BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

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**

DIECA COMMUNICATIONS, INC.
D/B/A COVAD COMMUNICATIONS COMPANY'S
MOTION TO COMPEL RESPONSES TO DATA REQUESTS

DIECA Communications, Inc. d/b/a Covad Communications Company ("Covad"), by its undersigned counsel, moves the Commission for a Order compelling Southwestern Bell Telephone Company ("SWBT") to respond to Covad's First Set of Data Requests, specifically, Data Request Nos. 1, 2, 3, 13, 14, 16, 17, 19, 31, 32, 48, 49, 50, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 66, 74, 75, 76, 77, 78, 79, 85, 86. Covad certifies that it has in good faith conferred with SWBT to attempt to receive responses to these Data Requests without a Commission order.

For the convenience of the Commission, Covad will restate each of the Data Requests in dispute, summarize SWBT's objections thereto, and explain why Covad is entitled to all of the information requested. To the extent SWBT objected to certain groups of Data Requests together, Covad has responded in the same manner.

Data Request No. 1:

Relative to SWBT's recent announcements concerning "Project Pronto" that it plans to "rearchitect its network," please provide the following documentation:

(a) A summary of the specific changes planned relative to SWBT's current engineering methods and procedures.

(b) **A copy of any existing analysis concerning the affect of its design changes on the cost analysis it has previously performed for unbundled loops.**

(c) **Whatever documentation is available within SBC Communications, Inc. identifying how SWBT plans to provide access to unbundled DSL-capable loops in the "neighborhood broadband gateways."**

(d) **A description of what forms of "conditioning" (e.g., removal of load coils and bridge tap) SWBT believes may be required to provide DSL-based services to customers served by its target network architecture.**

SWBT's Position

SWBT objected to the above request as irrelevant, overbroad and burdensome. SWBT apparently based its objections on the belief that any future modifications to its network that will arise from its public commitment to spend $6 billion is irrelevant because SWBT is only obligated to unbundle its current network. SWBT further contended that such information is sensitive marketing information and that production would be prejudicial to SWBT.

Covad's Position

SWBT's objections to Data Request No. 1 are improper and SWBT should be ordered to provide Covad the information requested. First, as SWBT knows, the costs and prices adopted in this arbitration must reflect long-run, forward-looking network costs in order to comply with the Federal Telecommunications Act. A different network architecture, such as the one SWBT has publicly announced in connection with Project Pronto, will likely have a material effect on forward-looking costs. Further, information relating to how SWBT plans to fulfill its public commitment to change its network to accommodate its own and its affiliates' advanced services is fundamental to an evaluation of whether SWBT's proposals in this arbitration are discriminatory. As strongly noted by the arbitrators in Texas, the extent to which SWBT discriminates between wholesale and retail services is highly relevant. The Texas arbitrators specifically stated that in some instances SWBT's discriminatory practices were barriers to

competition. *See* Arbitration Award, *Petition of DIECA Communications, Inc., d/b/a Covad Communications Company for Arbitration of Interconnection Rates, Terms and Conditions and Related Arrangements With Southwestern Bell Telephone Company*, Docket No. 20272, pp. 61 and 99 (hereinafter "Arbitration Award"). Finally, information regarding major planned changes in SWBT's network architecture is essential to Covad's ability to negotiate a fair interconnection agreement. As Covad is negotiating for specific loop types at specific prices, any shift or "rearchitecture" of the network can have a substantial material effect on the value of the interconnection agreement.

With respect to SWBT's objection relating to the sensitive nature of the material requested, the Commission issued the Protective Order *requested by SWBT*. Covad's access to and use of discovered information is strictly limited by this Protective Order. This Protective Order provides more than adequate protection to any sensitive information. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 1.

Data Request No. 2:

Please confirm or deny that SWBT has claimed that the network plans associated with "Project Pronto" will reduce its network cost structure. If SWBT has claimed that its network cost structure will be reduced, please provide the following:

(a) A copy of all analyses SWBT has performed to support that assertion.

(b) A copy of any analysis or statements that identify the specific source of the related savings.

(c) A copy of any analysis or statements that estimate the specific magnitude of the related short or long term savings.

SWBT's Position

SWBT asserted the same objections as those stated above in response to Data Request No. 1. Further, SWBT responded that "any cost savings are speculative at this time since plans have not been finalized . . . ."

Covad's Position

SWBT's objections to Data Request No. 2 are improper and SWBT should be ordered to provide Covad the information requested. Covad's position with respect to SWBT's objections to Data Request No. 1 applies here, and is incorporated herein by reference. Additionally, with respect to SWBT's position that any cost savings are speculative, SWBT's position taken in response to this Data Request is strikingly inconsistent with SWBT's public statements regarding Project Pronto. On the description of Project Pronto found on SWBT's web site, SWBT specifically claims that Project Pronto will "[d]ramatically reduce its network costs. Expense and capital savings *alone* are expected to offset the cost of the *entire initiative*." *See SBC Launches $6 Billion Initiative to Transform it Into America's Largest Single Broadband Provider* at p.1 (emphasis added) (attached as Exhibit A). SWBT's position that any cost savings are speculative is disingenuous, and Covad is entitled to this highly relevant information. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 2.

Data Request No. 3:

Please provide a detailed description of the "neighborhood broadband gateways" that SWBT plans to deploy as part of "Project Pronto" including a description of the specific equipment that will be deployed and how that equipment will provide ISDN and DSL services.

