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January 29, 2001

The Honorable Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
301 West High Street, Floor 5A
Jefferson City, Missouri 65101

Re: **Case No. TO-98-115**

Dear Judge Roberts:

Enclosed for filing with the Missouri Public Service Commission in the above-referenced case are an original and eight copies of Southwestern Bell Telephone Company's Proposed Findings of Fact and Conclusions of Law.

Thank you for bringing this matter to the attention of the Commission.

Very truly yours,

Mimi B. MacDonald Hm

Mimi B. MacDonald

Enclosure

cc: Attorneys of Record

FILED²
JAN 29 2001
Missouri Public
Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²
JAN 29 2001

Missouri Public
Service Commission

In the Matter of AT&T Communications)
of the Southwest, Inc.'s Petition for)
Second Compulsory Arbitration Pursuant)
to Section 252(b) of the)
Telecommunications Act of 1996 to)
Establish and Interconnection Agreement)
with Southwestern Bell Telephone)
Company)

Case No. TO-98-115

**SOUTHWESTERN BELL TELEPHONE COMPANY'S
PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW**

Introduction

The purpose of this case is to determine permanent nonrecurring, and in a few cases recurring, rates for certain interconnection services and UNEs. (See T. 174). The rates at issue were deferred by the Missouri Public Service Commission's ("Commission's") December 23, 1997 Report and Order in the second AT&T/SWBT arbitration. Id. In that Report and Order, the Commission directed its Arbitration Advisory Staff ("AAS") to work separately with Southwestern Bell Telephone Company ("SWBT") and AT&T to examine SWBT's costs underlying the rate proposals of the two parties. From that process, the AAS produced the Costing and Pricing Report, Volume 2 ("the AAS Report"), which was filed with this Commission on July 24, 1998.¹

¹ SWBT has previously raised its concerns over the process utilized by the Commission in this case. (See Southwestern Bell Telephone Company's Response to the Recommendations of the Special Master in the Joint Statement of Remaining Issues (filed November 26, 1997); see also Southwestern Bell Telephone Company's Objections to Process for Establishing Permanent Rates (filed November 29, 1997); see also Comment of Southwestern Bell Telephone Company to Staff's Clarification to the Costing and Pricing Report Volume II (filed August 24, 1998); see also Hearing Transcript, pp. 174-176, 191 (September 4, 1998); see also Southwestern Bell Telephone Company's Initial Brief, pp. 1-8). By filing these proposed Findings of Fact and Conclusions of Law, SWBT does not waive its contention that the process violated the Due Process requirements of both the United States and Missouri Constitutions, as well as applicable Federal and State statutory law and the administrative rules which govern the Commission.

In submitting its Proposed Findings of Fact and Conclusions of Law, SWBT has divided this pleading into four sections. Section I sets forth SWBT's proposed findings of fact and conclusions of law related to the scope of this case. Specifically, SWBT contends that the scope of this case is limited to the application of the costing methodology determined in the July 31, 1997 Final Arbitration Order in Case No. TO-97-40 ("AT&T Phase II") applied to the elements and services deferred by the Commission. Section II sets forth SWBT's proposed findings of fact and conclusions of law related to nonrecurring rates with respect to time estimates. This Section is applicable to all of the individual rates which are discussed in section III, with the exception of Directory Assistance Listings. Section III sets forth SWBT's proposed findings of fact and conclusions of law with respect to specific recurring and nonrecurring charges. This Section of SWBT's Proposed Findings of Fact and Conclusions of Law mirrors the List of Issues presented by the parties on December 29, 2000. Finally, Section IV sets forth SWBT's proposed findings of fact and conclusions of law with respect to suggested Cost Factors/Global Modifications.

I. The Scope Of This Case Is Limited To The Application Of The Costing Methodology Determined In TO-97-40 Phase II Applied To The Elements And Services Deferred By The Commission.

Introduction

This issue concerns whether: (a) the Commission's December 23, 1997 Report and Order in this proceeding requiring the use of the costing approach adopted in the July 31, 1997 Final Arbitration Order, applies just to the AAS and SWBT or also to AT&T; and (b) whether adjustments made to Kansas cost studies in a Kansas cost proceeding can lawfully be imposed in Missouri and, if so, whether the adjustments should be made.

Findings of Fact

1. AT&T argues that the scope of this docket should include all issues regarding cost methodology, including those resolved by the Commission in the Final Arbitration Order issued on July 31, 1997 in TO-97-40 Phase II ("AT&T Phase II"), the cost phase of the AT&T arbitration. (See Southwestern Bell Telephone Company's Reply Brief (filed February 16, 1999) ("SWBT's Reply Brief"), p. 2).

2. In that Final Arbitration Order, "permanent" rates for most UNEs were established. (See SWBT's Reply Brief, p. 2).

3. In the Commission's December 23, 1997 Report and Order in Case No. TO-98-115 ("TO-98-115"), the Commission ordered that the AAS use "the same permanent costing approach adopted in TO-97-40." (See TO-97-40, Report and Order, p. 52; see also SWBT's Reply Brief, p. 2). In the ordering clause, the Commission specifically provided that "the scope of the evidentiary hearing shall be limited as described in this order." (See TO-97-40, Report and Order, p. 53; see also SWBT's Reply Brief, p. 2).

4. AT&T argues that the Commission's directive was only intended to apply to the AAS. (See SWBT's Reply Brief, p. 2). AT&T further argues that the Commission directive was "more of a procedural directive than a substantive one although the Commission may have intended to restate its support for the TELRIC approach." (See Initial Brief of AT&T Communications of the Southwest, Inc. ("AT&T's Initial Brief"), p. 5; see also SWBT's Reply Brief, p. 2).

5. SWBT, on the other hand, argues that the December 23, 1997 Report and Order effectively limited the scope of the issues in this proceeding by requiring use of the same costing approach approved in the July 31, 1997 Final Arbitration Order in TO-97-40. SWBT notes that

the Commission would not have asked its AAS to use the same global modifications ordered in AT&T Phase II, and ordered that the same scope would apply to the parties, while at the same time permitting the parties to ignore those same modifications in their comments and testimony. (See SWBT's Reply Brief, pp. 2-3).

6. SWBT further argues that AT&T did not initiate a new arbitration with new issues and a new one hundred sixty (160) day clock under the federal Telecommunications Act of 1996 ("FTA"), accordingly no additional issues could be raised during that proceeding. Id.

7. SWBT contends that this case was opened to address unfinished business from AT&T Phase II because insufficient information was available to the Commission in the earlier phase regarding the elements and activities at issue and, thus, were deferred, but the Commission intended the same determinations on cost study inputs would apply in this case.

8. Another dispute between the parties relates to issues raised in other jurisdictions. AT&T argues that SWBT has refused to raise issues addressed in other jurisdictions. (See SWBT's Reply Brief, p. 3). Specifically, AT&T argues that since certain adjustments to factors were made in Kansas, those same adjustments must be in Missouri. Id.

9. SWBT, on the other hand, argues, with regard to the Kansas cost studies, the costs removed from nonrecurring studies in Kansas were recognized in recurring studies and thus were recovered in those rates. (See T. 276). SWBT, therefore, contends that it is not lawful or accurate to argue that since certain adjustments were made in Kansas, such adjustment should be made in Missouri since different cost methodologies were used in each State based upon the recommendations of the regulators in each State.

10. It is undisputed that AT&T never conducted a review of SWBT's Missouri cost studies in Case No. TO-98-115.

Conclusions of Law

1. It is not appropriate for AT&T to pursue its concerns about the cost study inputs adopted in AT&T Phase II in this docket because the Commission has already ruled on these issues in its December 23, 1997 Report and Order in this case and AT&T then took its issues up on appeal. The Commission, therefore, declines to address AT&T's concerns about the cost study inputs adopted in AT&T Phase II, which this Commission directed to be used in its December 23, 1997 Report and Order in this case.

2. The Commission also declines to take the position that since certain adjustments to factors were made in Kansas, such adjustments must be made in Missouri because the costs removed from nonrecurring studies in Kansas were recognized in recurring studies and thus were recovered in those rates. (See SWBT's Reply Brief, p. 4). The Commission finds there is no credible evidence supporting such adjustments.

3. The Commission will set rates, as reflected herein, based on the evidence that was presented in this docket.

II. Recurring and Nonrecurring Rates – Time Estimates

Introduction

The issue here involves the appropriate non-recurring charges ("NRCs") for the activities necessary to process service orders and provision certain UNEs, which are listed in Section III. SWBT's proposed NRCs reflect the use of its actual network both for ordering ("front office activities") and for provisioning ("back office activities"). SWBT's systems are used both for its retail and wholesale services and reflect SWBT's implementation of an OSS network that is efficient and considered the best in the industry. It reflects the use of SWBT's mechanized

processes where that is cost efficient and manual work when the volume or complexity of the orders makes that process more efficient. When a manual process is used, it is used equally for SWBT's retail and wholesale markets. SWBT's manual processes reflect the considered testimony of eleven affiants, with an average of over 20 years experience in their fields of expertise, who actually perform and/or supervise the work activities that are involved. (See SWBT's Reply Brief, p. 6).

AT&T's position is based on a hypothetical superior network in which all processes are mechanized and little or no manual work is performed. AT&T's proposals are contrary to the FTA because they reflect a superior and non-existent network, and are not factually supported. Even if it were permissible to utilize a superior hypothetical network, neither SWBT nor any other company would utilize a fully mechanized system as the costs would exceed the benefits.

SWBT's NRCs reflect that some of its processes are mechanized, while others require manual activity to process the order and provision the service. For those activities that are mechanized, a certain percentage of the orders will "fall out", meaning that manual intervention will be required because of a myriad of factors, including errors in the CLEC's order, complexity of the service, and other factors. Other activities require full manual handling, again for a variety of reasons, including the complexity of the service or because the low volume of order activity makes a mechanized solution inefficient. SWBT's processes for wholesale services are the same as for its retail services – where manual processes are required for SWBT's retail services, they are similarly required for wholesale services.

SWBT's cost study inputs and associated times for performing manual activities are the same as those approved by the Commission on a regular basis. SWBT's retail NRCs, which are

based on the same activities, are charges for services which are unquestionably competitive (e.g. Plexar®), and SWBT has every incentive to keep NRCs low.

AT&T assumes no non-recurring costs are incurred to provide these UNEs because AT&T assumes hypothetical purely mechanized systems. AT&T does not, however, propose that any recurring rates be adjusted to reflect the additional costs of a fully mechanized system. The AAS arbitrarily reduces SWBT's NRCs labor costs by fifty percent (50%) but supplies no evidentiary basis to dispute SWBT's cost study and expert affidavits.

Findings of Fact

1. The primary rates at issue in this case are SWBT's nonrecurring rates for the provisioning of various UNEs. (See Southwestern Bell Telephone Company's Initial Brief (filed February 1, 1999) ("SWBT's Initial Brief"), p. 8). The most significant modification the AAS proposed to SWBT's cost studies was an arbitrary fifty percent (50%) reduction in the labor costs associated with the time necessary to perform manual tasks to provision the UNEs. (See SWBT's Initial Brief, p. 8).

2. SWBT's affidavits provide sufficient undisputed support for SWBT's proposed rates, including the time estimates. (See SWBT's Initial Brief, p. 8). The inputs to the cost studies which drive SWBT's proposed rates were derived from SWBT personnel who were actually involved in performing and supervising the tasks underlying the time estimates in their respective areas of expertise: Barbara McCrary-Bazzle (who was responsible for 5ESS Lucent translations), Leonard Ellis (who was responsible for TIRKS/CPC methods), Mike Michalczyk (who was responsible for installation and maintenance on unbundled elements), Merri Lynn Owens (who was responsible for Recent Change and Memory Administration Center ("RCMAC") activities and DMS-100 and 5ESS switch translations), James White (who was

responsible for design services in installation and maintenance), and Sharon Sadlon (who was responsible for implementing new services and features for the Nortel DMS 100 switches). (See SWBT's Initial Brief, p. 9). SWBT personnel measured time for each task (i.e. the "motion") and produced accurate calculations of the actual time involved to perform the manual tasks necessary to provision UNEs. (See T. 199-200; see also SWBT's Initial Brief, p. 9).

3. Moreover, it is undisputed that AT&T did not challenge SWBT's time estimates, instead contending that NRCs should be calculated based upon a superior, non-existent network in which all such work is mechanized. AT&T concedes that, if SWBT's actual network is utilized, the times estimates are valid. (See T. 205, 212; see also SWBT's Initial Brief, p. 9).

4. The thrust of AT&T's position is that SWBT should have a one hundred percent (100%) mechanized system for all ordering and provisioning of UNEs and, thus, the time for manual activity should be zero. (See SWBT's Initial Brief, p. 10). AT&T's position is based upon a hypothetical network that does not actually exist, and does not reflect the activities which SWBT must conduct or costs actually incurred to provision service for AT&T. AT&T does not propose to adjust any recurring rates to reflect the additional costs of a fully mechanized OSS. Additionally, AT&T urges the Commission to set nonrecurring rates for UNEs based upon a fully hypothetical mechanized network and offers to assume a one percent (1%) fallout or that one to two percent (1-2%) of the orders submitted by AT&T on a mechanized basis would fallout, meaning that they would not be successfully entered and provisioned on a mechanized basis. (See AT&T's Initial Brief, p. 12; see also SWBT's Reply Brief, p. 5).

5. The AAS Report, nevertheless, assumed that AT&T's time estimates were zero and the AAS recommended a fifty percent (50%) reduction to split the difference. (See T. 205; see also SWBT's Initial Brief, p. 10). AAS seems to agree with the assumption that the

Commission should set nonrecurring prices for UNEs based upon a fully mechanized network in that AAS imposes a five percent (5%) fallout assumption to manual processes. (See T. 205; see also SWBT's Initial Brief, p. 10).²

6. SWBT argues that the AAS' recommendation to reduce all time estimates by fifty percent (50%) incorrectly assumes that AT&T's zero time estimates, which are based upon a completely mechanized system, are valid and justify a "split the difference approach." (See SWBT's Initial Brief, p. 12). SWBT further argues that the ninety-nine percent (99%) flow through that is recommended by AT&T or the ninety five percent (95%) flow through that is recommended by Staff is only for the ordering, the front office part. (See T. 256). That one percent (1%) or five percent (5%) has now been attributed to the back office systems; whereas each back office system will have its own fall out. Id. Therefore, AT&T's and AAS's recommendations are improper.

7. SWBT further argues, and the Commission finds, that SWBT's Operational Support Systems ("OSSs") are, however, not fully mechanized, nor should they be. (See Exhibit 13 (Vest) at pp. 6-7; see also T. 225-226; see also SWBT's Initial Brief, p. 12). SWBT explains, and the Commission finds, that OSSs are the systems used to process orders and to provide services or elements to retail and wholesale customers; systems which often need manual intervention to complete the necessary ordering and provisioning tasks. (See Exhibit 13 (Vest) at pp. 6-7; see also T. 225-226; see also SWBT's Initial Brief, p. 12). The Commission finds, as SWBT further explains, that within the primary stations (ordering, provisioning, and maintenance), there may be many different tasks and systems involved or what can be called

² The five percent (5%) is based upon fallout in SWBT's Easy Access Sales Environment ("EASE") system which is for simple resale orders only. Five percent (5%) across the board for substantially more complex tasks and systems is impractical.

substations. (See Ex. 16 (demonstrative exhibit prepared by Randall Vest during the hearing); see also SWBT's Initial Brief, p. 15). The Commission finds, as SWBT contends, that although the various back office systems are mechanized systems, many of those systems require some manual activity which can vary from operating a computer, manually inputting translations into a switch, or manually performing tasks which a system was not designed to do or was unable to complete on a particular occasion. (See SWBT's Initial Brief, p. 15). The Commission finds, as SWBT contends, that most complex services or tasks used to provision complex services involve manual activity even when they are processed in the most efficient manner possible. (See T. 222-225 (Vest); see also SWBT's Reply Brief, p. 5). The Commission finds that for a UNE or service to be provisioned, it must pass through numerous OSS stations and each station has a unique fallout potential depending upon the complexity of the requested UNE or service requested. (See SWBT's Reply Brief, p. 5). The tasks and systems at issue were fully described in the affidavits of Mike Michalczyk, Leonard Ellis, Merri Lynn Owens, James White, Sharon Sadlon, and Barbara McCrary-Bazzle, who each explained the work that is done to provision different UNEs in their respective areas of expertise and the time it takes for each of those tasks to be performed. (See Exhibits 5, 7, 8, 10, 11, and 14; see also SWBT's Initial Brief, p. 15).

