos. TO-97-40 & TO-97-67 (January 22, 1997) ("*January 22 Order*").

[3] *See* Arbitration Order, *AT&T Communications of the Southwest, Inc.'s Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Southwestern Bell Telephone Company; MCI Telecommunications Corporation and Its Affiliates, Including MCImetro Access Transmission Services, Inc. for Arbitration and Mediation Under the Federal Telecommunications Act of 1996*

Procedural Schedule for the second arbitration specified that the MPSC would base its arbitration order on the filed pleadings, as well as any technical expertise provided by PSC Staff.[4] Again, parties were not afforded any opportunity to cross-examine witnesses or to submit additional testimony before the MPSC issued its December 23, 1997 Order. *Id.* at 942-943. In that order, the MPSC approved, as interim rates, many SWBT proposals that were based on SWBT cost studies that neither MPSC Staff nor the MPSC had reviewed. These interim rates included rates for dedicated transport, cross-connects, NXX migration, multiplexing, and many others. *See December 23, 1997 Order.*

9. In addition, many of SWBT's other Missouri UNE rates are "interim rates that were simply lifted from SWBT's rates in other states and have never even been considered by the MPSC or its staff. *See* SWBT AR/MO Application at 25. These rates include certain loop cross connects, dedicated transport cross connects, customized routing charges, OC3 and OC12 entrance facilities, voice grade interoffice transport charges, signaling charges and others.

B. SWBT'S Cost Studies Violate Numerous Fundamental TELRIC Principles.

10. The SWBT cost studies relied on by the MPSC to compute UNE rates for Missouri violate numerous fundamental TELRIC principles. In this section, I demonstrate that (1) SWBT's cost studies largely implement an impermissible "reproduction" approach to network design rather than the forward-looking "replacement" approach to network design required by the Commission's TELRIC rules, and (2) SWBT's costs studies fail to comply with

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of Unresolved Interconnection Issues With Southwestern Bell Telephone Company, Case Nos. TO-97-40 & TO-97-67 at 2 (issued July 31, 1997) ("*July 31 Order*").

[4] *See AT&T Communications of the Southwest, Inc. v. Southwestern Bell Telephone Company*, 86 F.Supp.2d 932, 943 (W.D.Mo. 1999).

numerous other basic TELRIC principles. Each of the problems that I identify causes SWBT's UNE estimates to be significantly inflated.[5]

1. In Many Key Respects, The SWBT Cost Models Compute Costs Based On Existing Architecture And Technology Rather Than On A Forward-Looking Architecture And Technology As Required By The Commission's Rules.

11. The Commission's rules require that "total long-run incremental cost [TELRIC] of an element should be measured based on the use of the most efficient telecommunications technology currently available and the lowest cost network configuration, given the existing locations of the incumbent LEC's wire centers." 47 C.F.R. §51.505(b)(1). As the Commission has recognized this requires the "replacement cost" estimation methodology that economists and regulators have long recognized best replicates competitive market outcomes. Under that approach, a TELRIC-compatible cost study would be based on the most efficient network capable of delivering the relevant functionalities without regard to the design, architecture and technologies employed in the existing network. SWBT's Missouri cost studies plainly violate this fundamental TELRIC principle.

12. The MPSC Staff has explained that SWBT's cost studies are based "upon the most current technology deployed in the *existing network recognizing the existing network design and topography*." Staff Report at 2 (emphasis added). And the MPSC Staff's observation is confirmed by SWBT witness Smith who admitted that SWBT's cost models used its existing network configuration to SWBT's Missouri UNE rates. *See* SWBT AR/MO 271 Application, Appendix AR-MO, Tab 21 at A-6 (SWBT's cost studies reflect "the mix of

[5] This rate inflation is significant because it has a significant adverse affect on competition – indeed, even very small overstatements in rates would significantly impede new entry. *See* Clarke MO Decl. (attached as Exhibit 1).

equipment used today") ("Smith AR/MO Aff."); *id.* at A-8 ("Plant investments are computed for each component reflecting the mix of equipment used today to provide the component"); *cf. Local Competition Order* ¶ 685 (rejecting UNE pricing methodologies that would allow incumbent LECs to "recover costs based on their existing operations, and prices for interconnection and unbundled elements that reflect inefficient or obsolete network design").