SWBT's Position

SWBT asserted the same objections as those stated above in response to Data Request No. 1.

Covad's Position

Covad's position with respect to SWBT's objections to Data Request No. 1 applies here, and is incorporated herein by reference. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 3.

Data Request No. 13:

Please describe each type of line conditioning (e.g., removing load coils or bridge tap, adding or removing repeaters, rearranging outside plant facilities) that SWBT will undertake (in any circumstance) in order to satisfy a request for its retail ADSL service and/or retail ISDN service. If SWBT claims that it will only condition lines in order to provide its own retail ADSL and/or ISDN services in limited cases, please provide a complete description of each such limitation.

SWBT's Position

SWBT objected to this request as irrelevant to the extent it requires SWBT to describe the circumstance under which it conditions lines for its own retail ASDL and/or ISDN services. SWBT also stated that in the future such services will be provided by an affiliate.

Covad's Position

SWBT's response to this request is insufficient. SWBT needs to provide a sufficient amount of information for *Covad,* not SWBT, to determine if SWBT's practices relative to conditioning charges for its retail customers are relevant to the issues in this case. The arbitrators in Texas thought the information requested in Data Request No. 13 was highly relevant to the issue of loop conditioning charges. The Texas arbitrators noted for the record that SWBT could not testify that it had charged any SWBT retail customer the conditioning charges it unsuccessfully sought to impose on Covad in Texas. The Texas arbitrators concluded that charging wholesale customers conditioning charges, while excusing retail customers, appeared to be a barrier to competition and rejected SWBT's proposed charges. *See* Arbitration Award at pp. 98-99. In light of the fact that the Texas arbitrators relied in part on this information in reaching their decision on conditioning charges, there is no support for SWBT's irrelevancy objection.

Further, the fact that SWBT will be offering services in the future through an affiliate does not negate SWBT's obligation to provide the requested information.[1] Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 13.

Data Request No. 14:

For each type of line conditioning (e.g., rearranging outside plant facilities) that SWBT might choose to perform in order to satisfy a request for its retail ADSL service and/or retail ISDN service, please describe specifically how SWBT plans to recover any cost associated with that activity. Please also provide a citation to any language in SWBT's retail tariff(s) that supports its proposed method of cost recovery.

SWBT's Position

SWBT, once again, objected to this request as irrelevant because it relates to SWBT's retail operations.

Covad's Position

Covad's position with respect to SWBT's objections to Data Request No. 13 applies here, and is incorporated herein by reference. Further, SWBT must provide all requested information relevant to an evaluation of whether or not actions and costs which SWBT claims are necessary are in fact necessary. A very good indication of this is how SWBT treats its retail services. This information is relevant and Covad is entitled to it. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 14.

Data Request No. 16:

Please provide a detailed description of how operating expenses associated with outside plant rearrangements are reflected in SWBT's books. In responding to this request, please use the widest possible definition of "rearrangement" (i.e., include activities such as pair swaps due to repair calls, maintenance grooming of facilities, pair swaps triggered by service order activity, larger scale rearrangement to rehome facilities for new fiber placement, etc.). If SWBT accounts for the costs associated with different types of rearrangement differently, please provide a complete answer for each different scenario.

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[1] While this objection is raised in response to other Data Requests, it will not be addressed as it is irrelevant to whether SWBT is required to produce information.

SWBT's Position

SWBT objected to this request as irrelevant because it relates to retail operations. Further, SWBT contended that the requested information is sensitive marketing information and, as such, any production would be prejudicial to SWBT.

Covad's Position

SWBT's objections to Data Request No. 16 are improper and SWBT should be ordered to provide Covad the information requested. First, as stated in the discussion of Data Request Nos. 13 and 14, which is incorporated herein by reference, information relating to how SWBT provides its retail services is directly relevant to the issues in this proceeding. Second, a major issue in this arbitration is SWBT's charges that are allegedly supported by costs and activities. A part of the costs that Covad is challenging relate to costs associated with outside plant rearrangements. Whether or not SWBT incurs the same costs and engages in the same activities in connection with the same retail service is highly relevant. Therefore, the request is relevant.

Furthermore, SWBT's objection is inconsistent with its subsequent response to Data Request No. 17(a). In its response to 17(a), SWBT has not objected to providing a detailed description of how any category of costs requested in Data Request No. 16 is considered in the study that developed SWBT's most recent adopted cost for an unbundled loop. Clearly, if SWBT acknowledges that a description of the category of cost associated with outside plant rearrangement that are reflected in SWBT's books is relevant, then the identity of those categories would also be relevant.

With respect to SWBT's objection relating to the sensitive nature of the material requested, Covad incorporates herein by reference its discussion of the Protective Order issued in this case in Covad's response to SWBT's objections to Data Request No. 1. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 16.

Data Request No. 17:

For each category of cost that SWBT identified in response to the previous request, please provide:

(a) A detailed description of how that category of costs is considered in the study that developed SWBT's most recently adopted cost for an unbundled loop.

(b) **The total annual dollars included in SWBT's unbundled element cost study and the total amount reported in SWBT's books of account each of the last 5 years.**

SWBT's Position

SWBT objected to sub-part (b) of Data Request No. 17 because it seeks information preceding the Telecommunications Act of 1996. Based on this objection, SWBT stated it would not produce information prior to January 1996.

