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December 17, 1999

VIA FEDERAL EXPRESS

Mr. Dale Roberts
Executive Secretary
Missouri Public Service Commission
301 West High Street, Suite 530
Jefferson City, Missouri 65101

FILED

DEC 20 1999

**Missouri Public
Service Commission**

Re: *In the Matter of the Petition of DIECA Communications, Inc. d/b/a Covad
Communications Company For Arbitration of Interconnection Rates, Terms,
Conditions and Related Arrangements With Southwestern Bell Telephone
Company*
CASE NO. TO-2000-322

Dear Mr. Roberts:

Enclosed please find ten copies of a substitute page 16 and 17 to Covad's Petition for Arbitration filed on November 9, 1999 in this case. Substitute page 16, paragraph 38 correctly states the proposed NRCs for DSL loop conditioning, and substitute page 17, paragraph 41 correctly states the ISDN loop (2-Wire Very Low-band Symmetric Technology Capable Loop) pricing, all of which were correctly stated on Attachment 5 to the Petition. The three price figures on page 16, paragraph 38 have all been changed. Only the numbers in the second column of the chart on page 17, paragraph 41 have been changed. There are no other changes. Counsel for Southwestern Bell Telephone Company has been made aware of these substitutions, and has no objection.

Very truly yours,

Lisa C. Creighton
by [signature]

Lisa C. Creighton

LCC/T2M
Enclosures

cc: Office of Public Counsel
Office of General Counsel, ATTN: Bill Haas
Katherine Swaller, Southwestern Bell Telephone Company

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construction therefore includes the cost for loops that are "conditioned" to provide xDSL as part of the recurring cost. Allowing SWBT to charge forward-looking recurring rates and, at the same time, to charge non-recurring rates based on an older plant design, which needs non-recurring "conditioning" to support xDSL service is inconsistent and can result in double recovery of SWBT's costs. *See Matrix – Attachment 2.*

38. **SWBT Position:** SWBT proposes the following NRCs for DSL loop conditioning (*See Matrix – Attachment 5*):

Removal of Repeaters	\$289.51
Removal of Bridge Taps	\$484.19
Removal of Load Coils	\$797.78

39. **Issue A(7)-DSL Loop Charges:** What are the appropriate recurring and nonrecurring charges for ISDN loop rates?

40. **Covad Position:** Covad proposes that the Commission should set rates for ISDN/IDSL digital loops at a level that both accurately reflect SWBT's TELRIC for those loops and that are reasonable in relationship to SWBT's rates for retail ISDN service. A properly calculated incremental cost for ISDN/IDSL loops should not be substantially higher than the cost for a basic loop or unbundled xDSL loop. Indeed, the BOCs themselves have indicated that the ratio of non traffic-sensitive loop cost for ISDN BRI to standard analog service cost is approximately 1 to 1. Covad therefore proposes that the prices be the same. *See Matrix – Attachment 2.* Further, the cost of electronics, such as the plug-in cards that account for most of the difference between forward-looking basic and ISDN/IDSL loops, should continue to decline sharply on a forward-looking

basis. Even considering any increment between basic and ISDN/IDSL loop TELRICs adopted elsewhere, Covad maintains that in no instance should an ISDN/IDSL loop be priced at more than approximately 30 percent higher than a basic unbundled loop. As indicated below, SWBT intends to charge Covad higher wholesale rates for ISDN loops than it charges for its own retail service. See Matrix – Attachments 2, 3 and 5. There is no way Covad can compete and attain non-discriminatory access in the face SWBT's price gouging.

41. **SWBT Position:** SWBT has offered Covad the recurring charges as listed in the first two columns and has offered its retail customers the charge in the third column (see Matrix – Attachments 3 and 5 for additional charges):

Zone	2-Wire ADSL Capable Loop	ISDN Loop (2-Wire Very Low-band Symmetric Technology Capable Loop)	SWBT's Retail ISDN Rates
1/A Rural	\$12.71	\$25.79	\$45.50
2/B Suburban	\$20.71	\$42.10	\$45.50
3/C Urban	\$33.29	\$58.44	\$45.50

42. **Issue A(8) – Cross Connect Charges:** What are appropriate cross connect charges?

43. **Covad Position:** The xDSL cross-connection (MDF to collocation cage) is the same function/equipment as a basic voice grade service cross connection. As with the basic voice grade cross-connection, xDSL cross-connection rates should reflect the fact that cross-connection is provided by installing large cables (e.g. typically multiple