8. The Commission finds, as SWBT explains, that fall out means functions or tasks in the OSS factory that are intended to be mechanized, but which through human or system error are not completed on a mechanized basis. The fall out rates are unique to each system. (See SWBT's Initial Brief, p. 15). The Commission finds, as SWBT further explains, that flow through is when functions or tasks in the OSS factory are successfully completed on a mechanized basis. In other words, where there is a ninety percent (90%) flow through, there is a ten percent (10%) fall out. (See SWBT's Initial Brief, p. 15).

9. The Commission finds, as SWBT argues, that tasks which are manual, like switch translations, or the ordering for Advance Intelligent Network ("AIN") or Private Line retail or resold services, have nothing to do with fall out or flow through because these functions or tasks are intentionally manual; in other words, the systems do not exist for those tasks to be mechanized because SWBT and its customers, both wholesale and retail, are better served when those tasks are performed manually. (See SWBT's Initial Brief, p. 15).

10. The Commission finds that the systems to order, provision, and maintain network elements, interconnection services and resold services are the same systems used by SWBT for similar activities necessary to provision services to retail customers. (See T. 230; see also SWBT's Initial Brief, p. 13). Moreover, the time estimation process used in this case and the actual time estimates are the same ones SWBT used to develop nonrecurring costs for its retail services, which this Commission has previously approved on many occasions. (See T. 213-214, 217-218; see also Ex. 14 (White), paragraph 3; see also SWBT's Initial Brief, p. 18).

11. SWBT, in full compliance with the FTA, provides nondiscriminatory access to its OSSs; when the substation is manual, rather than mechanized for SWBT, it is the same for AT&T. (See SWBT's Initial Brief, p. 17-18).

12. The Commission finds that AT&T's Task Oriented Cost Studies ("TOC Studies"), including the 1997 studies, not only validate SWBT's time estimates but also suggest that SWBT's employees often perform the same tasks much more efficiently than their AT&T counterparts. (See Ex. 12, pp. 16-17; see also T. 200-201, 210; see also SWBT's Initial Brief, p. 19). Specifically, SWBT made a comparison of AT&T's TOC studies for the activities and time estimates required to provision a DS1 and DS3 circuit with SWBT's own nonrecurring studies proposed in the First AT&T Arbitration, TO-97-40 and found them to be similar. (See Ex. 12

(Smith), p. 17). AT&T's own Nonrecurring Cost Model, submitted to Staff in this arbitration, proposes time estimates much, much lower than its own internal TOC Studies. Id. Given the fact that AT&T produces two different time estimates for the same type of service, one for arbitration and one for its own internal use, and its internal TOC studies validate SWBT's studies, this Commission concludes that AT&T's UNE time estimates should not be taken as credible, nor should they be used as a basis by Staff to cut SWBT's nonrecurring costs in half. Id.

Conclusions of Law

1. The Commission rejects the AAS's recommendation to reduce, by fifty percent (50%), SWBT's costs associated with the time necessary to perform manual tasks to provision the UNEs. (See SWBT's Initial Brief, p. 8). Rather, the Commission will make its determination of facts based upon the record that it has before it. (See SWBT's Reply Brief, p. 8).

2. AT&T's position that SWBT should have a one hundred percent (100%) mechanized system for all ordering and provisioning of UNEs is rejected because it is inconsistent with the law, is technically infeasible, and does not properly reflect appropriate forward-looking costs. (See SWBT's Initial Brief, p. 10). Specifically, the FTA requires that an incumbent local exchange carrier unbundle its "existing network, not a yet unbuilt superior one." Iowa Utilities Board, et al. v. FCC, 120 F3d 753, 813 (8th Cir. 1997), reversed in part, affirmed in part, 525 U.S. 366 (1999). (Emphasis in original). (See SWBT's Initial Brief, p. 11). Accordingly, because SWBT is not required to provide access to superior, fully mechanized OSSs, rates cannot be established based upon such a system. (See SWBT's Initial Brief, p. 11).

3. Further, the fully mechanized OSS envisioned by AT&T does not reflect an appropriate forward-looking network because, as SWBT explained, the cost of such mechanization would greatly exceed the benefit. (See SWBT's Initial Brief, p. 11). This Commission recognizes that a balance of mechanization with manual activity reflects wise network and financial management; SWBT upgrades its network, including its OSSs, when it makes good sense to do so, i.e. when the cost to implement the upgrade is justified by the benefit to the Company and its customers and the long term cost savings it will provide. (See Ex. 13, pp. 6-7; see also T. 241-242; see also SWBT's Initial Brief, p. 13).

4. Furthermore, because no global fall out number exists, it is improper to: (a) reduce SWBT's labor costs by fifty percent (50%); (b) apply five percent (5%) to the whole assembly line (as recommended by the AAS), or (c) assume an arbitrary fall out number. (See SWBT's Initial Brief, p. 16).³ Rather, each task necessary to provision each unbundled element must be evaluated separately to determine if accurate time evaluations and costs were developed. (See SWBT's Initial Brief, p. 17). Further, rates must be based on SWBT's real, now existing OSS so that SWBT is permitted to recover its costs and a reasonable profit. (See 47 U.S.C.A. 252(d)(2); see also SWBT's Initial Brief, p. 11). Having reviewed the record as a whole, the Commission determines that SWBT's time estimates are accurate, and, therefore they represent

³ SWBT notes and the Commission finds that prior to November, 2000, SWBT did not measure fall out or overall flow through. As of November, 2000, in Version 1.7 of the Performance Measures ("PM") SWBT reports (on a diagnostic basis only) an overall flow through rate for EASE, Electronic Data Interchange ("EDI") and LEX. EASE is measured by service orders and is only used by CLECs for resale, see PM 13.1-01. The November and December, 2000 fall out (which is calculated by subtracting the overall flow through percent from one hundred percent) in EASE measured 19% and 16.4% respectively. The November and December, 2000 overall fall out for EDI and LEX combined was 53.2% and 46.6% respectively (see PMs 13.1-02 and 03).

costs that SWBT must be permitted to recover. (See SWBT's Initial Brief, p. 19). SWBT shall be permitted to recover the rates specified in Section III herein.

III. Specific Recurring and Nonrecurring Charges

A. Preliminary Issue – Individual Case Basis ("ICB") Pricing

Introduction

This issue involves whether standard rates or individual cost basis ("ICB") rates should be set for the certain multiplexer, transport, and cross connect elements. ICB rates are proposed for a relatively few number of services where the low volume and/or complexity of the request makes standardized rates inappropriate. The AAS concurs with the use of ICB rates for these items.

Findings of Fact

1. AT&T argues that ICB pricing is inherently anti-competitive. (See AT&T's Initial Brief, p. 19; see also SWBT's Reply Brief, p. 9).
2. SWBT argues that ICB pricing is being proposed for a relatively few number of services where the low volume and/or complexity of the request makes standardized rates inappropriate. Specifically, SWBT argues that ICB pricing is proposed for certain forms of multiplexing and for large volume dedicated transport because it ensures that the purchaser pays no more than the costs attributable to provisioning that item to that purchaser because these elements are not provisioned frequently and the arrangements are often unique and not subject to rate averaging. (See SWBT's Reply Brief, p. 9).
3. AAS supports SWBT's ICB pricing recommendation. (See AAS Report, Section 2, Proposed Prices).

Conclusions of Law

1. This Commission has previously determined that ICB pricing can in some cases be a fair and reasonable pricing methodology. (See TO-97-40, Arbitration Order, p. 36). ICB pricing is appropriate for these types of multiplexing and for large volume dedicated transport because it ensures that the purchaser pays no more than the costs attributable to provisioning that item to the purchaser. Standardized rates are not appropriate because these elements are not provisioned frequently and the arrangements are often unique and not subject to rate averaging. (See SWBT's Reply Brief, p. 10).

2. The Commission adopts ICB pricing based on forward looking costs, as set forth in this opinion, when it is both fair and reasonable to do so.

B. Preliminary Issue – Application of the Common Cost Allocator (“CCA”)

Findings of Fact

1. It is SWBT's position that the rates that are set in this case should include SWBT's costs, which are supported by its costs studies, plus the application of SWBT's Commission-approved Common Cost Allocator (“CCA”) (as utilized in AT&T Phase II) for both recurring and non-recurring charges. In the alternative, SWBT argues that if the Commission adopts any rate proposed by AT&T or the AAS, the Commission should adjust these proposed rates to include SWBT's Commission-approved CCA.

2. SWBT argues and the Commission finds that its position is supported by the Commission's prior arbitration orders. (See Arbitration Order, Case No. TO-99-370, June 15, 1999, p. 8; see also Arbitration Order, TO-99-461, August 3, 1999, pp. 6-7; see also Arbitration Order, TO-2000-322, pp. 8-9 and 13-14). As SWBT has explained on numerous occasions, if the application of the allocator to nonrecurring rates is disallowed, then nonrecurring expenses

must be removed from the denominator of the ratio, which would result in a larger allocator to be applied to recurring charges only. In that case, SWBT's recurring charges would need to be adjusted using the higher allocator.

3. Instead, in the case at hand, SWBT proposes prices that include the allocator in both the recurring and nonrecurring rates, consistent with the Commission's Orders in the BroadSpan, Sprint and Covad cases. (See Arbitration Order, Case No. TO-99-370, June 15, 1999, p. 8; see also Arbitration Order, TO-99-461, August 3, 1999, pp. 6-7; see also Arbitration Order, TO-2000-322, pp. 8-9 and 13-14).

Conclusions of Law

1. SWBT's Commission-approved allocator is a ratio of Forward Looking Costs to Total Element Expenses, which by definition includes both recurring and non-recurring costs. Thus, the Commission concludes that any rate that it adopts must include the CCA. Where the Commission adopts SWBT's proposed rates, the CCA is already included. Where the Commission adopts AT&T's or the AAS's proposed rate, the proposed rate must be adjusted by multiplying the proposed rate by sixteen and 47/100 percent (16.47%), the CCA, as established in the July 31 Final Arbitration Order in Case No. TO-97-40 and adding this number to the proposed rate.

C. Issue 1.b. Does The Commission's October 2, 1997 Order Preclude SWBT From Assessing Multiplexing Charges, In Addition To The Dedicated Transport Charges Approved By The Commission, And, If Not, What is the Appropriate Rate, If Any?

Introduction

This issue involves whether SWBT is entitled to recover costs it incurs to provide multiplexing services in connection with certain UNEs. AT&T's position is simply that if a price is not listed on Attachment B of the July 31st Order for any item, then AT&T should

receive the item at no charge even though AT&T identified additional features, functions and/or capabilities other than those requested in TO-97-40. (See SWBT Direct Testimony, filed November 7, 1997, Section V. Pricing—Contractual Disputed Issue—AT&T-SWBT Interconnection Agreement-Missouri, p. 3)(SWBT's Direct Testimony). Here, AT&T has requested a rate for multiplexing/demultiplexing for voice grade to DS1 to DS3. Id. at 4. The costs to provide the multiplexing services are not included in the dedicated transport charges previously established by the Commission, and the FTA requires that recovery of these costs be permitted where the service is provided to AT&T. AT&T did not propose any rates or provide any credible evidence to counter SWBT's costs studies. While AAS proposed rates, it provided no explanation or supporting evidence for its position.

Multiplex- ing	SWBT			AT&T			AAS		
	Mnthly	Init	Add	Mnthly	Init	Add	Mnthly	Init	Add
VG to DS1	\$199.60	\$ 29.85	\$17.90	\$ -	\$ -	\$ -	\$ 162.74	\$ 12.12	\$ 7.27
DS1 to DS3	\$ 712.05	\$980.20	\$ 924.15	\$ -	\$ -	\$ -	\$ 580.60	\$ 398.14	\$ 375.37
Other Forms	ICB	ICB	ICB	\$ -			ICB		

Findings of Fact

1. SWBT contends that the Commission's October 2, 1997 Order does not preclude it from assessing multiplexing charges, in addition to the dedicated transport charges approved by the Commission. The dedicated transport charges previously approved by the Commission do not cover the cost of multiplexing for these services.

2. SWBT, therefore, proposes the rates in the chart above for voice grade to DS1 and DS1 to DS3, which are supported by its cost studies. SWBT argues that other forms of multiplexing should be priced on an ICB because AT&T has not identified what other forms of

multiplexing AT&T may desire; therefore, SWBT could not perform a cost study to present the applicable costs and associated rate.

3. Although AAS proposed the rates reflected in the chart above in the Costing and Pricing Report, Volume 2, AAS failed to provide support for these rates in its AAS report and, therefore, effectively presented no evidence on this issue.

4. AT&T, similarly, failed to present any credible evidence that SWBT does not incur costs to provide multiplexing or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. The Commission's October 2, 1997 Order does not preclude SWBT from assessing multiplexing charges in addition to the dedicated transport charges approved by the Commission. SWBT incurs costs to provide multiplexing that are not recovered in dedicated transport charges previously established by the Commission.

2. Because: (a) SWBT's proposed rates for voice grade to DS1 and DS1 to DS3 are supported by its cost studies; and (b) AAS and AT&T failed to present any evidence that SWBT does not incur costs or that these rates are inappropriate, the Commission determines that SWBT's proposed rates shall be adopted. Moreover, since AT&T failed to specify what other forms of multiplexing it may desire, other forms of multiplexing shall be priced on an ICB.

D. Issue 1.c. Does The Commission's October 2, 1997 Order Preclude SWBT From Assessing Digital Cross Connect Systems ("DCS") Charges When AT&T Controls The DCS, And, If Not, What Are The Appropriate Rates, If Any?

Introduction

This issue involves whether SWBT may assess digital cross connect system ("DCS") charges when AT&T controls the DCS and, if so, what are the appropriate rates. AT&T's position is that if a price is not listed on Attachment B of the July 31st Order for any item, then

AT&T should receive the item at no charge even though AT&T identified additional features, functions and/or capabilities other than those requested in TO-97-40. (See SWBT's Direct Testimony, p. 3). Here, AT&T has requested a rate for DCS. Id. at 4. The costs to provide DCS are not included in any of the charges previously established by the Commission, and the FTA requires that recovery of these costs be permitted where the service is provided to AT&T. AT&T did not propose any rates or provide any credible evidence to counter SWBT's cost studies. While AAS proposed rates, it provided no explanation or supporting evidence for its position.

Digital Cross-Connect System	SWBT			AT&T			AAS		
	Mnthly	Init	Add	Mnthly	Init	Add	Mnthly	Init	Add
DS0 DCS Port	\$ 13.70	\$ -	\$ 24.30	\$ -	\$ -	\$ -	\$ 11.19	\$ -	\$ 9.87
DS1 DCS Port	\$ 43.86	\$ -	\$ 24.30	\$ -	\$ -	\$ -	\$ 35.84	\$ -	\$ 14.51
DS3 DCS Port	\$307.07	\$ -	\$ 24.30	\$ -	\$ -	\$ -	\$250.85	\$ -	\$ 14.51
DCS Establishment ⁴	\$ -	\$ -	\$2,379.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Database Modification ⁵	\$ -	\$ -	\$ 107.15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reconfiguration Charge ⁶	\$ -	\$ -	\$ 1.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Findings of Fact

1. SWBT contends that the Commission's October 2, 1997 Order does not preclude it from assessing digital cross connect systems ("DCS") charges when AT&T controls the DCS.

⁴ This charge applies for the initial set up of the AT&T database. (See SWBT's Direct Testimony, p. 20). The database setup is a grid, built by SWBT, that contains all of the unbundled dedicated transport circuits that AT&T will be able to control and reconfigure. Id. Security, as well as circuit inventory, is built into the grid, permitting AT&T to control its own circuits. Id. Also included is initial training on the system. Id.

⁵ This charge applies each time AT&T requests a modification of its database. (See SWBT's Direct Testimony, p. 20). A modification can be an addition or deletion of circuits terminating on a DCS, or a rearrangement of the database. Id.

⁶ This charge applies per termination point per DCS each time the routing of an AT&T circuit is changed. (See SWBT's Direct Testimony, p. 20). As an example, if AT&T has a circuit routing from their premise "A" through two DCS offices to their premise "B" and want to reconfigure their circuit so that it is rerouted from "A" through two different DCS offices to premise "C", four reconfiguration charges would apply. Id. Two charges would apply for disconnecting from the original DCS offices and two charges would apply for connecting at the new DCS offices. Id.