Covad's Position

SWBT's objection to sub-part (b) of Data Request No. 17 is improper and SWBT should be ordered to provide Covad the information requested. SWBT's cost trends over the past five years are directly relevant to the cost issues involved in this arbitration. Assuming that SWBT did not change its methods and procedures for accounting relative to rearrangements in January of 1996, then there is absolutely no basis to claim the requested information is irrelevant. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 17.

Data Request No. 19:

Has SWBT done any analysis to establish that the combined cost study results for recurring and non-recurring costs for all loop types it provides represents a least-cost, most efficient plant design? If so, please provide a complete copy of that analysis.

SWBT's Position

SWBT objected to this request as irrelevant as it seeks information pertaining to overall cost studies for a loop, which SWBT contends is beyond the scope of this arbitration.

Covad's Position

SWBT's objections to Data Request No. 19 are improper and SWBT should be ordered to provide Covad the information requested. Covad addressed this Data Request to all loop types because Covad does not believe the requested analysis would be done for ISDN and/or xDSL loops in isolation. Therefore, it is necessary to phrase the request to include overall cost studies. If the appropriate response is that SWBT did not consider ISDN and/or xDSL loops as a part of a combined cost study results for recurring and non-recurring costs, then SWBT should so state. Otherwise, this request is directly relevant to the price issues in this arbitration. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 19.

Data Request Nos. 31 and 32:

31. Is SWBT currently analyzing the possibility or does it have any plans regarding expanding the variety of xDSL service types it will make available on a retail basis? If so, please provide a copy of all documentation relating to SWBT's planning effort.

32. Is SWBT currently analyzing the possibility or does it have any plans to expand the range of customers it can reach with its retail DSL service types offerings? If so, please provide a copy of all documentation relating to SWBT's planning effort.

SWBT's Position

SWBT objected to Data Request Nos. 31 and 32 as irrelevant as they seek information pertaining to SWBT's retail services. Further, SWBT objected because the information is sensitive marketing information and as such, any production would be prejudicial.

Covad's Position

SWBT's objections to Data Request Nos. 31 and 32 are improper and SWBT should be ordered to provide Covad the information requested. The disparity between SWBT's retail and wholesale offerings were of great importance in the Texas arbitration. Covad's position with respect to SWBT's objections to Data Request Nos. 1, 13, 14, and 16 applies here, and is incorporated herein by reference. Accordingly, SWBT's irrelevancy argument based on retail

operations is improper. Further, Covad believes it is also relevant for the Commission to know if SWBT is imposing conditions that make it financially and technically difficult or impossible for Covad to provide its services to outlying customers while, at the same time, SWBT is developing plans to expand its own retail or its affiliates' services to cover those customers. This type of discrimination between wholesale and retail was also an issue considered by the arbitrators in Texas in connection with conditioning charges.

With respect to SWBT's objection relating to the sensitive nature of the material requested, Covad's discussion of the Protective Order issued in this case in Covad's response to SWBT's objections to Data Request No. 1 applies here, and is incorporated herein by reference. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request Nos. 31 and 32.

Data Request Nos. 48-50:

48. Please provide a detailed description of how each of the following costs are treated in SWBT's recurring cost study of the unbundled loop. Please include in each description confirmation of whether or not SWBT included each cost in the recurring loop cost and the basis for developing each cost.

a) The cross-connection between the drop and the end user's NID.

b) The cross-connection between SWBT distribution network and the end-user's drop.

c) The cross-connection between SWBT feeder and distribution facilities.

d) The connection from SWBT's feeder facilities and its MDF.

49. In SWBT's study of the unbundled loop element, what criteria does SWBT use to determine when fiber and Digital Loop Carrier ("DLC") feeder systems would be used instead of copper feeder? Please provide whatever supporting analysis SWBT relies on to supports its analysis.

50. Please provide a detailed description of the overall plant design that is assumed in SWBT's recurring UNE loop study for loops serviced by fiber feeder and DLC systems (e.g., describe the specific type of DLC (manufacturer and model) the study assumed, the sizing and design of associated fiber, any additional assumptions regarding materials and labor used to connect the DLC system to copper distribution, etc.).

SWBT's Position

SWBT objected to these requests as irrelevant or overbroad, stating that Covad is improperly using this discovery to obtain sensitive market information from SWBT. Further, SWBT stated that it is contractually prohibited from providing this information.

Covad's Position

SWBT's objections to Data Request Nos. 48-50 are improper and SWBT should be ordered to provide Covad the information requested. First, these requests are seeking information that is necessary to understand how SWBT developed the recurring costs that are the bases for the recurring rates that Covad will pay. Without such information about what is included in the recurring rates, it is impossible to reach any factual conclusion regarding whether SWBT's non-recurring cost analysis is appropriate. For example, it is impossible to verify if costs that SWBT claims as a part of a non-recurring conditioning element are already included in its recurring loop costs.