13. SWBT's impermissible reproduction cost assumptions were particularly prevalent in SWBT's loop cost studies. SWBT's primary loop cost model, the LPVST cost model was developed years ago by the Bell System to estimate the cost of providing new and existing services. The primary driver of the LPVST outputs is the SWBT sample survey results combined with its embedded historical installed cost per cable foot. There are few, if any, forward-looking modifications made by SWBT to either the survey input data or the historical cable investment per pair. Instead, SWBT's survey data replicates the inefficiencies of the embedded network by incorrectly asserting that the feeder and distribution cable sizes in place today are reflective of the forward-looking efficient cable sizes. The SWBT network from which the survey samples are taken actually evolved piecemeal over time, with capacity added in increments as actual and forecasted demand increased. Under these circumstances, it is sometimes more efficient to add another smaller cable to a route, resulting in multiple, smaller sized cables where a single, larger size cable would be more efficient. Thus, although SWBT's LPVST model may be fine for embedded network cost computations, the TELRIC standard requires that the facility be efficiently sized to meet total demand.

14. In addition, because SWBT's LPVST model relies on a survey of sample loops from its existing network for inputs, it reproduces historical cable placement patterns and does not reflect the most efficient outside plant configuration. For instance, the model makes no

adjustments to account for changes in demographics or other forward-looking variables that must be evaluated when building a new network. The Missouri PSC Staff Report acknowledges these concerns, but neither the Staff nor the MPSC itself made any effort to address the problem. Although it is obviously impossible precisely to quantify the full impact of these rate-inflating errors on SWBT's loop rates without access to the electronic cost studies (which SWBT has not provided, *see infra*), the inflation is undoubtedly quite substantial.[6]

15. The reply comments filed by SWBT in its first Missouri section 271 attempt further confirm that SWBT's Missouri UNE rates reflect impermissible reproduction cost assumptions that violate the efficient replacement cost approach demanded by the Commission's rules. In those reply comments, SWBT conceded, for example, that its loop Missouri rates do not reflect the cable sizes and runs that an efficient, cost-minimizing competitor would deploy, but instead simply reprice SWBT's embedded 1996 cable inventory: "All of the cable sizes and their corresponding lengths from the company inventory of cables are used in the calculation of the average pair foot investment for the total cable including feeder and distribution." Smith MO Reply Aff. at ¶ 43. *See also id.* at ¶ 41 ("SBC keeps records of the types and amounts of cable placed in its network. This inventory, used with the current 'Broadgauge' costs for cable, was used to develop the average cost per pair foot for feeder and distribution"). In its most recent application, SWBT again conceded that its cost studies simply repriced its embedded cable inventory using the prices from its "Broadgauge" manual. *See* Smith AR/MO Aff. ¶¶ 70-72.

[6] Even setting aside the fact that the LPVST model relies upon impermissible reproduction assumptions, that model also relies heavily on inputs from a very poorly documented loop sample survey conducted by SWBT for UNE loops – which SWBT has refused to make available in electronic format – and is, therefore, virtually impossible to validate. SWBT has refused to make electronic versions of its cost studies available.

16. SWBT has offered no reasonable justification for its impermissible use of reproduction assumptions. SWBT simply states that its cost models are not based *entirely* on reproduction cost assumptions and that they include many replacement cost assumptions. *See, e.g.*, Smith AR/MO Aff. ¶¶ 65-79; Smith MO Reply Aff. at ¶¶ 35-39. SWBT goes on to provide a few examples where it purportedly did use a proper a reproduction approach. *See* Smith AR/MO Aff. ¶¶ 65-79. I have never claimed otherwise. *See, e.g.*, AT&T MO Comments at 14. But compliance with the TELRIC rules in *some* respects obviously cannot cure other admitted violations of those rules. TELRIC requires an approach that replaces a BOC's existing technologies, equipment and architectures *whenever* more efficient replacements are available; not a "hybrid" approach that makes some correct replacement assumptions but, in other important respects, assumes reproduction of the existing architectures, equipment and technologies.

2. All of SWBT's Permanent UNE Rates Are Inflated by Depreciation, Common Cost, and Power and Engineering Approaches That Violate Basic TELRIC Principles.

17. The UNE prices adopted by the MPSC and relied upon by SWBT in its 271 Application clearly violate many other TELRIC principles. The adjustments required by the MPSC Staff do not remotely address all of the fundamental flaws in those studies. As I explain below, MPSC Staff itself recognized that it could not address all of the defects in SWBT's cost study.

a. SWBT's Cost Model Significantly Overstates Depreciation Expense By Underestimating the Economic Lives of Capital.

18. SWBT's Missouri UNE rates violate TELRIC by significantly understating depreciation lives for critical inputs, thereby overstating depreciation expenses. SWBT has