The Commission finds, as SWBT explains, that DCS is not an integral part of dedicated transport because it is purchased in addition to transport. (See SWBT's Direct Testimony, p. 18). Dedicated transport is purchased from the access tariff with or without DCS and DCS is a service offered in addition to dedicated transport. Id. The definition of DCS rate elements are directly from SWBT's long-standing interstate tariff and are in full compliance with FCC rules. Id.

2. AT&T, nevertheless, maintains that it should receive the DCS free of charge. (See SWBT's Direct Testimony, p. 19). As its sole authority for this position, AT&T quotes language from ¶444 of the Interconnection Order (See First Report and Order CC Docket No. 96-98, August 8, 1996, paragraph 444) that incumbent LECs must offer DCS "as a condition of offering unbundled interoffice facilities." Id. The Commission finds that while SWBT must make DCS available, it is entitled to receive its costs as required by the FTA.

3. The Commission finds that incumbent LECs must offer DCS capabilities in the same manner that they offer such capabilities to IXC's that purchase transport services. ¶444 of the Interconnection Order Id. The Commission further finds that SWBT offers these capabilities to IXC's at access tariff rates and offers the same to AT&T as a CLEC and that this is completely in accord with the Interconnection Order.

4. SWBT proposes the rates in the chart above, which are supported by its cost studies.

5. Although AAS proposed the rates reflected in the chart above in the Costing and Pricing Report, Volume 2, AAS failed to provide any support for these rates in its AAS report and, therefore, effectively presented no evidence on this issue.

6. AT&T, similarly, failed to present any credible evidence that SWBT does not incur costs to provide DCS or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. The Commission's October 2, 1997 Order does not preclude SWBT from assessing digital cross connect systems ("DCS") charges when AT&T controls the DCS.

2. The Commission finds that the rates proposed by SWBT comply with the FCC's Interconnection Order, which requires SWBT to offer DCS "in the same manner" offered to IXCs. Id. The FTA requires that CLECs, pay the cost of the facilities and services they utilize from the ILEC. The Commission, therefore, adopts SWBT's proposed rates.

3. Because: (a) SWBT's proposed rates are supported by its cost studies; and (b) AAS and AT&T failed to present any credible evidence that these rates are inappropriate, the Commission determines that SWBT's proposed rates shall be adopted.

E. Issue 1.d. Does The Commission's October 2, 1997 Order Preclude SWBT From Assessing Charges For The LIDB Service Management System And The Fraud Monitoring System And A Service Order Charge (When AT&T Has A New Switch Or Orders A New Type Of Access To LIBD For Query Origination) When These Are Used For AT&T, In Addition To LIDB And CNAM Query/Query Transport Charges Approved By The Commission, And, If Not, What Is The Appropriate Rate, If Any?

Introduction

This issue involves the appropriate rates for service order charges, and recurring and non-recurring service order charges when AT&T requests query access to Line Information Database ("LIDB") for validating alternatively billed calls and obtaining name information for Caller ID services. LIDB is a transaction-oriented database that functions as a centralized repository for data storage and retrieval. LIDB is accessible through Common Channel Signaling-7 ("CCS-7") networks. If AT&T requests query access to LIDB service, SWBT must process a service order

to activate AT&T's query platform on SWBT's network. SWBT uses a manual process to establish the service within the parameters selected by AT&T. Because of the infrequent nature of establishing service, and the complexity and variation of each request, it is not efficient to mechanize the LIDB service order process.

A primary point of contention between the AAS and SWBT is the utilization of the CSS-7 network. SWBT's proposed charges are based upon current utilization of the network, while the AAS proposes a substantially higher utilization rate than actually occurs. The AAS position is inconsistent with the facts, and is internally inconsistent in refusing to recognize increased inflation costs that would accompany any future increased utilization. In addition, the AAS proposes to ignore fifty percent (50%) of SWBT's non-recurring costs associated with LIDB, a position which should be rejected as explained in Section II of these Proposed Findings of Fact and Conclusions of Law.

Line Information Database - Validation and CNAM	SWBT		AT&T		AAS	
	Per Query	Per Query Transport	Per Query	Per Query Transport	Per Query	Per Query Transport
Validation Query	\$.0005897	\$.000065				
CNAM Service Query	\$.000523	\$.000065	\$ -		\$0.0002606	\$ -
Service Order Charge per request	\$ 299.00 per request		\$ -			\$ 102.71 per request

Findings of Fact

1. LIDB is a service or element provisioned via the SS7 network. (See Ex. 12 (Smith), p. 9). LIDB is a database which stores information about telephone numbers to allow carriers to effectively do a credit check before completing credit card or third party calls. (See SWBT's Initial Brief, p. 25).

2. AAS reviewed other SS7 services in the First AT&T arbitration and made recommendations regarding utilization levels for the SS7 equipment. (See Ex. 12 (Smith), p. 9).

All of the recommended Signaling Transfer Point ("STP") utilizations changes recommended by AAS previously are reflected in the Missouri 1997 Line Information Data Base Validation Query study dated June 9, 1997. Id. at 9-10. The study was provided to Staff in meetings when they reviewed studies in early 1998. Id. at 10.

3. The LIDB and CNAM query/query transport charges previously approved by the Commission do not cover the validation and CNAM query charges or the service order charges at issue here. The AAS agrees on this point, but inexplicably proposes substantially lower charges than SWBT.

4. Processing LIDB service orders is a manual effort where a Service Representative discusses with each individual customer their specific requirements to determine what they want included in their database and then actually processes the order. (See SWBT's Initial Brief, p. 25; see also Ex. 12 (Smith), p. 10).

5. LIDB service orders are limited to the first time the CLEC orders the service; the low incidence of orders does not warrant mechanizing the process as the cost of developing a mechanized process exceeds the benefits. (See Ex. 12 (Smith), p. 10; see also SWBT's Initial Brief, p. 25). The time to process a LIDB service order is not in any way impacted by the fall-out rate because it is a totally manual process. (See Ex. 12 (Smith), p. 10).

6. The primary disagreement between SWBT and AAS on LIDB rates concerns utilization of the SS7 network. (See SWBT's Initial Brief, p. 25).

7. SWBT's cost study used actual network utilization of the SS7 network in its studies, as a reasonable projection of a forward looking, dynamic utilization. (See SWBT's Initial Brief, p. 25; see also Ex. 12 (Smith), p. 10). AAS disagreed and recommended using a higher projected utilization rate but provided no credible evidence to support a higher rate. (See

Ex. 12 (Smith), p. 10). SWBT argues that AAS's projected utilizations overstate what SWBT can expect to experience and that current utilizations are the best representation of a relationship where some services may increase and some may decrease due to the changing industry. (See Ex. 12 (Smith), p. 10).

8. SWBT further points out that at the same time that AAS projected growth, AAS disallowed inflation. (See SWBT's Initial Brief, p. 25). SWBT notes that the growth amounts contradict AAS's position requiring the removal of inflation from the studies, since it is inconsistent to assume growth, which may not be experienced, while disallowing inflation, which will be experienced. (See Ex. 12 (Smith), p. 10). SWBT further notes that the criteria seems based on artificially reducing the cost below what is actually experienced rather than any real concerns AAS may have with SWBT's cost study. Id. The Commission finds that it is inappropriate to project future growth while refusing to recognize future inflation.

9. AAS also recommended cutting the LIDB nonrecurring rates in half due to "lack of evidence to support the labor times." (See Ex. 12 (Smith), p. 10); see also SWBT's Initial Brief, p. 25). SWBT, on the other hand, contends that the LIDB service order time estimates are appropriate and should be utilized because they were provided by the Subject Matter Experts ("SMEs") actually processing LIDB service orders today. (See Ex. 12 (Smith), p. 10). The Commission finds that SWBT's labor estimates are reasonable and that no evidence of any other appropriate labor estimates have been provided.

Conclusions of Law

1. The Commission's October 2, 1997 Order does not preclude SWBT from assessing charges for the LIDB Service Management System and the Fraud Monitoring System and a service order charge (when AT&T has a new switch or orders a new type of access to

LIDB for query origination) when these are requested by AT&T. These charges are in addition to LIDB and CNAM Query/Query Transport charges approved by the Commission.

2. SWBT presented the only credible evidence regarding LIDB rates. It is appropriate to use current utilization rates, not unsupported claims of future increased utilization, in setting the applicable rates. AAS's assumption that there will be projected growth, which may not occur, while disallowing inflation, which will occur, is not reasonable. (See SWBT's Initial Brief, p. 25).

3. Moreover, AAS's recommendation to cut the LIDB nonrecurring rates in half, because of the time estimates, is not reasonable because the LIDB process is not mechanized and, given the low incidence of orders, does not warrant mechanization. (See SWBT's Initial Brief, p. 25). Further, the time estimates provided by SWBT are reasonable and well-supported.

4. SWBT's proposed rates are supported by the SMEs actually processing LIDB service orders today and are the only rates supported by the credible evidence. SWBT's proposed rates are, therefore, adopted.

F. Issue 1.e. Does The Commission's October 2, 1997 Order Preclude SWBT From Assessing Non-Recurring Charges, In Addition To The CLEC Simple Conversion Charge Approved By The Commission, When AT&T Converts SWBT Customers To AT&T Service, Using All Network Elements Required To Provide The Service And, If Not, What Are the Appropriate Rates, If Any?

Introduction

This issue involves the appropriate charges, in addition to service order charges, when AT&T requests to convert a SWBT customer to AT&T using SWBT's UNEs. This "simple conversion" consists of converting an existing SWBT retail or resale end user to the so-called unbundled network element platform ("UNE-P") consisting of a two-wire analog loop, an analog line port, and an analog loop to switch port cross connect. The Commission left open the

possibility of SWBT assessing non-recurring charges for a simple conversion when it issued its July 31st Order in TO-97-40. The Commission determined in TO-97-40 that a service order charge does apply to conversions of resale and simple conversion to UNEs. Therefore, SWBT's proposed TELRIC-based service order charge of \$21.85, plus SWBT's CCA, should apply to a simple conversion of SWBT's retail or resale end-user to the UNE-P.

SWBT incurs costs, in addition to processing service orders, as it is required to convert all of its records to reflect that a CLEC is using UNEs. UNEs provisioned to AT&T must be inventoried and tracked as UNEs, rather than as a part of SWBT's network, so that AT&T can test its services and trouble can be isolated. The UNEs must be separately tracked and inventoried in order to permit AT&T to have access to these UNEs, either through collocation or a shared distribution frame. In addition, the analog line port must be converted from flat rate to usage sensitive. Based upon the evidence presented in this proceeding and the state of law at the time this evidence was submitted, SWBT recommends that all other non-recurring charges in such a conversion will apply at the rates established by the Commission in TO-97-40 or herein.

At that time of this proceeding, the Eighth Circuit Court of Appeals had vacated the 47 C.F.R. 51.315(b), which read: "Except upon request, an incumbent LEC shall not separate requested network elements that the incumbent LEC currently combines." The Supreme Court reinstated this rule on January 25, 1999. Therefore, the entire record in this proceeding is predicated on the then-current state of the law which viewed a "simple conversion" identical to a new combination of network elements. That is, when a CLEC requests a "simple conversion" of a SWBT retail or resale end user to the UNE-P, the request was processed using a newly installed two-wire analog loop, analog line port and analog loop to switch port cross connect. In TO-97-40 the Commission determined the rates for these items.

LSP Simple Service Conversion	SWBT			AT&T			AAS		
	Mnthly	Init	Add	Mnthly	Init	Add	Mnthly	Init	Add
Service Order		\$25.45	\$25.45						

Findings of Fact

1. SWBT contends that the Commission's October 2, 1997 Order does not preclude it from assessing NRCs, in addition to the CLEC simple conversion charge approved by the Commission, when AT&T requests to convert a SWBT customer to AT&T, using SWBT's UNEs.

2. SWBT argues, and this Commission finds, that this "simple conversion" consists of converting an existing SWBT retail or resale end user to the so-called unbundled network element platform ("UNE-P") consisting of a two-wire analog loop, an analog line port, and an analog loop to switch port cross connect.

3. In support of SWBT's position, SWBT argues that in the Commission's December 23, 1997 Report and Order, the Commission found:

The Commission disagrees with the Special Master that the Commission foreclosed the possibility of SWBT assessing non-recurring charges for a CLEC Simple Conversion when it issued its July 31 order in TO-97-40. The Commission's November 5 order approving the interconnection agreement submitted in that case clearly left open the possibility that non-recurring charges could be established.

(See Report and Order, TO-98-115, December 23, 1997, pp. 28-29).

4. At the direction of the Commission, the parties filed a set of joint issues in this proceeding on October 24, 1997. The parties also filed an Amended Statement of Issues Remaining on November 26, 1997.

5. SWBT argues and the Commission finds that the Commission previously determined, in TO-97-40, that a service order charge does apply to conversions of resale and simple conversion to UNEs.

6. SWBT argues and the Commission finds that SWBT's TELRIC based service order charge of \$21.85, plus SWBT's CCA, will apply to simple conversions of a SWBT retail or resale end user to the UNE-P.

7. SWBT, however, argues and the Commission finds, that in addition to processing service orders, SWBT incurs additional costs to perform a conversion to UNEs. (See T. 266-272; see also SWBT's Initial Brief, p. 20). SWBT incurs costs as it is required to convert all of its records to reflect that a CLEC is using UNEs. Id. UNEs provisioned to AT&T must be inventoried and tracked as UNEs, rather than as a part of SWBT's network, so that AT&T can test its services and trouble can be isolated. Id. Additionally, AT&T will need access to the elements to perform their tests. (See SWBT's Initial Brief, p. 21). That access could take the form of collocation, but it could also take the form of access to a shared distribution frame where the elements would be cross-connected. (See T. 272; see also SWBT/AT&T Interconnection Agreement, Attachment 6 (UNE), paragraph 2.5; see also SWBT's Initial Brief, p. 21). Because either of these methods of providing AT&T with access to the UNEs they order and an ability to test those elements will require SWBT to inventory UNEs, there are expenses, beyond mere ordering activity, which must be recovered in NRCs. (See T. 269-272; see also SWBT/AT&T Interconnection Agreement, Attachment 6 (UNE) 2.22, 11.20 (requires loop and cross connects to be available with and without testing); see also SWBT's Initial Brief, p. 21). In addition, the analog line port must be converted from flat rate to usage sensitive.

8. The Commission accordingly finds that the NRCs previously established in TO-97-40 apply to a UNE-P conversion in addition to the applicable service order charge.

Conclusions of Law

1. The Commission's October 2, 1997 Order does not preclude SWBT from assessing nonrecurring charges, in addition to CLEC simple conversion charges, when AT&T requests to convert a SWBT customer to AT&T using SWBT's UNEs.

2. Since the Commission determined in TO-97-40 that a service order charge does apply to conversions of resale and simple conversion to UNEs, SWBT's TELRIC-based service order charge of \$21.85, plus SWBT's CCA, will apply to simple conversions of a SWBT retail or resale customer to the UNE-P.

3. Moreover, since the Commission has found that SWBT will incur additional costs to perform a conversion to UNEs, the NRCs established in TO-97-40 apply, in addition to a service order charge, on UNE-P conversion.

4. Finally, all other NRCs in such a conversion will apply at the rates already established by the Commission in TO-97-40 or herein.

SWBT notes that in the List of Issues filed by the parties on December 29, 2000, the following charts appeared under Issue 1.e. However, these charts have nothing to do with the issue presented in Issue 1.e. Nevertheless, rates for these items must be set. Where a particular chart is addressed later in SWBT's Proposed Findings of Fact and Conclusions of Law, SWBT has so noted. However, where a particular chart is not addressed at any other point in SWBT's Proposed Findings of Fact and Conclusions of Law, SWBT proposed the Findings of Fact and Conclusions of Law that are presented directly after the charts.