With respect to SWBT's objection relating to the sensitive nature of the material requested, Covad's discussion of the Protective Order issued in this case in Covad's response to SWBT's objections to Data Request No. 1 applies here, and is incorporated herein by reference. Further, SWBT's claim of inability to produce based on contractual provisions fails. As previously discussed, the Protective Order in this case was requested by SWBT. In making the request, SWBT stated that the protection afforded under the governing Protective Order was necessary to protect its commercially sensitive information. When SWBT argued for the Commission to enter the governing Protective Order, SWBT had Covad's Data Requests, specifically mentioning contracts. SWBT in no way suggested that additional protections would be necessary in this case. If SWBT has contracts or other documents within this request that contain provisions that prohibit their release, then SWBT should be required to produce copies of

those provisions. Covad requested copies of those contractual provisions, and SWBT did not provide them. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request Nos. 48-50.

Data Request No. 54:

Please provide complete supporting detail for the specific input cost(s) used in SWBT's unbundled loop study for the electronics described in the previous response. Please include a copy of SWBT's source contract, catalog or other similar document.

SWBT's Position

SWBT objected to this request as irrelevant and overbroad to the extent it seeks information concerning contracts, catalogs or other similar documents, and accused Covad of improperly attempting to use the discovery process to obtain sensitive marketing information.

Covad's Position

SWBT's objections to Data Request No. 54 are improper and SWBT should be ordered to provide Covad the information requested. Covad is entitled to look at supporting documentation for the inputs to cost studies allegedly supporting SWBT proposed charges. This information allows Covad to verify the claimed cost associated with the inputs. If the costs are consistent with the documentation, then SWBT should have no concerns about releasing this information. Covad should not be forced to rely on SWBT's word to verify the inputs.

Further, SWBT's claim of inability to produce based on contractual provisions fails for the same reasons stated in Covad's response to SWBT's objections to Data Request Nos. 48-50, which are incorporated herein by reference. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 54.

Data Request No. 55:

Please provide the most recent price that SWBT actually paid for the specific electronics described in the previous response. Please include a copy of SWBT's source purchase order or other similar document.

SWBT's Position

SWBT objected to this request as irrelevant, burdensome and unlikely to lead to the discovery of admissible evidence because the source contracts, catalogues and similar documents are substantially more detailed than is relevant to the issues in this arbitration. Further, SWBT claimed that its is contractually obligated to its vendors not to produce purchase orders or other similar documents.

Covad's Position

SWBT's objections to Data Request No. 55 are improper and SWBT should be ordered to provide Covad the information requested. SWBT's objections fail for the same reasons stated in Covad's response to SWBT's objections to Data Request Nos. 48-50, which are incorporated herein by reference. Additionally, Covad's specific request for SWBT's pricing is a legitimate attempt to verify if SWBT reasonably accounted in its study for the pronounced downward trend in the cost of electronics equipment. As the cost of electronics is a substantial component of SWBT's cost study, Covad is entitled to this information. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 55.

Data Request No. 56:

For each type of line card/electronics that SWBT has deployed within the last 10 years to provision ISDN services over fiber feeder facilities, please identify the average cost per line of ISDN-BRI service provisioned in each year (i.e., show the cost per line trend of the electronics that SWBT uses to provide ISDN-BRI by showing the cost of that equipment on a per line basis in each of the last 10 years or as far back as data is available).

SWBT's Position

SWBT objected to the above request as irrelevant because it seeks information about SWBT's retail ISDN services.

Covad's Position

For the same reasons discussed above in Covad's response to SWBT's objections to Data Request Nos. 1, 13, 14 and 16, which are incorporated herein by reference, SWBT's irrelevancy argument based on retail operations is improper. Additionally, Covad's specific request for average cost per line is a legitimate attempt to verify if SWBT reasonably accounted in its study for the pronounced downward trend in the cost of electronics equipment. As the cost of electronics is a substantial component of SWBT's cost study, Covad is entitled to this information. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 56.

Data Request No. 57:

Please describe the specific feeder electronics that SWBT assumes for digital (ISDN-BRI) loops in its cost unbundled loops that are served by copper feeder (if any). Please ensure that SWBT's description includes the manufacturer, product name, capacity and any other significant features of the electronics.

SWBT's Position

SWBT objected to this request as irrelevant, burdensome and unlikely to lead to the discovery of admissible evidence because the source contracts, catalogues and similar documents are substantially more detailed than is relevant to the issues in this arbitration. Further, SWBT stated that it is contractually prohibited from releasing the requested information.

Covad's Position

SWBT's objections fail for the same reasons stated in Covad's response to SWBT's objections to Data Request Nos. 48-50, which are incorporated herein by reference. In addition, ISDN pricing is an issue in this arbitration. This request is directed to a factor that may contribute to the substantial increment in pricing between ISDN loops and basic loops. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 57.

Data Request No. 58:

Please provide complete supporting detail for the specific input cost(s) used in SWBT's unbundled loop study for the electronics described in the previous response. Please include a copy of SWBT's source contract, catalog or other similar document.

SWBT's Position

SWBT objected to this request as irrelevant, burdensome and unlikely to lead to the discovery of admissible evidence because the source contracts, catalogues and similar documents are substantially more detailed than is relevant to the issues in this arbitration. Further, SWBT stated that it is contractually prohibited from releasing the requested information.

Covad's Position

SWBT's objections fail for the same reasons stated in Covad's response to SWBT's objections to Data Request Nos. 48-50, which are incorporated herein by reference. In addition, ISDN pricing is an issue in this arbitration. This request is directed to a factor that may contribute to the substantial increment in pricing between ISDN loops and basic loops. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 58.

Data Request No. 59:

Please provide the most recent price that SWBT actually paid for the specific electronics described in the previous response. Please include a copy of SWBT's source purchase order or other similar document.

SWBT's Position

SWBT objected to this request, stating that it is overbroad, irrelevant and an improper attempt to get market sensitive information. Further, SWBT stated that it is contractually prohibited from releasing the requested information.

Covad's Position

SWBT's objections fail for the same reasons stated in Covad's response to SWBT's objections to Data Request Nos. 48-50, which are incorporated herein by reference. In addition, ISDN pricing is an issue in this arbitration. This request is directed to a factor that may contribute to the substantial increment in pricing between ISDN loops and basic loops. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 59.

Data Request Nos. 60-62:

60. Please describe the specific feeder electronics that SWBT actually deploys in its network today (if necessary) in order to deliver ISDN-BRI to a customer served by a long copper feeder. Please ensure that SWBT's description includes the manufacturer, product name, capacity and any other significant features of the electronics.

61. Please provide a complete supporting detail for the specific input cost(s) used in SWBT's unbundled loop study for the electronics described in the previous response. Please include a copy of SWBT's source contract, catalog or other similar document

62. Please provide the most recent price that SWBT actually paid for the specific electronics described in the previous response. Please include a copy of SWBT's source purchase order or other similar document.

SWBT's Position

SWBT objected to these requests, stating that they are overbroad, irrelevant and an improper attempt to get market sensitive information. Further, SWBT stated that it is contractually prohibited from releasing the requested information.

Covad's Position

SWBT's objections fail for the same reasons stated in Covad's response to SWBT's objections to Data Request Nos. 48-50, which are incorporated herein by reference. In addition, ISDN pricing is an issue in this arbitration. This request is directed to a factor that may contribute to the substantial increment in pricing between ISDN loops and basic loops.

Therefore, SWBT should be ordered to provide Covad the information requested in Data Request Nos. 60-62.

Data Request No. 63:

For each type of electronics that SWBT has deployed within the last 10 years to provision ISDN services over long copper feeder facilities, please identify the average cost per line of ISDN-BRI service provisioned in each year (i.e., show the cost per line trend of the electronics that SWBT uses to provide ISDN-BRI by showing the cost of that equipment on a per line basis in each of the last 10 years or as far back as data is available).

SWBT's Position

SWBT objected to this request because the network to be unbundled is the network in place today and recent acquisitions would not reflect on that work in place today.

Covad's Position

While SWBT's objection may reflect SWBT's legal position in this arbitration, it does not relieve SWBT of it obligation to provide the requested information, which is relevant to this arbitration. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 63.

Data Request No. 66:

Please provide a complete copy of all internal documentation related to plans to mechanize any portion of SWBT's systems and processes to qualify loops for its retail ADSL service(s).

SWBT's Position

SWBT objected to this request as irrelevant because it seeks information about plans to mechanize the loop qualification process and SWBT's obligation is to unbundle its current network.

Covad's Position

Covad strongly disagrees a request relating to future plans is irrelevant, and incorporates herein by reference its response above to SWBT's objections to Data Request Nos. 1 and 2.

Therefore, SWBT should be ordered to provide Covad the information requested in Data Request No. 66.

Data Request Nos. 74-79:

74. Please provide a detailed description of generally how and in what specific accounts SWBT records costs associated with maintaining its current databases and OSS. Please provide the total dollars reported for SWBT's regulated state operations in each such account for each of the last 5 years.

75. Please provide a detailed description of how costs associated with maintaining its current databases and OSS are treated in SWBT's study of the recurring cost of unbundled elements. Please ensure that, at a minimum, SWBT's reply identifies the specific source of the cost input data used in its study, and includes a discussion of any adjustment made to that input data and a detailed description regarding how those costs are assigned to specific unbundled elements.

76. Please provide a detailed description of generally how and in what specific accounts SWBT records costs associated with maintaining the accuracy of records in its current databases and OSS. Please provide the total dollars reported for SWBT's regulated state operations in each such account for each of the last 5 years.

77. Please provide a detailed description of how costs associated with maintaining the accuracy of records in SWBT's current databases and OSS are treated in its study of the recurring cost of unbundled elements. Please ensure that, at a minimum, SWBT's reply identifies the specific source of the cost input data used in its study, and includes a discussion of any adjustment made to that input data and a detailed description regarding how those costs are assigned to specific unbundled elements.

78. Please provide a detailed description of generally how and in what specific accounts SWBT records costs associated with expanding/improving/updating its current databases and OSS. Please provide the total dollars reported for SWBT's regulated state operations in each such account for each of the last 5 years.

79. Please provide a detailed description of how costs associated with expanding/improving/updating SWBT's current databases and OSS are treated in its study of the recurring cost of unbundled element. Please ensure that, at a minimum, SWBT's reply identifies the specific source of the cost input data used in its study, and includes a discussion of any adjustment made to that input data and a detailed description regarding how those costs are assigned to specific unbundled elements.

SWBT's Position

SWBT objected to Data Request Nos. 74-79 as irrelevant, burdensome and unlikely to lead to the discovery of admissible evidence. SWBT claimed that detailed information about the

cost of SWBT's OSS are irrelevant, as is any request that goes to plans to modify its network. Further, SWBT claimed that Data Request Nos. 75, 77 and 79 seek information about unbundled elements not at issue in this arbitration.