Blocking/Screening	SWBT		AT&T		AAS	
	INIT	ADD	INIT	ADD	INIT	ADD
	ICB	ICB	\$ -	\$ -	\$ -	\$ -

Local Switching Port Charge per Month	SWBT			AT&T			AAS		
		INIT	ADD		INIT	ADD		INIT	ADD
I/O Port		ICB	ICB		\$ -	\$ -		\$ -	\$ -

Subloop Cross Connect	SWBT		AT&T		STAFF	
	INIT	ADD	INIT	ADD	INIT	ADD
	*****SEE ISSUE 8.c.*****					
2 Wire						
4 Wire						

Dedicated Transport	SWBT		AT&T		AAS	
	INIT	ADD				
	*****SEE ISSUE 7.c.*****					
DS1 Entrance Facilities						
DS3 Entrance Facilities						
OC3 Entrance Facilities						
OC12 Entrance Facilities						

Interoffice Transport	SWBT		AT&T		AAS	
	INIT	ADD				
	ICB	ICB				
OC3 Dedicated Transport I/O First Mile						
OC3 Dedicated Transport I/O Add. Mile						
OC12 Dedicated Transport I/O First Mile						
OC12 Dedicated Transport I/O Add. Mile						
OC48 Dedicated Transport I/O First Mile						
OC48 Dedicated Transport I/O Add. Mile						

Dedicated Transport Cross Connect	SWBT		AT&T		AAS	
	INIT	ADD				
	*****SEE ISSUE 1.j.*****					
DS1						
DS3						
OC12						
OC48						

Digital Cross-Connect System DCS Port Charge		SWBT			AT&T			AAS	
*****SEE ISSUE 1.c.*****									
DS0 DCS Port									
DS1 DCS Port									
DS3 DCS Port									
DCS Establishment									
Database Modification									
Reconfiguration Charge									

Multiplexing		SWBT			AT&T			AAS	
*****SEE ISSUE 1.b.*****									
VG to DS1									
DS1 to DS3									

SS7 Links – Cross Connect		SWBT			AT&T			AAS	
*****SEE ISSUE 7.d.*****	Mnthly	Init	Add	Mnthly	Init	Add	Mnthly	Init	Add
STP to Collo Cage – DS0 (Zones 1,2,3&4)									
STP to Collo Cage – DS1(Zones 1,2,3 & 4)									

Access to Directory Assistance Database		SWBT			AT&T			AAS	
*****SEE ISSUE 8.e.*****	Mnthly	Init	Add	Mnthly	Init	Add	Mnthly	Init	Add
Database Service					\$ -			ICB	
Direct Access, per Search									
Service Establishment									

Call Branding (DA/OS)		SWBT			AT&T			AAS	
*****SEE ISSUE 7.e.*****	Mnthly	Init	Add	Mnthly	Init	Add			
Rate per Initial Local									
Rate per subsequent changes to brand									
Rate per branded call									

Service Rate Information (DA/OS)		SWBT			AT&T			AAS	
*****SEE ISSUE 1.H.*****	Mnthly	Init	Add	Mnthly	Init	Add			
Rate per Initial Local									
Rate per subsequent rate change									
Rate per subsequent reference change									

Dark Fiber		SWBT			AT&T			AAS	
*****SEE ISSUE 8.f.*****	Mnthly	Init	Add	Mnthly	Init	Add	Mnthly	Init	Add
Cross Connect									

AIN	SWBT			AT&T			AAS		
	Mnthly	Init	Add	Mnthly	Init	Add	Mnthly	Init	Add
		ICB	ICB		\$ -	\$ -		ICB	ICB

DID Trunk Port *****SEE ISSUE 8.d.*****	SWBT			AT&T			AAS		
	Mnthly	Init	Add	Mnthly	Init	Add	Mnthly	Init	Add
DID #s – Initial 100 #s									
DID #s – Initial 10 #s									
Subsequent Add or Remove 100 #s									
Subsequent Add or Remove 10 #s									

Unbundled Centrex Systems Options	SWBT		AT&T		AAS	
	Init	Add	Init	Add	Init	Add
System Initial Establishment per serving office - Analog Only	\$ 803.35		\$ -	\$ -	\$380.06	\$115.72
System Initial Establishment per serving office - Analog/ISDN BRI Mix	\$ 803.35		\$ -	\$ -	\$380.06	\$134.80
System Initial Establishment per serving office - ISDN BRI Only	\$ 387.55		\$ -	\$ -	\$184.99	\$134.80
System Subsequent Change per service office – Analog Only		\$ 244.60				
System Subsequent Change per serving office – Analog/ISDN BRI Mix		\$ 284.96				
System Subsequent Change per serving office – ISDN BRI Only		\$ 284.96				
System Subsqnt Conversion per serving office – Add Analog to existing ISDN BRI only system		\$ 589.60		\$ -		\$277.37
System Subsqnt Conversion per serving office – Add ISDN BRI to existing Analog only system		\$ 293.55		\$ -		\$138.87

Dark Fiber Record Search Rate *****SEE ISSUE 8.g.*****	SWBT			AT&T			AAS		
	Mnthly	Init	Add	Mnthly	Init	Add	Mnthly	Init	Add
Subloop Feeder									
Interoffice									

Findings of Fact

1. SWBT proposes the rates in the chart above for Blocking/Screening, Local Switching Port Charge Per Month, Interoffice Transport, and Unbundled Centrex Systems Options. The Commission determined that it is appropriate to use ICB pricing for these services for the reasons set forth in Section III.A. Preliminary Issue- Individual Care Basis (“ICB”) Pricing on these Findings of Fact and Conclusions of Law.

2. The prices reflected for unbundled Centrex System Options appropriately recover SWBT's costs and are approved.

3. Neither AAS nor AT&T presented any credible evidence that SWBT does not incur costs when it provides the above-referenced services or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. Regarding Blocking/Screening, Local Switching Port Charge Per Month, and Interoffice Transport, the Commission determines that these service shall be provided on an ICB.

2. Regarding Unbundled Centrex Systems Options, the Commission determines that since SWBT's proposed rates appropriately recover its costs and the AAS and AT&T failed to present any credible evidence that these rates are inappropriate, SWBT's proposed rates shall be adopted.

G. Issue 1.f. Does The Commission's October 2, 1997 Order Preclude SWBT From Assessing Service Order Charges, In Addition To The \$5.00 Service Order Charge Established By The Commission, In Connection With AT&T Orders For Unbundled Network Elements And, If Not, What Are The Appropriate Rates, If Any?

Introduction

The mechanized service order process rate is at \$5.00 for all service order types. This issue involves the appropriate level of charges to process service orders requesting service be initiated, changed, disconnected, suspended, and/or restored. It also involves the appropriate level of charges to: (a) process orders on an expedited basis; (b) process orders when SWBT is prepared to turn over service to AT&T on the due date and AT&T or the AT&T end user customer is not ready to accept service; and (c) apply when the due date is changed or service order is cancelled or modified within two (2) days prior to the due date. The level of costs

incurred by SWBT vary substantially based on whether a simple or complex order is involved.

SWBT's proposed charges also reflect that not all processes are fully mechanized (and notes that CLECs have a manual option even if a mechanized process is available). AAS's proposed rates assume that, for simple orders, an entirely mechanized process is available, that no CLEC chooses a manual process, and assumes an unreasonably low fall out rate.

Service Order Charges – Unbundled Elements	SWBT NRC	AT&T	AAS
New Simple ⁷	\$ 69.90	\$ 5.00	\$ 2.11
New Complex	\$ 285.35	\$ -	\$ 105.20
Change Simple ⁸	\$ 67.55	\$ -	\$ 2.09
Change Complex	\$ 158.40	\$ -	\$ 54.94
Record Simple ⁹	\$ 41.95	\$ -	\$ 1.26
Record Complex	\$ 132.80	\$ -	\$ 53.88
Disconnect Simple ¹⁰	\$ 34.95	\$ -	\$ 1.29
Disconnect Complex	\$ 75.70	\$ -	\$ 31.63
Suspend/Restore Simple ¹¹	\$ 41.95	\$ -	\$ 1.26
Suspend/Restore Complex	\$ 132.80	\$ -	\$ 53.88
Expedited Simple ¹²	\$ 67.55	\$ -	\$ 2.09
Expedited Complex	\$ 158.40	\$ -	\$ 54.94
Customer Not Ready Simple ¹³	\$ 67.55	\$ -	\$ 2.09
Customer Not Ready Complex	\$ 158.40	\$ -	\$ 54.94
Due Date Change or Cancellation Simple ¹⁴	\$ 67.55	\$ -	\$ 2.09
Due Date Change or Cancellation Complex	\$ 158.40	\$ -	\$ 54.94

Findings of Fact

⁷ This would apply when an AT&T end user customer initiates service with AT&T and AT&T elects to serve the customer using UNEs. (See SWBT's Direct Testimony, p. 27).

⁸ This would apply when an AT&T customer's existing service is being physically or logically altered in some way. (See SWBT's Direct Testimony, p. 27).

⁹ This would apply when there is no physical or logical work required and all that is necessary is the update of SWBT's internal records. (See SWBT's Direct Testimony, p. 27).

¹⁰ This will apply when an existing service is being completely disconnected. (See SWBT's Direct Testimony, p. 28).

¹¹ This will apply when a functionality is to be suspended until further notice or when a previously suspended functionality is to be restored. (See SWBT's Direct Testimony, p. 28).

¹² This will apply when the requested due date is less than the standard interval. (See SWBT's Direct Testimony, p. 28).

¹³ Charges equal to the actual service order charge will apply when SWBT is prepared to turn service over to AT&T on the due date and AT&T or the end user customer is not ready to accept service. (See SWBT's Direct Testimony, p. 28).

¹⁴ This will apply when the due date is changed or the service order is cancelled or modified within 2 days prior to the due date. (See SWBT's Direct Testimony, p. 28-29).

1. The difference between simple and complex service orders has to do with the type of service that is being ordered. (See T. 222). Simple services like a loop or a port have a very simple flow. Id. Complex services include DS1 and Centrex. (See T. 222-229). The complex service order completion charge should apply whenever AT&T orders UNEs to provide design service, like a Plexar® arrangement. (See SWBT's Initial Brief, p. 26).

2. The issue with regard to these nonrecurring charges concerns the time estimates to provision these services. (See SWBT's Initial Brief, p. 26). AAS recommends reducing the time estimates in this study that pertain to typing and negotiation. (See Ex. 12 (Smith), p. 11). Specifically, for complex service orders, the AAS recommends the negotiation time be cut in half and the typing time be reduced to fifteen (15) minutes. (See Ex. 12 (Smith), p. 13).

3. SWBT argues, and the Commission finds, that Staff seems to have a misunderstanding of "negotiation" in the UNE environment. (See Ex. 12 (Smith), p. 13). Negotiation has nothing to do with developing the contract or price. Id. at 14. Negotiation in the UNE environment involves coordination activities associated with the validation process as well as coordinating frame due dates or dispatch required. Id. Specifically, the validation process includes activities such as receiving the order, reviewing the order for accuracy, and possibly sending/calling back to the CLEC for correction. Id. The validation process must be completed before orders can be typed into SORD. Id. Moreover, coordination with other departments (Network Sales Support, Routing Managers, Circuit Provisioning Center, etc.) is required to process a Complex Order. (See Ex. 12 (Smith), p. 14). When SWBT receives a local service request for complex service, it must do the following:

- a. Log, Stamp date, and time received;
- b. Review Local Service Request ("LSR") for completeness and accuracy;
- c. All fields on the LSR must be validated. Examples of validation include activities such as: (1) logging on to PREMIS and confirm accuracy of address; (2) pulling

up Customer Service Records and comparing Telephone Numbers, end users name and address. If errors are found, the CLEC will be contacted for a Supplemental ("Supp") to LSR to correct errors. Once Supp is received, the LSR must be reviewed again to ensure Supp corrected the errors and did not create new errors;

- d. Review contract for services ordered and associated rate elements;
- e. Coordinate with Circuit Provisioning Center ("CPC") for DS1 or DS3 CLF assignments, Critical dates, Possible for facility availability for Primary Rate Interface ("PRI") services;
- f. Coordinate with Network Sales for: Service Availability (e.g. verify if requested Port Features are available in the requested office switch), Centrex Services, PRI Services, DID Services, and Critical dates;
- g. Coordinate with Line and Number Administration Center ("LNAC") for: DID numbers and other numbers;
- h. Assign order information to LSR: Billing Account Number ("BAN") if required, SWBT SORD order number(s), and critical dates; and
- i. Send confirmation to CLEC.

(See Ex. 12 (Smith), pp. 14-15).

4. SWBT further argues, and the Commission finds that many of its retail services, like Plexar (also known as Centrex) are considered competitive and it would not benefit SWBT to provide high time estimates for these or any other services, including UNE time estimates.

(See Ex. 12 (Smith), pp. 11-12).

5. SWBT further argues, and the Commission further finds, that SWBT's time estimates were based on assumptions and specific knowledge of SWBT's operation and the time it takes to perform these operations. (See Ex. 12 (Smith), p. 11). SWBT's time estimates were provided by SMEs who have experience in performing the task at hand, who work in the field performing these tasks daily, and who have the knowledge and experience to provide quality data for its cost studies. (See Ex. 12 (Smith), p. 11). Additionally, SWBT argues, and the Commission further finds, that the data SWBT used in its studies was the same data that SWBT used for the corresponding retail offerings both for the resale and UNE studies. (See Ex. 12

(Smith), p. 11; see also SWBT's Initial Brief, p. 26). SWBT's time estimates are, therefore, accepted.

6. For the reasons set forth above, AT&T's estimates which: (a) were provided by an undefined "national team"; (b) were not based on any time and motion studies; and (c) were presented without documentation in support of its non-recurring time estimates or its hypothetical fall out rate, are rejected. (See Ex. 12 (Smith), p. 13).

7. In addition to challenging SWBT's time estimates, the AAS assumes mechanization and a five percent (5%) fall-out rate.¹⁵ AT&T similarly argues that on simple conversions there should be no manual activity except for fallout.

8. SWBT argues that the AAS's and AT&T's positions should be rejected. SWBT explains that although it is in the process of developing mechanized order generators, which will accept an order electronically from AT&T, all UNE orders neither can be accepted and flowed through electronically at this time or, in some cases, forever. (See Ex. 12 (Smith), p. 12). SWBT further explains that although service order processing must meet Order and Billing Forum/Telecommunications Interface Forum ("OBF/TCIF") national guidelines, OBF standards exist currently only for loops, analog port, and loop with Interim Number Portability ("INP"). Id. With some UNEs, there is no mechanized order delivery process for the SWBT retail services composed of the same elements. Id. However, the UNE order is received into the OSS process like all other SWBT retail services where mechanized OSS is applicable. Id.

¹⁵ As SWBT previously explained in footnote 3, fallout or overall flow through was not available before November, 2000. Fall out for UNE orders submitted via EDI and LEX for November and December, 2000, were 54.5% and 46.5% respectively. (UNEs include UNE with and without loop, UNE combos, and other, see PMs 13.1-02.2, -02.4, and 13.1-03.2, -03.3 and 03.4).

9. SWBT argues, and the Commission finds, that although all SWBT's OSS will be available and will be used in provisioning UNE orders, e.g. SORD, SOAC, FACS, etc., not all UNE orders will be mechanized and those that are mechanized will not always flow through. (See Ex. 12 (Smith), p. 12).¹⁶ Moreover, there are many CLECs who will find it more cost effective to process their own orders manually. (See Ex. 12 (Smith), p. 12; see also SWBT's Initial Brief, p. 27). The Commission finds that for the AAS to assume that all orders in the future will be processed electronically is, quite simply, incorrect. Id.

10. SWBT argues, and the Commission finds, that it has a sound basis for its assumptions. (See Ex. 12 (Smith), p. 13). Specifically, while there is no history of exact fallout in a UNE environment, Access Service Requests ("ASRs") have been submitted to SWBT by the IXC's since the mid 1980s and the current fallout rate is thirty to fifty percent (30-50%). Id. Access service orders are less complex than many of the orders for resold services or UNEs, so it is not improbable that the fallout could be as high or higher since CLECs impact their own orders and SWBT has no control over CLEC service representative training. Id. Thus, since both simple and complex service orders involve varying amounts of manual activity, the costs associated with that labor must be recovered in the nonrecurring rate at issue in this case. (See SWBT's Reply Brief, p. 16).

¹⁶ The Commission notes that during the pendency of this arbitration, AT&T moved from submitting its orders manually to submitting its orders electronically via EDI (via LEX for service requests with Loops). Thus, AT&T's suggestion that there should be no manual activity except for fallout is belied by its historical processing preference. Moreover, although mechanized ordering is becoming more prevalent, manual ordering is still prevalent. The breakdown for manual versus mechanized orders for all CLECs in SWBT's five state region is as follows: in 1998, 1,447,000 and 485,730 respectively; in 1999, 1,570,500 and 1,049,920 respectively; and in 2000 through November, 1,591,390 and 3,752,180 respectively. The same breakdown for manual versus mechanized orders for Missouri: in 1998, 64,200 and 68,030 respectively; in 1999, 171,080 and 96,810 respectively; and in 2000 through November, 125,100 and 207,320 respectively.

Conclusions of Law

1. The Commission's October 2, 1997 Order does not preclude SWBT from assessing service order charges, in addition to the \$5.00 service order charge established by the Commission, in connection with AT&T orders for UNEs.

2. SWBT presented the only reliable evidence on service order rates. SWBT validated the times used in the nonrecurring studies; specifically, the time estimates that were provided by the SMEs were validated by the cost analysts by comparing the times to prior cost studies and services with similar assumptions. (See Smith, p. 11).

3. The AAS's recommendation to cut SWBT's time estimates in half is rejected in that the record clearly shows that the time to perform ordering tasks was properly estimated and reflects SWBT's true costs. (See Ex. 12 (Smith), p. 11; see also SWBT's Initial Brief, p. 26). Further, the AAS's recommendation to assume a five percent (5%) fall-out rate is also rejected in that AAS assumes mechanization which is not in place. Moreover, the AAS's recommendation to apply a five percent (5%) fall out rate is rejected because it is improper to simply set a fictitious fall-out rate and assume that that will incent SWBT to further mechanize or design systems to accept more and more complex orders because that may not produce the best customer service. (See SWBT's Initial Brief, p. 27). The Commission finds that there will always be some manual ordering. (See SWBT's Initial Brief, p. 27).

4. Because SWBT has presented the only credible evidence regarding service order rates, SWBT's proposed rates are adopted.

- H. Issue 1.h. May SWBT Assess Rating Charges, In Addition To The Operator Services And Directory Assistance Charges Established By The Commission, When SWBT Provides Rate Quotation Service To AT&T, Either In A UNE Or Resale Environment And, If So, What Are The Appropriate Rates, If Any?

Introduction

Rate/Reference Service, where AT&T has chosen SWBT to provide Operator Services ("OS") and Directory Assistance ("DA") to AT&T subscribers on AT&T's behalf, enables SWBT's operators to quote AT&T's OS and DA rates to AT&T's subscribers upon request. Rate/Reference Service also allows SWBT's operators to provide AT&T's customers care information to AT&T's customers upon request. During the pendency of this case, the FCC issued its UNE Remand Order, in which it recognized that OS and DA service are competitive wholesale services, not subject to the unbundling requirement. Since Rate/Reference Service is part of SWBT's wholesale service when a CLEC chooses SWBT as its provider of OS and DA services, these services are not subject to the unbundling requirement and the prices SWBT charges for these services are, accordingly, market-priced. Because there was no evidence presented to this Commission in this proceeding regarding SWBT's market-based prices, the Commission should determine that Rate/Reference Service is not subject to the unbundling requirement and should refrain from setting rates.

Appendix DA-Resale	SWBT				AT&T	AAS	
Rate per initial load per TOPs Switch		Market Based Pricing			\$ -		Use Lowest ICA Rates
Rate per subsequent rate change per TOPs Switch		Market Based Pricing			\$ -		Use Lowest ICA Rates
Rate per subsequent reference change per TOPs Switch		Market Based Pricing			\$ -		Use Lowest ICA Rates

Appendix OS-Resale	SWBT			AT&T		AAS
Rate per initial load per TOPs Switch		Market Based Pricing			\$ -	Use Lowest ICA Rates
Rate per subsequent rate change per TOPs Switch		Market Based Pricing			\$ -	Use Lowest ICA Rates
Rate per subsequent reference change per TOPs Switch		Market Based Pricing			\$ -	Use Lowest ICA Rates

Appendix DA-Fac.	SWBT			AT&T		AAS
Rate per initial load per TOPs Switch		Market Based Pricing			\$ -	Use Lowest ICA Rates
Rate per subsequent rate change per TOPs Switch		Market Based Pricing			\$ -	Use Lowest ICA Rates
Rate per subsequent reference change per TOPs Switch		Market Based Pricing			\$ -	Use Lowest ICA Rates

Appendix OS-FAC.	SWBT			AT&T		AAS
Rate per initial load per TOPs Switch		Market Based Pricing			\$ -	Use Lowest ICA Rates
Rate per subsequent rate change per TOPs Switch		Market Based Pricing			\$ -	Use Lowest ICA Rates
Rate per subsequent reference change per TOPs Switch		Market Based Pricing			\$ -	Use Lowest ICA Rates

Findings of Fact

1. SWBT contends that it may assess charges to load CLEC rates into its system for quotation to CLEC customers, in addition to the other OS and DA charges established by the Commission, when SWBT provides rate quotation service to AT&T either in a UNE or resale environment. SWBT argues that its position is supported by the UNE Remand Decision and the First Report and Order, CC Docket No. 99-273, January 23, 2001.

2. Rate/Reference Service, where AT&T has chosen SWBT to provide Operator and Directory Assistance Services to AT&T's subscribers on AT&T's behalf, enables SWBT's operators to quote AT&T's OS and DA rates to AT&T's subscribers upon request, in compliance

with Section 226(b)(1)(c) of the FTA.¹⁷ Rate/Reference Service also allows SWBT's operators to provide AT&T's customer care information to AT&T customers upon request. SWBT argues that this is part of the nondiscriminatory access SWBT makes to its OS and DA services on a wholesale basis in compliance with Section 251(b)(3) of the FTA.

3. SWBT further argues, and the Commission finds, that the Federal Communications Commission ("FCC"), in its UNE Remand Order,¹⁸ recognized that OS and DA services were competitive wholesale services, not subject to the unbundling requirement. Specifically, the FCC has concluded that:

In circumstances where a checklist network element is no longer unbundled, we have determined that a competitor is not impaired in its ability to offer services without access to that element. . . . Under these circumstances, it would be counterproductive to mandate that incumbent offers the element at forward-looking prices. Rather, the market price should prevail, as opposed to a regulated rate which, at best, is designed to reflect the pricing of a competitive market.

(See Third Report and Order and Fourth Further Notice of Proposed Rulemaking, CC Docket No. 96-98, November 5, 1999, paragraph 473.

¹⁷ "Each provider of operator services shall, at a minimum, . . . disclose immediately to the customer, upon request and at no charge to the consumer (i) a quote of its rates or charges for the call; (ii) the methods by which such rates or charges will be collected; and (iii) the methods by which complaints concerning such rates, charges, or collection practices will be resolved." (See Federal Telecommunications Act of 1996, Section 226(b)(1)(C)).

¹⁸ (See, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, CC Docket No. 96-98, November 5, 1999, paragraphs 438-464).

4. Additionally, SWBT argues, and the Commission finds, that the FCC in its January 23, 2001, order regarding directory assistance listings, confirmed that: "we relieved the ILECs of the obligation to offer DA an unbundled network element because a competitive DA market was developing."¹⁹

5. SWBT argues, and the Commission finds that the prices for the OS and DA services that SWBT offers on a wholesale basis are to be market-priced when a CLEC (or an independent telephone company or other wholesale customer) chooses SWBT as its OS and/or DA provider. SWBT further argues, and the Commission further finds that since Rate/Reference Service is part of SWBT's wholesale service when a CLEC chooses SWBT as its provider of OS and DA services, the prices SWBT charges for Rate/Reference Service should be market-priced. The prices include costs for operator work time as well as the technology deployed to enable SWBT to store and retrieve at each operator work station AT&T's prices and customer contact information provided by AT&T.

6. Although AAS proposed rates reflected in the chart above in the Costing and Pricing Report, Volume 2, and AT&T proposed zero rates for these items, neither AAS nor AT&T had the benefit of the UNE Remand Order when they proposed the rates referenced above. Because the AAS's and AT&T's rates are not market-based prices, they do not conform with the UNE Remand Order, and the Commission, therefore, rejects them.

Conclusions of Law

1. SWBT may assess charges to load AT&T's rates into its systems for quotation to the AT&T end user customers in addition to the OS and DA charges established by the Commission, when SWBT provides rate quotation service to AT&T, either in a UNE or resale environment. SWBT's argument is supported by the UNE Remand Order, in which the FCC

¹⁹ (See First Report and Order, CC Docket No. 99-273, January 23, 2001.

recognized that OS and DA service are competitive wholesale services, not subject to the unbundling requirement.

2. Since Rate/Reference Service is part of SWBT's wholesale service when a CLEC chooses SWBT as its provider of OS and DA services, these services are not subject to the unbundling requirement and the prices SWBT charges for these services are, accordingly, market-priced.

3. The Commission determines that Rate/Reference Service is not subject to the unbundling requirement and the Commission refrains from setting rates.

- I. Issue 1.j. Since The Commission's July 31, 1997 Order Expressly Addresses A Rate For DS3 Dedicated Transport Cross-Connects, May SWBT Assess Dedicated Transport Cross-Connect Charges, Other Than The Transport Cross-Connect Charges Established By The Commission And, If So, What Rates And Charges Should Apply, If Any?

Introduction

The primary function of the cross connect is to connect UNEs on behalf of the requesting telecommunications carrier or to connect a SWBT-provided UNE to a CLEC facility (i.e., via collocation). (See SWBT's Direct Testimony, p. 37). AT&T's position is simply that if a price is not listed on Attachment B of the July 31st Order for any item, then AT&T should receive the item at no charge even though AT&T identified additional features, functions, and/or capabilities other than those requested in TO-97-40. (See SWBT's Direct Testimony, p. 3). Here, AT&T seeks an additional element, dedicated transport cross connects. The costs to provide dedicated transport cross connects are not included in the dedicated transport cross connect charges previously established by the Commission, and the FTA requires that recovery of these costs be permitted where the service is provided to AT&T. AT&T did not propose any rates or provide any credible evidence to counter SWBT's cost studies. SWBT and AAS both propose ICB rates

for OC3 and OC12 cross connects. While the AAS proposed rates for -DS1 cross connects, it provided no explanation or supporting evidence for its position.

Dedicated Transport Cross Connect	SWBT			AT&T			AAS		
	Mthly	Init	Add	Mthly	Init	Add	Mnthly	Init	Add
DS1 (Zones 1-4)									
With Testing	\$11.54	\$ 147.90	\$101.14	\$ -	\$ -	\$ -	\$ 9.41	\$ -	\$ -
Without Testing							\$ 1.06		
OC3 (Zones 1-4)	ICB	ICB	ICB	\$ -	\$ -	\$ -	ICB	ICB	ICB
OC12 (Zones 1-4)	ICB	ICB	ICB	\$ -	\$ -	\$ -	ICB	ICB	ICB
OC48 (Zones 1-4)	ICB	ICB	ICB	\$ -	\$ -	\$ -	ICB	ICB	ICB

Findings of Fact

1. SWBT contends that although the Commission's July 31, 1997 Order expressly addresses a rate for DS3 Dedicated Transport Cross-Connects, it did not determine Cross-Connect Charges for other types of dedicated transport. SWBT argues, and the Commission concludes, that the dedicated transport charges currently at issue are not included in the dedicated transport cross connect charges previously established by the Commission and that the FTA requires that recovery of these costs be permitted where the service is provided to AT&T.
2. SWBT proposes the rates in the chart above, which are supported by its cost studies.
3. Although AAS proposed some rates reflected in the chart above in the Costing and Pricing Report Volume 2, AAS failed to provide support for these rates in its AAS Report and, therefore, effectively, presented no evidence on this issue.
4. AT&T, similarly, failed to present any credible evidence that SWBT does not incur costs to provide Dedicated Transport Cross Connect services or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. Although the Commission's July 31, 1997 Order expressly addressed a rate for DS3 Dedicated Transport Cross-Connects, SWBT may assess Dedicated Transport Cross Connect Charges on other dedicated transport services because: (a) the costs to provide dedicated transport cross connects are not included in the dedicated transport charges previously established by the Commission; and (b) the FTA requires that recovery of the costs be permitted where the service is provided to AT&T.

2. ICB Pricing for OC cross connects is appropriate for the reasons set forth in Section III.A. of this Findings of Fact and Conclusions of Law. For DS1 cross connects because: (a) SWBT's proposed rates are supported by its cost studies; and (b) AAS and AT&T failed to present any credible evidence that SWBT does not incur these costs or that these rates are inappropriate, the Commission determines that SWBT's proposed rates shall be adopted.

J. Issue 3.a. What Should Be The Rates For White Pages-Resale and White Pages-Other?
 What Should Be The Rates For Directory Listings?

Introduction

It is important to note that obligations to provide nondiscriminatory access to White Page listings and DA listings are very distinct. SWBT's obligation to provide White Page listings to CLECs so their subscribers can be included in SWBT's White Pages directories is under Section 271(c)(2)(B)(viii)(II) and SWBT complies with that obligation. The obligation to provide CLECs with DA listings in bulk with daily updates, so the CLECs can provide DA services itself, is under Section 251(b)(3) and, again, SWBT complies with that obligation. There is no obligation to provide either service at UNE prices. Accordingly, the rates for the provision of white page directories and DA listings should be those proposed by SWBT.

	SWBT			AT&T			AAS		
Appendix White Pages – Other	Mnthly	Init	Add	Mthly	Init	Add	Mnthly	Init	Add
Price Per Book Copy Delivered in Bulk to LSP									
Zone 1		\$4.46			\$ -		\$ 3.62		
Zone 2		\$1.29			\$ -		\$ 1.04		
Zone 3		\$1.26			\$ -		\$ 0.89		
Price Per Book Copy Delivered to LSP End-User during annual mass distribution									
Zone 1		\$6.48			\$ -		\$ 5.26		
Zone 2		\$2.50			\$ -		\$ 2.02		
Zone 3		\$2.81			\$ -		\$ 2.14		
Price per Book Copy Ordered After Initial Order All Zones Subject to Availability		\$10.00							

Appendix Directory Listings Information									
Per Listing		\$0.0585							

	SWBT			AT&T			AAS		
Single Sided Info Page WP-Resale and WP-Other	Mnthly	Init	Add	Mthly	Init	Add	Mnthly	Init	Add
Zone 1		\$3,191.73			\$ -		\$2,592.85		
Zone 2		\$168.09			\$ -		\$ 136.55		
Zone 3		\$75.59			\$ -		\$ 61.41		
Price per Listing		ICB			\$ -			\$ -	
Cost For Being in WP, Per Listing									
Zone 1	\$0.6137				\$ -		\$ 0.5269		
Zone 2	\$0.1400				\$ -		\$ 0.1202		
Zone 3	\$0.1157				\$ -		\$ 0.0993		
One Time Cost to enter and delete listing									
Zone 1	\$0.35				\$ -		\$ 0.30		
Zone 2	\$0.35				\$ -		\$ 0.30		
Zone 3	\$0.35				\$ -		\$ 0.30		

Findings of Fact

1. SWBT argues, and the Commission finds, that SWBT's obligation to provide White Pages listing to CLECs so their subscribers can be included in SWBT's White Pages directories is under Section 271(c)(2)(B)(viii)(II) of the FTA. SWBT argues, and the Commission further finds, that SWBT complies with this obligation.

2. SWBT argues, and the Commission finds, that SWBT's obligation to provide CLECs with DA listing in bulk with daily updates so the CLECs can provide DA services itself, is under Section 251(b)(3). SWBT further argues, and the Commission further finds, that SWBT complies with this obligation.

3. Additionally, SWBT argues, and the Commission finds, that there is no obligation to provide either service at UNE prices.

4. While SWBT has no obligation to provide White Page directory books in a UNE environment, SWBT does provide those to CLEC's subscribers during the annual mass distribution of newly published directories. In addition, SWBT will provide White Page directories in bulk to facilities-based CLECs for CLECs to distribute to their new subscribers throughout the year. (See Appendix White Pages-Other, Missouri's proposed 271 agreement).

5. SWBT contends that it is willing to enter into a mutual license agreement with AT&T, as it has done with numerous CLECs and independent companies. (See SWBT's Initial Brief, p. 30).

Conclusions of Law

1. White Pages listings have never been deemed to be unbundled network elements and SWBT's only obligation is under the 271 checklist requirements, not the unbundling requirements. In its UNE Remand Order, the FCC states:

Requesting carriers, however, have the ability, under section 251(b)(3), to obtain nondiscriminatory access to the incumbent LEC's or any other competing LEC's, databases used in the provision of OS/DA. . . . We are therefore not persuaded that lack of unbundled access to incumbent LEC databases used in the provision of OS/DA necessarily results in quality differences that would materially diminish a requesting carrier's ability to offer service.