Covad's Position

SWBT's objections to Data Request Nos. 74-79 are improper and SWBT should be ordered to provide Covad the information requested. With respect to Covad's position that information pertaining to future plans is relevant to this proceeding, Covad incorporates herein by reference its response above to SWBT's objections to Data Request Nos. 1 and 2. With respect to the other objections, Covad states this information is necessary to allow Covad to determine if double-counting is occurring between the recurring and non-recurring costs. The ability to determine this is at the core of this arbitration. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request Nos. 74-79.

Data Request Nos. 85-86:

85. Since August 1, 1999, how many xDSL loops has SWBT provisioned for its own retail services?

86. Since August 1, 1999, how many ISDN loops has SWBT provisioned for its own retail services?

SWBT's Position

SWBT objected to Data Request Nos. 85-86 as irrelevant since future initiatives have no bearing on issues in this proceeding. Further, SWBT contends that such information is market sensitive and any release of it would be prejudicial to SWBT's retail operations.

Covad's Position

SWBT's objections to Data Request Nos. 85-86 are improper and SWBT should be ordered to provide Covad the information requested. First, with respect to SWBT's objection relating to the sensitive nature of the material requested, Covad incorporates herein by reference

its discussion of the Protective Order issued in this case in Covad's response to SWBT's objections to Data Request No. 1. Second, as stated in Covad's responses to several other objections by SWBT, how SWBT provisions its retail service is highly relevant to how it should treat its wholesale customers. The extent to which SWBT had provisioned loops for its retail services is directly relevant to the provisioning intervals issue. This information directly relates to the ability to determine if there is parity between how SWBT treats itself versus its wholesale customers. Therefore, SWBT should be ordered to provide Covad the information requested in Data Request Nos. 85-86.

WHEREFORE, DIECA Communications, Inc. d/b/a Covad Communications Company, respectfully requests the Commission issue an Order compelling Southwestern Bell Telephone Company to respond to Covad's First Set of Data Requests, specifically, Data Request Nos. 1, 2, 3, 13, 14, 16, 17, 19, 31, 32, 48, 49, 50, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 66, 74, 75, 76, 77, 78, 79, 85, 86.

Respectfully submitted,

SONNENSCHEIN NATH & ROSENTHAL

By: _____

Mark P. Johnson MO Bar No. 30740
Lisa C. Creighton MO Bar No. 42194
4520 Main Street, Suite 1100
Kansas City, MO 64111
(816) 932-4400
(816) 531-7545 FAX

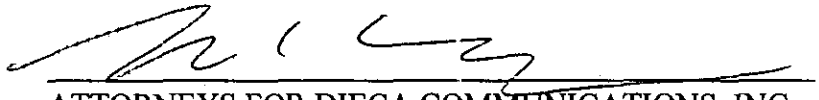
ATTORNEYS FOR DIECA COMMUNICATIONS, INC. D/B/A COVAD COMMUNICATIONS COMPANY

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was hand-delivered on December 22, 1999 and served via first class U.S. Mail, postage prepaid, this 22nd day of December, 1999, to:

William K. Haas, Esq.
Office of General Counsel
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102

Katherine Swaller, Esq.
Southwestern Bell Telephone
One Bell Center, Room 3536
St. Louis, Missouri 63101



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NEWS RELEASE

SBC Communications Inc.

For information, contact:
Chris Talley, 210/351-3991 or 210/351-3990

Note for media:

- For detailed announcement information, graphics, feature photos and maps, as well as a webcast by senior executives, visit http://webcast.sbc.com/media.

SBC LAUNCHES $6 BILLION INITIATIVE TO TRANSFORM IT INTO AMERICA'S LARGEST SINGLE BROADBAND PROVIDER

'Pronto' to Provide 'e-Tone' – Dialtone for the Internet – to 77 Million Americans, Accelerate Company's Move to Advanced Voice, Data, Video Converged Network

Pronto First of Many Benefits of Ameritech Merger

SAN ANTONIO, TX, Oct. 18, 1999 – SBC Communications Inc. today announced an unprecedented, $6 billion initiative designed to transform the company over the next three years into the largest single provider of advanced broadband services in America, making super-fast, always-on Internet access available to nearly all of its customers and creating a platform to deliver next-generation, broadband-powered services.

The initiative – called Project Pronto – is the first of many SBC will undertake to secure the benefits of its recent acquisition of Ameritech for customers and shareholders.

Specifically, SBC intends to:

- Provide an estimated 77 million Americans – about 80 percent of its Ameritech, Nevada Bell, Pacific Bell, SNET and Southwestern Bell customers – with always-on, high-speed voice, data and video services via faster Digital Subscriber Line (DSL) services than it currently offers by the end of 2002. Ultimately, the company intends to make broadband services available to all of its customers.

- Rearchitect its network to push fiber deeper into the neighborhoods it serves and accelerate the convergence of its voice and data backbone systems into a next-generation, packet-switched, designed-for-the-Internet network. Together with the advanced, long-haul network of Williams Communications Inc., with which SBC has a strategic alliance, SBC will be able to provide end-to-end advanced voice, data and video services on one of the most sophisticated, efficient, flexible and scalable networks in the industry.

- Dramatically reduce its network cost structure. Expense and capital savings alone are expected to offset the cost of the entire initiative.