Third Report and Order and Fourth/ Further Notice of Proposed Rulemaking, CC Docket 96-98, November 5, 1999, paragraph 457.

2. The Commission determines that white pages directories shall be provided to facilities-based CLECs at the rates proposed by SWBT.

3. Although SWBT contends that it is willing to enter into a mutual license agreement with AT&T, as it has done with numerous CLECs and independent companies, this Commission determines that it may not be compelled to sell its own listings at UNE rates. (See SWBT's Initial Brief, p. 30).

K. Issue 4. Is NXX Migration A Form Of Interim Number Portability And, If Not, What Is the Appropriate Rate, If Any?

NXX Migration (per NXX)	SWBT		AT&T		AAS	
	\$12,939.25		\$ -		\$ 6,121.33	

Introduction

This issue involves the appropriate level of charges when, at AT&T's request, SWBT is required to move an entire NXX from its switch to AT&T's switch. AT&T claims SWBT should not recover its costs, while the AAS proposes to limit recovery but provides no basis for the reduction. AAS proposes a fifty percent (50%) reduction which, for reasons cited in Section II of these Proposed Findings of Fact and Conclusions of Law, is inappropriate.

Findings of Fact

1. This issue centers around the appropriate level of charges for work required to move an entire NXX from SWBT's switch to an AT&T switch. (See SWBT's Initial Brief, p. 28).

2. AAS recommends cutting SWBT's NXX Migration rates in half. (See Ex. 12 (Smith), p. 15).

3. SWBT argues, and the Commission finds, that this is improper in that when a CLEC requests that SWBT move an entire NXX to their switch, SWBT incurs expenses, and, therefore, it should be compensated to recover its costs. (See Ex. 12 (Smith), p. 16). Specifically, SWBT argues, and the Commission finds, that NXX Migration requires network rerouting effort and equipment record changes which is caused by the CLEC's activities but is not reflected in, or compensated for, in any of the nonrecurring charges for individual UNEs. (See SWBT's Initial Brief, p. 28; see also Ex. 12 (Smith), p. 15). SWBT further argues, and the Commission further finds, that the efforts are in addition to whatever it takes to establish the UNEs. (See Ex. 12 (Smith), p. 16). Specifically, when SWBT performs an NXX migration, SWBT is taking all of the numbers that are on its switch and transferring those to AT&T's switch. (See T. 285). SWBT, therefore, concludes, and the Commission agrees, that it is entitled to recover its costs for doing that work, that its time estimates reflect reality and, therefore, should be accepted. (See T. 282; see also Ex. 12 (Smith), p. 16).

4. AAS's comments noted that AT&T felt "all costs will be recovered internally through migrating an NXX". (See AAS Report, p. 73; see also SWBT's Initial Brief, p. 28; see also Ex. 12 (Smith), p. 16). SWBT contends, and the Commission finds, that this misses the point that a CLEC is specifically causing this shift. (See Ex. 12 (Smith), p. 16). Other CLECs

and retail customers should not have to cover the cost being caused by one CLEC in a specific situation. Id. There would be, quite simply, no reason for SWBT to incur that cost if not for the CLEC. Id. AAS apparently recognizes AT&T's argument is incorrect as AAS proposed some recovery, albeit limited to fifty percent (50%).

5. AT&T argues that NXX migration is just like the normal network activity that occurs whenever a new NXX is activated in a switch. (See AT&T's Initial Brief, p. 31). Although SWBT agrees that the actual activity to migrate an NXX from SWBT to AT&T is the same activity that must be performed to introduce a new NXX, SWBT argues, and the Commission finds, that this does not explain why the costs for such a migration should be borne by SWBT and its other customers instead of by AT&T who is the sole beneficiary of the migration. (See SWBT's Reply Brief, p. 17).

Conclusions of Law

1. NXX Migration is not a form of interim number portability. AT&T's and AAS's proposals, in effect, would cause SWBT's customers to pay for AT&T's service request. AT&T's and AAS's proposals are, therefore, rejected.

2. When a CLEC requests that SWBT move an entire NXX to its switch, SWBT incurs expenses in that the migration requires network rerouting effort and equipment record changes. (See Ex. 12 (Smith), pp. 15-16; see also SWBT's Reply Brief, p. 17). SWBT's effort is caused by the CLEC's activities but is not reflected in any of the nonrecurring charges for individual UNEs. Id. The cost causer, in this case, AT&T, should bear the cost. SWBT's proposed rates regarding NXX migration are, therefore, adopted.

L. Issue 7. What Additional Elements Need To Be Priced?

Issue 7.a. Optical Transport (Including Multiplexing)

Introduction

This issue involves what rates should be set for fiber-based transport services. ICB pricing is appropriate for this service based on the volume and type of service arrangements. The FTA requires recovery of these costs where the service is provided to AT&T.

Issue 7a.. Optical Transport (including multiplexing)	SWBT ICB			AT&T			AAS		
Dedicated Transport – OC3		ICB	ICB						
Dedicated Transport – OC12		ICB	ICB						

Findings of Fact

1. This issue involves the appropriate rate for fiber optic transport services between central offices.

2. SWBT proposes ICB rates for optical transport. SWBT argues that just as with optical multiplexing, optical dedicated transport costs vary significantly, depending on the specifics of the serving arrangement. (See SWBT's Direct Testimony, p. 57). SWBT further argues that based on the volume and type of service arrangements, ICB pricing is appropriate.

3. Additionally, SWBT argues, and this Commission concludes, that the FTA requires that recovery of these costs be permitted where the service is provided to AT&T.

4. Neither AT&T nor the AAS proposed any price for optical transport.

Conclusions of Law

1. The Commission concludes that there is much risk involved in assigning an average price to any element for which the cost basis is relatively unknown.

2. During the pendency of this case, OC3 and OC12 level network access was only in the early stages of the optical network life cycle. The Commission, therefore, finds that it is reasonable that SWBT proposed ICB pricing for these services.

3. Rates for optical transport should be based on ICB pricing.

M. Issue 7.b. 4-Wire PRI Loop To Multiplexer Cross-Connect

Introduction

This issue involves what rates should be set for a 4-Wire PRI Loop to Multiplexer Cross-Connect that AT&T would use to provision an Enhanced Extended Link. SWBT proposes rates based on its cost studies. The FTA requires that recovery of these costs be permitted when the service is provided to AT&T. AT&T did not propose any rates or provide any credible evidence to counter SWBT's cost studies. While the AAS proposed rates, it provided no explanation or supporting evidence for its position.

Issue 7.b 4-wire PRI loop to multiplexer cross-connect	SWBT			AT&T			AAS		
4W Loop to MUX with testing	\$ 11.54	\$147.90	\$101.15	\$ -	\$ -	\$ -	\$ 9.41	\$ 60.08	\$41.08
4W Loop to MUX without testing							\$ 1.06	\$ 60.08	\$41.08

Findings of Fact

1. SWBT proposes the rates in the chart above, which are supported by its cost studies.

2. Although AAS proposed rates in the chart above in the Costing and Pricing Report, Volume 2, AAS failed to provide support for these rates in its AAS report and, therefore, effectively presented no evidence on this issue.

3. AT&T, similarly, failed to present any credible evidence that SWBT does not incur costs to provide 4-wire PRI loop to multiplexer cross connects or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. Because: (a) SWBT's proposed rates to provide 4-wire PRI loop to multiplexer cross connects are supported by its cost studies; and (b) AAS and AT&T failed to present any credible evidence that SWBT does not incur costs or that these rates are in any way inappropriate, the Commission determines that SWBT's proposed rates shall be adopted.

N. Issue 7.c. Dedicated Transport Entrance Facility When This Element Is Actually Utilized

Introduction

This issue involves what rates should be set for a dedicated transport entrance facility when this element is utilized. SWBT proposes rates based on its cost studies. The FTA requires that recovery of these costs be permitted when the service is provided to AT&T. AT&T did not propose any rates or provide any credible evidence to counter SWBT's cost studies. While the AAS proposed rates, it provided no explanation or supporting evidence for its position.

Issue 7.c dedicated transport entrance facility when this element is actually utilized?	SWBT			AT&T			AAS		
DS1				\$ -	\$ -	\$ -			
Zone 1	\$ 131.13	\$318.25	\$ 125.65				\$ 101.18	\$ 129.27	\$51.03
Zone 2	\$ 148.07	\$318.25	\$ 125.65				\$ 106.06	\$ 129.27	\$51.03
Zone 3	\$ 163.27	\$318.25	\$ 125.65				\$ 107.89	\$ 129.27	\$51.03
Zone 4	ICB	ICB	ICB				\$ 101.39	\$ 129.27	\$51.03
DS3				\$ -	\$ -	\$ -			
Zone 1	\$ 1,310.96	\$525.85	\$ 233.80				\$ 1,039.74	\$ 213.59	\$94.97
Zone 2	\$ 1,376.91	\$525.85	\$ 233.80				\$ 1,103.40	\$ 213.59	\$94.97
Zone 3	\$ 1,418.76	\$525.85	\$ 233.80				\$ 1,029.92	\$ 213.59	\$94.97
Zone 4	ICB	ICB	ICB				\$ 1,039.74	\$ 213.59	\$94.97
OC3									
Zone 1	ICB	ICB	ICB				ICB	ICB	ICB
Zone 2	ICB	ICB	ICB				ICB	ICB	ICB
Zone 3	ICB	ICB	ICB				ICB	ICB	ICB
Zone 4	ICB	ICB	ICB				ICB	ICB	ICB
OC12									
Zone 1	ICB	ICB	ICB				ICB	ICB	ICB
Zone 2	ICB	ICB	ICB				ICB	ICB	ICB
Zone 3	ICB	ICB	ICB				ICB	ICB	ICB
Zone 4	ICB	ICB	ICB				ICB	ICB	ICB

Findings of Fact

1. SWBT proposes the rates in the chart above for DS1 (Zones 1-3) and DS3 (Zones 1-3), which are supported by its cost studies. SWBT argues that rates for DS1 (Zone 4), DS3 (Zone 4), OC3 (Zones 1-4), and OC12 (Zones 1-4) should be priced on an ICB since cost studies were not available for these rate elements at the time of this proceeding.

2. Although AAS proposed rates in the chart above in the Costing and Pricing Report, Volume 2, AAS failed to provide support for these rates in its AAS report and, therefore, effectively presented no evidence on this issue.

3. AT&T, similarly, failed to present any credible evidence that SWBT does not incur costs to provide a dedicated transport entrance facility when this element is actually utilized or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. Because: (a) SWBT's proposed rates for DS1 (Zones 1-3) and DS3 (Zones 1-3) are supported by its cost studies; and (b) AAS and AT&T failed to present any credible evidence that SWBT does not incur costs or that these rates inappropriate, the Commission determines that SWBT's proposed rates shall be adopted.

2. Moreover, because no party presented any credible evidence regarding the costs and, therefore, rates, associated with providing a dedicated transport entrance facility when this element is actually utilized for DS1 (Zone 4), DS3 (Zone 4), OC3 (Zones 1-4) and OC12 (Zones 1-4), the Commission finds that the rates for these services shall be determined on an ICB.

O. Issue 7.d. SS7 Links-Cross Connects

Introduction

This issue involves what rates should be set for SS7 links-cross connects. SWBT proposes rates based on its cost studies. The FTA requires that recovery of these costs be permitted when the service is provided to AT&T. Neither AT&T nor the AAS proposed any rates nor provided any credible evidence to counter SWBT's cost studies.

Issue 7.d. SS7 links-cross connects		SWBT			AT&T			AAS	
STP to Collocation Cage - DS0 Zones 1-4	\$ 74.06	\$ 273.85	\$235.75	\$ -	\$ -	\$ -			
STP to Collocation Cage - DS1 Zones 1-4	\$ 53.55	\$ 241.25	\$203.15	\$ -	\$ -	\$ -			
STP to SWBT TDF-DS0	\$ 74.06	\$ 273.85	\$235.75						
STP to SWBT SDX Frame-DS1	\$ 53.55	\$ 241.25	\$203.15	\$ -	\$ -	\$ -			

Finding of Fact

1. SWBT proposes the rates in the chart above for SS7 links-cross connects, which are supported by its cost studies.

2. Neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs to SS7 links-cross connects or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. Because: (a) SWBT's proposed rates for SS7 links-cross connects are supported by its cost studies; and (b) AAS and AT&T failed to present any credible evidence that SWBT does not incur costs or that these rates inappropriate, the Commission determines that SWBT's proposed rates shall be adopted.

P. Issue 7.e. Call Branding For DA and OS

Introduction

Call Branding, where AT&T has chosen SWBT as its provider of Operator Services ("OS") and Directory Assistance ("DA"), enables AT&T's brand to be heard when AT&T's subscribers dial zero (for OS) or 411 (for DA). This is part of the nondiscriminatory access SWBT makes to its OS and DA services on a wholesale basis. Since SWBT's subscribers hear SWBT's brand, it is appropriate for AT&T's customers to hear AT&T's brand when calling for these services. While SWBT initially proposed the rates in the chart below, during the pendency of this case, the FCC issued its UNE Remand Order²⁰, in which it recognized that OS and DA services were competitive wholesale services, not subject to the unbundling requirements. Since branding is part of SWBT's wholesale service when a CLEC chooses SWBT as its provider of OS and DA services, these services are not subject to the unbundling requirement and the prices SWBT charges for this service are, accordingly, market-priced. Because there was no evidence presented to the Commission in this proceeding regarding SWBT's market-based prices, the

²⁰ See generally paragraphs 438-464, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, Released November 5, 1999, CC Docket No. 96-98.

Commission should determine that branding is not subject to the unbundling requirements and should refrain from setting rates.

Issue 7.e. call branding for DA and OS	SWBT			AT&T			AAS
Rate per branded call	\$ 0.0562	\$ -	\$ -	\$ -	\$ -	\$ -	Use Lowest Existing ICA Rates
Rate per initial load	\$ -	\$2,499.76	\$ -	\$ -	\$ -	\$ -	Use Lowest Existing ICA Rates
Rate per subsequent charge to brand	\$ -	\$2,499.76	\$ -	\$ -	\$ -	\$ -	Use Lowest Existing ICA Rates

Findings of Fact

1. Call Branding, where AT&T has chosen SWBT as its provider of OS and DA, enables AT&T's brand to be heard when AT&T's subscribers dial zero (for OS) or 411 (for DA). This is part of the nondiscriminatory access SWBT makes to its OS and DA services on a wholesale basis. Since SWBT's subscribers hear SWBT's brand, it is appropriate for AT&T's customers to hear AT&T's brand when calling for these services.

2. SWBT argues, and the Commission finds that the FCC, in its UNE Remand Order²¹, recognized OS and DA services were competitive wholesale services, not subject to the unbundling requirement. Specifically the FCC has concluded that:

[i]n circumstances where a checklist network element is not longer unbundled, we have determined that a competitor is not impaired in its ability to offer services without access to that element. . . . Under these circumstances, it would be counterproductive to mandate that the incumbent offers the element at forward-looking prices. Rather, the market should prevail, as opposed to a regulated rate which, at best, is designed to reflect the pricing of a competitive market.

(See Third Report and Order and Fourth Further Notice of Proposed Rulemaking, CC Docket No. 96-98, November 5, 1999, paragraph 473.

3. Additionally, SWBT argues, and the Commission finds, that the FCC in its January 23, 2001 order regarding directory assistance listings, confirmed that: "we relieved the

²¹(See Third Report and Order and Fourth Further Notice of Proposed Rulemaking, CC Docket No. 96-98, November 5, 1999, paragraph 473).

ILECs of the obligation to offer DA as an unbundled network element because a competitive DA market was developing.”²²

4. SWBT argues, and the Commission finds, that the prices for OS and DA services that SWBT offers on a wholesale basis are to be market-prices when a CLEC (or an independent telephone company or other wholesale customer) chooses SWBT as its OS and/or DA provider. SWBT further argues, and the Commission further finds, that since branding is part of SWBT’s wholesale service when a CLEC chooses SWBT as its provider of OS and DA services, the prices SWBT charges for branding should be market priced.

5. AT&T argues that SWBT’s proposed rates do not reflect a competitive market. (See AT&T’s Initial Brief, p. 14).

6. AAS recommends that the lowest intercompany compensation arrangement currently in effect be used for the price of both of these services. (See AAS Report, p. 6).