- more -

- Create a platform to deliver next-generation services including, potentially, entertainment quality video, and expand development and marketing to more quickly bring customers such emerging products as Voice-over-ADSL, personal videoconferencing, interactive online games and home networking.

"This initiative is about the future – about building a new company around how all of our residential and business customers use, and will use, the Internet while providing them with dialtone-like reliability," said Edward E. Whitacre, Jr., chairman and chief executive officer of SBC. "It is also about giving SBC the opportunity to continue to capitalize on incredible growth in data and broadband services and achieve significantly more operating and cost efficiencies well into the next millennium.

"We see a rapidly changing marketplace where traditional dialtone is still a staple service, but where millions of our customers will demand the convenience, productivity, availability and reliability of our broadband service – service which we call '*e*-tone,'" said Whitacre. "With Project Pronto, SBC will lead the nation in speeding the widespread availability and meeting the demand for broadband and emerging broadband-powered services."

With the completion of its recent acquisition of Ameritech, SBC is one of the largest telecommunications providers, serving approximately 100 million people or about one-third of the nation's access lines.

"By converting the 'last mile' into a high-speed 'first mile' on-ramp to the Internet, we are making nearly all of our approximately 60 million access lines more powerful for customers and more valuable to shareowners," Whitacre said. "Project Pronto, together with our expanding service footprint and plans to provide long-distance service, is an integral part of our plan to be a full-service, global provider and the only communications company our customers need."

"*e*-Tone" Unlocks Promise of the Internet

Today, SBC's DSL broadband service features Internet connectivity speeds that are up to 200 times faster than traditional access, allowing for near instantaneous downloads of files and graphics, and effectively ending the "World Wide Wait." It also provides "always-on" connectivity that eliminates frustrating and time-consuming dial-up connections to Internet Service Providers (ISPs) or corporate Local Area Networks (LANs) and makes the computer a true, real-time information appliance.

In the near future, mass availability of broadband service will spur demand by consumers for broadband-dependent applications, such as video messaging, home networking and in-home cordless web devices. It will become a catalyst for small businesses to become e-businesses by providing them with affordable technology. For schools and libraries, readily available broadband service will help bridge the "Digital Divide" and ensure youth of today are prepared for the Internet world of tomorrow. And, it will revolutionize the way Americans work by making telecommuting an even more attractive, productive and common work alternative.

New Broadband Network Increases Reach, Speed of SBC's DSL Service

Project Pronto is creating a vast, sophisticated broadband platform to enable SBC to make DSL service available to the vast majority of its customers in cities large and small over the next three years, and offer new and more powerful broadband-powered services in years to come. The new platform will evolve via a multi-pronged approach:

- In the major metropolitan markets where SBC has begun deploying DSL, the company plans to equip its additional central offices with DSL equipment.

- In these markets, SBC also plans to push fiber deeper into its neighborhoods and install or upgrade "neighborhood broadband gateways" containing digital electronics – essentially pushing network capabilities now housed in central offices closer to customers. The redesign of the local network will eliminate distance constraints that currently limit service reach and enable SBC to provide nearly all customers with DSL service, traditional phone service and next-generation services, all from a single, integrated platform.

- In additional towns and cities outside of major metropolitan areas, SBC plans to deploy DSL services by 2002; however, it will name these markets at a later date.

Earlier this year, SBC announced its plans to deploy DSL in more than 500 central offices. The company will meet this commitment in early November, making DSL service available to nearly 10 million customer locations in Texas, California, Nevada, Missouri and Arkansas. At the completion of Project Pronto, SBC's goal is to quadruple its DSL deployment – equipping approximately 1,400 central offices with DSL technology, laying more than 12,000 miles of fiber sheath, installing or upgrading 25,000 neighborhood broadband gateways – and reach an estimated 77 million Americans in nearly 35 million customer locations in 13 states.

Add Three

As a result of expanded deployment, SBC customers will be able to receive minimum downstream connection speeds of 1.5 megabits per second (Mbps), with more than 60 percent eligible to receive guaranteed speeds of 6.0 Mbps. The higher speeds will give SBC the capacity to offer numerous personal computer (PC) based video products including video streaming and videoconferencing; in fact, at 6.0 Mbps speeds, users can receive the highest quality video available over a PC. Today, the company's basic DSL service guarantees minimum downstream connections of 384 Kbps or 1.5 Mbps, depending on the package purchased.

Next year, SBC intends to offer advanced broadband-powered services such as:

- **Voice-over-ADSL**, which will provide four additional voice lines, in addition to a DSL line and a primary voice line – all over a single line. SBC is looking at technologies that will allow it to offer, in the future, a similar product that will provide up to 16 additional voice lines over a symmetrical DSL line.
- **Switched Virtual Circuit**, which will allow telecommuters to easily switch between their Internet Service Provider (ISP) and their corporate Local Area Network (LAN) without rebooting their computer.
- **HDSL,** which will feature minimum 1.5 Mbps upstream and downstream connections, allowing teleworkers to send *and* receive data-intensive files.

For many of its business customers, SBC intends to transition its existing copper connections to their premises with state-of-the art fiber optics, enhancing their ability to receive advanced data services and giving them virtually unlimited bandwidth that they can dynamically control.

Business customers will benefit from SBC's line-up of broadband-powered services including Online Office, a suite of services that helps small businesses easily and affordably become *e*-businesses, and Enterprise Virtual Private Network, a suite of equipment and services that allows large businesses to securely connect multiple locations without expensive, dedicated lines.

"With *e*-tone, we have a powerful way to retain and attract customers in an increasingly competitive market," said James D. Gallemore, executive vice president of strategic marketing and planning for SBC. "It will enable customers to easily access hundreds of emerging, broadband-dependent products and services, and it makes our current integrated packages of services even more compelling. *e*-Tone also will change the way America goes to work."

In a related announcement (see separate releases for details), SBC today said it will:

- Provide as many as 15,000 IBM telecommuting employees remote access to IBM's corporate network via DSL service in select areas. According to industry analysts, this agreement is the largest announced high-speed remote network application of its kind anywhere.
- Provide high-speed DSL Internet access to thousands of E*TRADE's most active investors, enabling them to react more quickly and effectively to breaking financial market news and benefit from E*TRADE's rich content offerings.

SBC recently announced a similar agreement for thousands of PeopleSoft's telecommuting employees.

Gallemore added that in addition to offering the services and integrated packages business and residential customers want, SBC will be first to market, ahead of competitors.

"All we need is long distance, which is just around the corner," said Gallemore, "to provide consumers and businesses with their total communications needs."

Company Aggressively Migrates to Converged Voice, Data, Video Network

In addition, Pronto is an important step in the company's migration to a converged voice, data and video network, which will be predominantly packet-switched and utilize an Asynchronous Transfer Mode (ATM) distributed network system (ADNS) architecture.

As part of the ADNS architecture, the company plans to deploy the most-advanced, voice-switching technology available today, voice trunking over ATM (VTOA), which will allow the company to efficiently transport voice as it does data communications – via packets – without degradation in call quality or reliability. SBC, working in conjunction with leading equipment manufacturers, has spearheaded the development and testing of VTOA technology and intends to begin field trials next year in Houston and Los Angeles. Upon the successful completion of these trials, SBC plans to complete its VTOA deployment in its largest markets by 2004.

The VTOA technology will result in significantly increased network productivity and scalability, allowing the company to keep pace with skyrocketing volumes of data traffic, offer a full range of voice and data services such as private lines and virtual private networks, and in the future, incorporate a full range of even more advanced technologies.

Importantly, the VTOA technology results in significant cost savings by greatly reducing any future investment in traditional tandem circuit-switched equipment and improving trunking efficiency by 50 percent.

"We are taking aggressive steps to ensure that SBC's network remains among the most-advanced and cost-efficient in the industry and that we can serve our customers' needs well into the millennium with the same quality and reliability they receive today," said Whitacre.

"Also, while other service providers tout their next-generation networks, only SBC will have all the pieces to provide end-to-end service," said Whitacre. "Our network combined with the long-haul network of Williams, which has one of the newest and highest-quality networks in the world, will allow SBC to offer both a first-class network and the breadth of reliable and advanced products and services that customers want."

Pronto Increases Shareowner Value

SBC's more than $6 billion Project Pronto investment is targeted to decrease future capital requirements, reduce network operating expenses, and generate $3.5 billion in new revenues by 2004.

"With our Project Pronto broadband deployment and the accelerated pace of our national markets rollout, SBC is targeting double-digit annual revenue growth by 2001 with strong 8 percent to 9 percent growth in 2000. This is at least a 100-basis-point improvement over SBC's previous plans," said Donald E. Kiernan, chief financial officer for SBC. "Even as we make these value-creating investments in broadband capability and the national expansion into 30 additional major markets, SBC's goal is to achieve mid-single-digit earnings growth in 2000 before one-time items. Driven by the strong top-line revenue growth from our broadband and national markets growth initiatives, we are targeting 15 percent earnings growth in 2001 and beyond."

Add Six

Kiernan added that, "Pronto cements our industry leadership by essentially reconfiguring SBC into a broadband-services company, and creates a rock-solid platform from which we can launch new revenue-generating services while dramatically reducing our cost structure. Importantly, the network efficiencies and reduction in capital needs we expect to gain as a result of Project Pronto will mean that this project will pay for itself, while enabling SBC to compete even more effectively in the future and enhance long-term shareowner value. In fact, we expect it will create in excess of $10 billion in value."

SBC Communications Inc. (www.sbc.com) is a global communications leader. Through its trusted brands – Southwestern Bell, Ameritech, Pacific Bell, SBC Telecom, Nevada Bell, SNET and Cellular One – and world-class network, SBC provides local and long-distance phone service, wireless and data communications, paging, high-speed Internet access and messaging, cable and satellite television, security services and telecommunications equipment, as well as directory advertising and publishing. In the United States, the company currently has 59 million access lines, 10.1 million wireless customers and is undertaking a national expansion program that will bring SBC service to an additional 30 markets. Internationally, SBC has telecommunications investments in 22 countries. With more than 200,000 employees, SBC is the 14th largest employer in the U.S., with annual revenues that rank it among the largest Fortune 500 companies.

Information set forth in this news release contains financial estimates and other forward-looking statements that are subject to risks and uncertainties. A discussion of factors that may affect future results is contained in SBC's filings with the Securities and Exchange Commission. SBC disclaims any obligation to update or revise statements contained in this news release based on new information or otherwise.

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