7. Although the AAS proposed rates reflected in the chart above in the Costing and Pricing Report, Volume 2, and AT&T proposed zero rates for branding, neither the AAS nor AT&T had the benefit of the UNE Remand Order when they proposed rates referenced above.

Conclusions of Law

1. Since branding is part of SWBT’s wholesale service when a CLEC chooses SWBT as its provider of OS and DA services, branding is not subject to the unbundling requirement and, pursuant to the UNE Remand Order, the prices for this element shall, accordingly, be market-priced.

²² (See First Report and Order, CC Docket No. 99-273, January 23, 2001.

Q. Issue 8. Does The Commission's October 2, 1997 Order Address The Pricing For The Following Items And, If Not, What Should The Prices Be?

Issue 8.a. Loop Cross Connect Without Testing To DCS

Introduction

This issue involves whether the Commission's October 2, 1997 Order addresses pricing for loop cross connect without testing to DCS. At the time the evidence was gathered in this case, SWBT did not offer loop cross connect without testing to DCS. Thus, the record is barren regarding the cost and, therefore, the appropriate rate for this service. The Commission should, therefore, determine that this service should be offered on an ICB. SWBT's proposed Findings of Fact and Conclusions of Law regarding this issue are presented under Issue 8.b. below.

Issue 8a. Loop Cross Connect without testing to DCS	SWBT			AT&T			AAS		

Issue 8.b. Loop Cross Connect With Testing To DCS

Introduction

This issue involves whether the Commission's October 2, 1997 Order addresses pricing for loop cross connect with testing to DCS. SWBT proposes the rates in the chart below, which are supported by its cost studies. Neither AT&T nor the AAS proposed any rates or provided any credible evidence to counter SWBT's cost studies.

Issue 8b. Loop Cross Connect with testing to DCS									
For Issues 8(a) and (b):									
	SWBT			AT&T			AAS		
	Mnthly	Init	Add	Mnthly	Init	Add	Mnthly	Init	Add
Analog Loop to DCS 2W	\$ 0.40	\$117.10	\$ 93.70	\$ -	\$ -	\$ -	SWBT withdrew Issues 8(a) and (b)		
Analog Loop to DCS 4W	\$ 0.79	\$123.05	\$ 99.65	\$ -	\$ -	\$ -	SWBT withdrew Issues 8(a) and (b)		
Digital Loop to DCS BRI	\$ 0.40	\$117.10	\$ 93.70	\$ -	\$ -	\$ -	SWBT withdrew Issues 8(a) and (b)		
Digital Loop to DCS PRI	\$ 11.54	\$139.75	\$117.56	\$ -	\$ -	\$ -	SWBT withdrew Issues 8(a) and (b)		

Findings of Fact

1. A cross connect is necessary to connect loops to the DCS. (See SWBT's Initial Brief, p. 29). Cross connects are necessary to "migrate" SWBT facilities to AT&T when AT&T leases portions of SWBT's network. (See SWBT's Reply Brief, p. 10).

2. The primary issue regarding cross connects is whether cross connects should be priced without a SMAS test point. (See SWBT's Initial Brief, p. 29). A SMAS test point allows an individual loop to be tested when trouble is reported. (See SWBT's Initial Brief, p. 29).

3. SWBT argues, and the Commission finds, that at the time that evidence was gathered in this case, SWBT did not offer loop cross connect without testing to DCS and the record is, therefore, barren regarding cost and, therefore, the appropriate rate for this service. SWBT argues, and the Commission finds, that this service should be offered via ICB pricing.

4. SWBT further argues, and the Commission finds, that cross connects should be priced with a SMAS test point. Test points exist in the network and must remain because SWBT must be able to meet the performance criteria regardless of whether the CLEC intends to do its own testing. (See Ex. 6 (Hearst), pp. 3-4; see also SWBT's Initial Brief, p. 29). SWBT must provide for the testing of unbundled elements in order to maintain the same quality of service for wholesale (UNE) customers as it provides for its retail customers. (See Ex. 9 (Moore), p. 3; see also SWBT's Initial Brief, p. 29). If the facilities are not transferred in some way to AT&T, AT&T cannot test nor take responsibility for its own customers. (See SWBT's Reply Brief, p. 10).

5. Neither AT&T nor the AAS provide any credible evidence that SWBT does not incur costs to provide loop cross connect with testing to DCS or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. The Commission's October 2, 1997 Order does not address the pricing for Loop Cross Connect Without Testing to DCS and/or With Testing To DCS.
2. The Commission determines that cross connects must be priced with an SMAS test point because SWBT must have SMAS test points in order to test an individual loop when trouble is reported. To exclude from the cost of the SMAS test point from the cost of a cross connect would result in prices for SWBT which are not compensatory.
3. The Commission, therefore, adopts SWBT's proposed rates regarding loop cross connects with testing to DCS.

Issue 8.c. Subloop Cross Connects

Introduction

This issue involves whether the Commission's October 2, 1997 Order addresses pricing for subloop cross connects. SWBT proposes the rates in the chart below, which are supported by its cost studies. Neither AT&T nor the AAS proposed any rates or provided any credible evidence to counter SWBT's cost studies.

Issue 8.c. Subloop Cross Connect	SWBT		AT&T		AAS	
2 Wire	\$	61.55	\$	51.95		
4 Wire	\$	74.00	\$	62.55		

Findings of Fact

1. SWBT proposes the rates in the chart above, which are supported by its cost studies.
2. Both AT&T and the AAS failed to present any evidence that SWBT does not incur costs to provide subloop cross connects or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. The Commission's October 2, 1997 Order does not address the pricing for subloop cross connects.
2. Because: (a) SWBT's proposed rates are supported by its cost studies; and (b) AAS and AT&T failed to present any evidence that SWBT does not incur costs to provide subloop cross connects or that SWBT's proposed rates are in any way inappropriate, the Commission determines that SWBT's proposed rates shall be adopted.

Issue 8.d. NRC For Unbundled Switch Port-Vertical Features

Introduction

This issue involves whether the Commission's October 2, 1997 Order addresses NRCs for unbundled switch port-vertical features. SWBT's proposed charges are based on its actual OSS and network and are supported by its cost studies, while AT&T and AAS propose a hypothetical superior and unbuilt network that assumes manual work will not be required. For the reasons explained in Section II of these Proposed Findings of Fact and Conclusions of Law, that position is both unlawful and unreasonable.

Feature Activation per Analog Port Type	SWBT NRC	AT&T NRC	AAS NRC
Call Waiting	\$ 2.65	\$ 0.21	\$ 0.18
Call Forwarding Variable	\$ 2.65	\$ 0.21	\$ 0.18
Call Forwarding Busy Line	\$ 2.65	\$ 0.21	\$ 0.18
Call Forwarding Don't Answer	\$ 2.65	\$ 0.21	\$ 0.18
Three-Way Calling	\$ 2.65	\$ 0.21	\$ 0.18
Speed Calling 8	\$ 2.65	\$ 0.21	\$ 0.18
Speed Calling 30	\$ 2.65	\$ 0.21	\$ 0.18
Auto Callback/Auto Redial	\$ 2.65	\$ 0.21	\$ 0.18
Distinctive Ring/Priority Call	\$ 2.65	\$ 0.21	\$ 0.18
Selective Call Rejection/Call Blocker	\$ 2.65	\$ 0.21	\$ 0.18
Auto Recall/Call Return	\$ 2.65	\$ 0.21	\$ 0.18
Selective Call Forwarding	\$ 2.65	\$ 0.21	\$ 0.18
Calling # Delivery	\$ 2.65	\$ 0.21	\$ 0.18
Calling Name Delivery	\$ 2.65	\$ 0.21	\$ 0.18
Calling Number/Name Blocking	\$ 2.65	\$ 0.21	\$ 0.18
Anonymous Call Rejection	\$ 2.65	\$ 0.21	\$ 0.18

Findings of Fact

1. SWBT argues, and the Commission finds, that the Commission's October 2, 1997 Order does not address NRCs for unbundled switch port vertical features.
2. SWBT, therefore, proposes the rates in the chart above, which are supported by its cost studies.
3. Although AT&T and the AAS proposed rates in the chart above, neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs to activate unbundled switch port vertical features or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. Because: (a) SWBT's proposed rates for activating unbundled switch port vertical features are supported by its cost studies; and (b) neither AT&T nor the AAS presented any

credible evidence that SWBT does not incur costs to activate unbundled switch port vertical features, the Commission determines that SWBT's proposed rates shall be adopted.

Introduction

This issues involves whether the Commission's October 2, 1997 Order addresses the NRCs for personalized ring and hunting arrangements, which are vertical features associated with unbundled switching. SWBT's proposed charges are based on its actual OSS and network and are supported by its cost studies, while AT&T and AAS propose a hypothetical superior and unbuilt network that assumes manual work will not be required. For the reasons explained in Section II of these Proposed Findings of Fact and Conclusions of Law, that position is both unlawful and unreasonable.

	SWBT			AT&T			AAS		
Analog Line Port Features									
Personalized Ring			\$ 2.65			\$ 0.21			\$.018
Hunting Arrangement			\$ 32.95			\$ 0.21			\$ 0.75

Findings of Fact

1. SWBT argues, and the Commission finds, that the Commission's October 2, 1997 Order does not address NRCs for analog line port features.
2. SWBT, therefore, proposes the rates in the chart above, which are supported by its cost studies.
3. Although AT&T and the AAS proposed rates in the chart above, neither AT&T nor the AAS provided any credible evidence to support these proposed rates. Moreover, neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs to activate analog line port features or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. Because: (a) SWBT's proposed rates for activating analog line port features are supported by its cost studies; and (b) neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs to analog line port features, the Commission determines that SWBT's proposed rates shall be adopted.

Introduction

This issues involves whether the Commission's October 2, 1997 Order addresses the NRCs for call trace per feature per port and call trace per successful occurrence per port. SWBT's proposed charges are based on its actual OSS and network and are supported by its cost studies, while AT&T and AAS propose a hypothetical superior and unbuilt network that assumes manual work will not be required. For the reasons explained in Section II of these Proposed Findings of Fact and Conclusions of Law, that position is both unlawful and unreasonable.

Analog Line Port Features (per successful occurrence per port)									
	SWBT			AT&T			AAS		
Call Trace (per feature per port)		\$ 6.70			\$ 0.21			\$ 0.018	
Call Trace (per successful Occurrence per port)		\$ 6.70			\$ 0.21			\$ 0.018	

Findings of Fact

1. Unbundled Call Trace Per Activation, an Analog Line Port Feature, concerns the costs associated with the translation activities required to provision a call trace element on a per activation basis.

2. SWBT proposes the rates in the chart above, which are supported by its cost study. SWBT's proposed NRCs are based on the average time to process the activation on a per occurrence basis, set up a trace, and send a warning letter.

3. AT&T argues for a one to two percent (1-2%) fall out rate. (See AT&T's Initial Brief, p. 25). SWBT argues, and the Commission finds, that AT&T's proposal is unrealistic because there is more processing at the back end and that to achieve the type of flow through advocated by AT&T would not produce better service or lower costs. (See T. 258 (Vest); see also SWBT's Reply Brief, pp. 13-14).

4. AAS argues that the rate for a local switching port feature should apply here. (See AAS Report, p. 4). AAS does not believe there is a need for different port feature charges. AAS does believe that the rate should apply per port or per successful trace. Id.

Conclusions of Law

1. The Commission's October 2, 1997 Order does not address the pricing for unbundled call trace per activation.

2. The Commission declines to adopt AT&T's proposal and recognizes the actual activity involved in provisioning unbundled call trace and other switching features.

3. Because: (a) SWBT's proposed rates for unbundled call trace are supported by its costs studies; and (b) AAS and AT&T failed to present any credible evidence that SWBT does not incur costs for unbundled call trace or that SWBT's proposed rates are in any way inappropriate, the Commission determines that SWBT's proposed rates shall be adopted.

Introduction

This issues involves whether the Commission's October 2, 1997 Order addresses rates for ISDN BRI Port Features (per feature per B channel). SWBT's proposed charges are based on its actual OSS and network and are supported by its cost studies, while AT&T and AAS propose a hypothetical superior and unbuilt network that assumes manual work will not be required. For

the reasons explained in Section II of these Proposed Findings of Fact and Conclusions of Law, that position is both unlawful and unreasonable.

ISDN BRI Port Features (per Feature per B Channel)	SWBT		AT&T		AAS	
CSV/CSD per BRI per channel		\$ 13.46		\$ 0.21		\$ 0.18

Findings of Fact

1. SWBT argues, and the Commission finds, that the Commission's October 2, 1997 Order does not address rates for ISDN BRI Port Features (per Feature per B Channel).
2. SWBT, therefore, proposes the rates in the chart above, which are supported by its cost studies.
3. Although AT&T and the AAS proposed rates in the chart above, neither AT&T nor the AAS provided any credible evidence to support these proposed rates. Moreover, neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs for ISDN Port Features (per Feature per B channel) or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. Because: (a) SWBT's proposed rates for ISDN BRI Port Features (per Feature per B Channel) are supported by its cost studies; and (b) neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs for providing ISDN BRI Port Features (per Feature per B channel), the Commission determines that SWBT's proposed rates shall be adopted.

Introduction

This issues involves whether the Commission's October 2, 1997 Order addresses a rate for Basic Electronic Key Terminal Services ("EKTS"). SWBT's proposed charge is based on its

actual OSS and network and is supported by its cost studies, while AT&T and AAS propose a hypothetical superior and unbuilt network that assumes manual work will not be required. For the reasons explained in Section II of these Proposed Findings of Fact and Conclusions of Law, that position is both unlawful and unreasonable.

Basic Electronic Key Terminal Service (EKTS)									
	SWBT			AT&T			AAS		
Basic EKTS feature package per B channel provides:		\$ 13.45			\$ 0.21			\$ 0.18	
Bridging Call Exclusion									
Bridging									
Call Forwarding Don't Answer									
Call Forwarding Interface Busy									
Call Forwarding Variable									
Message Waiting Indicator									
Speed Call (Long)									
Speed Call (Short)									
Three-way Conference Call									

Findings of Fact

1. SWBT argues, and the Commission finds, that the Commission's October 2, 1997 Order does not address a rate for Basic EKTS.

2. SWBT, therefore, proposes the rate in the chart above, which is supported by its cost studies.

3. Although AT&T and the AAS proposed rates in the chart above, neither AT&T nor the AAS provided any credible evidence to support these proposed rates. Moreover, neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs for providing Basic EKTS or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. Because: (a) SWBT's proposed rate for providing Basic EKTS is supported by its cost studies; and (b) neither AT&T nor the AAS presented any credible evidence that SWBT

does not incur costs for providing Basic EKTS, the Commission determines that SWBT's proposed rate shall be adopted.

Introduction

This issues involves whether the Commission's October 2, 1997 Order addresses a rate for Call Appearance Call Handling ("CACH") EKTS per B channel. SWBT's proposed charge is based on its actual OSS and network and is supported by its cost studies, while AT&T and AAS propose a hypothetical superior and unbuilt network that assumes manual work will not be required. For the reasons explained in Section II of these Proposed Findings of Fact and Conclusions of Law, that position is both unlawful and unreasonable.

Call Appearance Call Handling (CACH) EKTS per B channel									
		SWBT			AT&T			AAS	
CACH EKTS feature per B channel.		\$ 17.80			\$ 0.21			\$ 0.18	
CACH EKTS includes:									
Additional Call Offering (inherent)									
Bridging Call Exclusion									
Bridging									
Call Forwarding Don't Answer									
Call Forwarding Interface Busy									
Call Forwarding Variable									
Intercom									
Key System Coverage for Analog Lines									
Message Waiting Indicator									
Speed Call (Long)									
Speed Call (Short)									
Three-way Conference Call									

Findings of Fact

1. SWBT argues, and the Commission finds, that the Commission's October 2, 1997 Order does not address a rate for CACH EKTS per B channel.

2. SWBT, therefore, proposes the rate in the chart above, which is supported by its cost studies.

3. Although AT&T and the AAS proposed rates in the chart above, neither AT&T nor the AAS provided any credible evidence to support these proposed rates. Moreover, neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs for providing CACH EKTS per B channel or that SWBT's proposed rate is in any way unreasonable.

Conclusions of Law

1. Because: (a) SWBT's proposed rate for providing CACH EKTS per B channel is supported by its cost studies; and (b) neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs for providing CACH EKTS per B channel, the Commission determines that SWBT's proposed rate shall be adopted.

Introduction

This issues involves whether the Commission's October 2, 1997 Order addresses rates for Basic Individual Features. SWBT's proposed charges are based on its actual OSS and network and are supported by its cost studies, while AT&T and AAS propose a hypothetical superior and unbuilt network that assumes manual work will not be required. For the reasons explained in Section II of these Proposed Findings of Fact and Conclusions of Law, that position is both unlawful and unreasonable.

Basic Individual Features:								
		SWBT			AT&T			AAS
Additional Call Offering		\$ 6.15			\$ 0.21			\$ 0.18
Call Forwarding Don't Answer		\$ 6.15			\$ 0.21			\$ 0.18
Call Forwarding Interface Busy		\$ 6.15			\$ 0.21			\$ 0.18
Call Forwarding Variable		\$ 6.15			\$ 0.21			\$ 0.18
Calling Number Deliver		\$ 6.15			\$ 0.21			\$ 0.18
Hunt Group for CSD		\$ 6.15			\$ 0.21			\$ 0.18
Hunt Group for CSV		\$ 6.15			\$ 0.21			\$ 0.18
Message Waiting Indicator		\$ 6.15			\$ 0.21			\$ 0.18
Secondary Only Telephone Number		\$ 6.15			\$ 0.21			\$ 0.18
Three Way Conference Calling		\$ 6.15			\$ 0.21			\$ 0.18

Findings of Fact

1. SWBT argues, and the Commission finds, that the Commission's October 2, 1997 Order does not address rates for Basic Individual Features.
2. SWBT, therefore, proposes the rates in the chart above, which are supported by its cost studies.
3. Although AT&T and the AAS proposed rates in the chart above, neither AT&T nor the AAS provided any credible evidence to support these proposed rates. Moreover, neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs for providing Basic Individual Features or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. Because: (a) SWBT's proposed rates for providing Basic Individual Features are supported by its cost studies; and (b) neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs for providing Basic Individual Features, the Commission determines that SWBT's proposed rates shall be adopted.

Introduction

This issues involves whether the Commission's October 2, 1997 Order addresses rates for ISDN Port Features. SWBT's proposed charges are based on its actual OSS and network and are supported by its cost studies, while AT&T and AAS propose a hypothetical superior and unbuilt network that assumes manual work will not be required. For the reasons explained in Section II of these Proposed Findings of Fact and Conclusions of Law, that position is both unlawful and unreasonable.

ISDN PRI Port Features	SWBT		AT&T		AAS	
CSV/CSD per B channel (required/provided)						
Backup D Channel (per PRI)	\$ 71.55		\$ 0.21		\$ 29.06	
CNAM Delivery Calling Number Delivery (per PRI)	\$ 0.00		\$ -		\$ -	
Dynamic Channel Allocation (per PRI)	\$ 11.95		\$ 0.21		\$ 4.84	
DID #s	See Analog DID Trunk Port Features					

Findings of Fact

1. SWBT argues, and the Commission finds, that when AT&T orders features, such as hunt groups, on an unbundled PRI port, SWBT incurs costs and that its proposed nonrecurring charge is designed to recover those costs. (See SWBT's Initial Brief, p. 22).
2. The primary area of contention is the time involved to perform switch translations necessary to provision features on unbundled PRI switch ports when AT&T orders Call Waiting on a PRI capable loop, the AT&T customer will receive that service from AT&T. (See SWBT's Initial Brief, p. 22).
3. SWBT presented the testimony of Sharon Sadlon on this issue. (See SWBT's Initial Brief, p. 23). Ms. Sadlon testified about the care taken to accurately calculate the time involved and how the very same time estimates are used in retail cost studies. (See Exhibit 11

(Sadlon); see also Ex. 12 (Smith), p. 7; see also SWBT's Initial Brief, p. 23). Specifically, Ms. Sadlon explained that SWBT's work times are correct because they are produced by people/organizations doing the work on a regular and ongoing basis; the translation times were provided by Subject Matter Experts ("SMEs") who have between ten and twenty (10-20) years of experience in doing translations work for SWBT. (See Ex. 12 (Smith), p. 7). Ms. Sadlon further explained that the translation times were developed by the SMEs, provided to nine field managers for verification and then further validated by the SMEs in a lab environment by an individual time and motion study. (See Affidavit of Sharon Sadlon; see also Ex. 12 (Smith), p. 7). The Commission finds that SWBT's proposed work times to provision ISDN Port Features are reasonable.

4. The Commission further finds that AT&T's time estimates, on the other hand, were provided by a national team of "experts", none of whom have any recent experience in the local telephone company environment or even in SWBT's territory. (See Ex. 12 (Smith), p. 7). Since AT&T provided no time and motion studies and little or no supporting documentation for their time estimates, AT&T's time estimates are rejected. (See Ex. 12 (Smith), p. 7).

5. Additionally, the Commission finds that the undisputed evidence is that AT&T did not examine SWBT's cost studies and did not offer an expert on switch translation activities. (See SWBT's Initial Brief, p. 23).

6. AAS agrees that the port feature activations involve more work than analog or BRI port features and also agrees that they require translation work time. (See Ex. 12 (Smith), p. 2). Nevertheless, AAS recommends cutting SWBT's labor rates in half because it states that it cannot judge if SWBT or AT&T translation activation work times are correct. (See Ex. 12 (Smith), p. 7; see also SWBT's Initial Brief, pp. 22-23).

7. SWBT argues, and the Commission finds, that the AAS's recommendation should not be adopted because SWBT properly estimated work times and that the work times, if anything, are conservative. (See Ex. 12 (Smith), p. 7). Moreover, because the AAS agrees that port feature activation involves more work than analog or BRI port features and requires translation times, it would be incorrect to cut SWBT values by half even if there were some reason to give credibility to AT&T's estimates, which there is not. (See Ex. 12 (Smith), p. 7).

8. SWBT also disagrees with the global modifications which specify four rate zones. (See Ex. 12 (Smith), p. 8). SWBT argues, and the Commission finds, that the global modification is not relevant to the nonrecurring port feature activation cost because the time for translation activities does not differ based on the rate zones. Id.

Conclusions of Law

1. The Commission's October 2, 1997 Order does not address the pricing for ISDN PRI Port Features.

2. SWBT presented the only credible evidence on this issue. (See SWBT's Initial Brief, p. 23).

3. AT&T failed to provide any time and motion studies and little or no supporting documentation for their time estimates. (See Smith, p. 7).

4. Further, although AAS agrees that port feature activations involve more work than analog or BRI port features and also agrees that they require translation work time, AAS provided no logical reason to cut SWBT values by half.

5. Because: (a) SWBT's proposed rates for ISDN PRI Port Features are supported by its cost studies; and (b) neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs to activate ISDN PRI Port Features or that SWBT's proposed rates

are in any way unreasonable, the Commission determines that SWBT's proposed rates shall be adopted.

Introduction

It is SWBT's position that this issue involves whether the Commission's October 2, 1997 Order addresses pricing for number establishment per port. Although the parties agreed in their issue list that this issue involves DID Trunk Ports, the subcategories in the issue list have to do with number establishment per port. SWBT's proposed charges are based on its actual OSS and network and are supported by its cost studies, while AT&T and AAS propose no rate, apparently assuming a hypothetical superior and unbuilt network that assumes manual work will not be required. For reasons explained in Section II of these Proposed Findings of Fact and Conclusions of Law, that position is both unlawful and unreasonable.

DID Trunk Port		Init.							
		SWBT			AT&T			AAS	
DID #s - Initial 100 #s		\$172.21							
DID #s - Initial 10 #s		\$168.89							
Subsequent Add or Remove 100#s			\$ 6.30						
Subsequent Add or Removes 10#			\$ 2.98						

Findings of Fact

1. The Commission's October 2, 1997 Order does not address the pricing for number establishment per port.
2. SWBT, therefore, proposes the rates listed in the chart above for number establishment per port.
3. Neither AT&T nor AAS proposed prices for number establishment per port.

4. Moreover, neither AT&T nor AAS presented any credible evidence that SWBT does not incur costs to provide number establishment per port or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. The Commission's October 2, 1997 Order does not address pricing for number establishment per port.

2. Because: (a) SWBT's proposed rates for number establishment per port are supported by its cost studies; and (b) AT&T and the AAS failed to present any credible evidence that SWBT does not incur costs to provide number establishment per port or that these rates are inappropriate, the Commission determines that SWBT's proposed rates shall be adopted.

Introduction

This issues involves whether the Commission's October 2, 1997 Order addresses rates for Analog Port Features for Unbundled Centrex. SWBT's proposed charges are based on its actual OSS and network and are supported by its cost studies, while AT&T and AAS propose a hypothetical superior and unbuilt network that assumes manual work will not be required. For the reasons explained in Section II of these Proposed Findings of Fact and Conclusions of Law, that position is both unlawful and unreasonable.

Analog Port Features for Unbundled Centrex								
		SWBT NRC Initial			AT&T NRC Initial			AAS NRC Initial
Standard feature initialization per analog line port		\$ 5.40			\$ 0.21			\$0.18

Individual Features (per Feature per Port)								
Automatic Call Back		\$ 6.15			\$ 0.21			\$0.18
Auto Callback		\$ 6.15			\$ 0.21			\$0.18
Calling/Business Group Callback								
Call Forwarding Variable/Business Group Call		\$ 6.15			\$ 0.21			\$0.18
Forwarding Variable								
Call Forwarding Busy Line		\$ 6.15			\$ 0.21			\$0.18
Call Forwarding Don't Answer		\$ 6.15			\$ 0.21			\$0.18
Call Hold		\$ 6.15			\$ 0.21			\$0.18
Call Pickup		\$ 6.15			\$ 0.21			\$0.18
Call Transfer - All Calls		\$ 6.15			\$ 0.21			\$0.18
Call Waiting - Intragroup/Business Call Waiting		\$ 6.15			\$ 0.21			\$0.18
Call Waiting - Orig.		\$ 6.15			\$ 0.21			\$0.18
Call Waiting - Term.		\$ 6.15			\$ 0.21			\$0.18
Class of Service Restr. - Fully Restricted		\$ 6.15			\$ 0.21			\$0.18
Class of Service Restr. - Semi Restricted		\$ 6.15			\$ 0.21			\$0.18
Class of Service Restr. - Toll Restricted		\$ 6.15			\$ 0.21			\$0.18
Consult. Hold		\$ 6.15			\$ 0.21			\$0.18
Dial Call Waiting		\$ 6.15			\$ 0.21			\$0.18
Directed Call Pickup - Non Barge in		\$ 6.15			\$ 0.21			\$0.18
Directed Call Pickup - With Barge in		\$ 6.15			\$ 0.21			\$0.18
Distinctive Ring and Call Waiting Tone		\$ 6.15			\$ 0.21			\$ 0.18
Hunting Arrgmt - Basic		\$ 6.15			\$ 0.21			\$ 0.18
Hunting Arrgmt - Circular		\$ 6.15			\$ 0.21			\$ 0.18
Speed Calling Personal (Short List)		\$ 6.15			\$ 0.21			\$ 0.18
Three Way Calling		\$ 6.15			\$ 0.21			\$ 0.18
Voice/Data Protection		\$ 6.15			\$ 0.21			\$ 0.18

Findings of Fact

1. Unbundled Centrex-like features for both analog and ISDN lines allow a competitive local exchange carrier ("CLEC"), such as AT&T, to create its own Plexar®-type product. (See SWBT's Initial Brief, p. 24).
2. The parties disagree on the costs to provision these switch features. (See SWBT's Initial Brief, p. 24).
3. AAS recommends cutting SWBT's nonrecurring costs by fifty percent (50%). (See SWBT's Initial Brief, p. 24). AAS assumes that there is no difference in the translation activity between Centrex-like features and other local switching features, therefore the same rates (developed from the nonrecurring time estimates) should apply. (See Ex. 12 (Smith), pp. 8-9; see also SWBT's Initial Brief, p. 24; see also AAS Report, p. 5).
4. SWBT argues, and the Commission finds, that AAS's position is incorrect. (See Smith, p. 9). Specifically, SWBT argues and the Commission finds, that while it may be correct to assume that the majority of the orders for local switching features are flow through, this is not true for Centrex-like features. Id. Local switching features are line-side features that are not provided in a customer-specific common block arrangement, which is required for Centrex or Plexar. Id. Because of this, local switching features typically only require the involvement of the RCMAC group; in most cases there is no need for the Central Office Translation Specialists or the Communications Technicians to be involved with these simple features. SWBT contends, and the Commission finds that these groups are, however, required to input the translations for Centrex-like features.
5. SWBT, quite simply, argues, and the Commission finds, that Centrex-like features require additional manual work effort over and above what is done for local switching features.

Id. For example, Line Translation Specialists in the RCMAC group, are required to manually type service orders into the system due to customer specific dialing plans and because Centrex offerings include more complex common block-based features that cannot be recognized by the MARCH system. (See Affidavit of Merri Lynn Owens; see also Ex. 12 (Smith), p. 9).

Additionally, Centrex-like feature often require the involvement of additional work groups to perform other manual activities. (See Ex. 12 (Smith), p. 9). As an example, Central Office Translation Specialists and Communications Technicians are required to perform manual activities to activate memory in the switch as well as to define customer parameters. Id.

6. Although AT&T and AAS proposed rates in the charts above, these rates are not based on any credible evidence. Further, neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs to provide Analog Port Features for Unbundled Centrex.

Conclusions of Law

1. The Commission's October 2, 1997 Order does not address the pricing for Analog Port Features for Unbundled Centrex or Individual Features (per feature per port).

2. The Commission rejects AAS's recommendation to cut nonrecurring costs by fifty percent (50%) because AAS incorrectly assumes that the translation activity for Centrex-like features is the same as other switching features and, thus, the same rates should apply. (See Ex. 12 (Smith), pp. 8-9; see also SWBT's Initial Brief, p. 24).

3. SWBT presented the only credible evidence regarding the costs associated with these items. Because: (a) SWBT's proposed rates are supported by its costs studies; and (b) AT&T and AAS failed to present any credible evidence that SWBT does not incur costs to

provide Analog Port Features for Unbundled Centrex, the Commission determines that SWBT's proposed rates shall be adopted.

Introduction

This issues involves whether the Commission's October 2, 1997 Order addresses rates for ISDN BRI Port Features for Unbundled Centrex. SWBT's proposed charges are based on its actual OSS and network and are supported by its cost studies, while AT&T and AAS propose a hypothetical superior and unbuilt network that assumes manual work will not be required. For the reasons explained in Section II of these Proposed Findings of Fact and Conclusions of Law, that position is both unlawful and unreasonable.

ISDN BRI Port Features for Unbundled Centrex	SWBT NRC			AT&T NRC			AAS NRC		
CSV per B channel		\$ 13.45			\$ 0.21			\$ 0.18	
CSD per B channel		\$ 13.45			\$ 0.21			\$ 0.18	
Standard Feature Initialization Per ISDN BRI Port		\$ 5.40							
Individual Features per feature per B Channel		\$ 6.15							
Add'l Call Offering for CSV		\$ 6.15			\$ 0.21			\$ 0.18	
Auto Call Back Calling		\$ 6.15			\$ 0.21			\$ 0.18	
Call Forwarding Busy Line		\$ 6.15			\$ 0.21			\$ 0.18	
Call Forwarding Don't Answer		\$ 6.15			\$ 0.21			\$ 0.18	
Call Forwarding Variable		\$ 6.15			\$ 0.21			\$ 0.18	
Call Hold		\$ 6.15			\$ 0.21			\$ 0.18	
Call Pickup		\$ 6.15			\$ 0.21			\$ 0.18	
Call Transfer - All Calls		\$ 6.15			\$ 0.21			\$ 0.18	
Class of Service Restr. - Fully		\$ 6.15			\$ 0.21			\$ 0.18	
Class of Service Restr. - Semi		\$ 6.15			\$ 0.21			\$ 0.18	
Class of Service Restr. - Toll		\$ 6.15			\$ 0.21			\$ 0.18	
Consult. Hold		\$ 6.15			\$ 0.21			\$ 0.18	
Dial Call Waiting		\$ 6.15			\$ 0.21			\$ 0.18	
Directed Call Pickup - Non Barge in		\$ 6.15			\$ 0.21			\$ 0.18	
Directed Call Pickup - With Barge in		\$ 6.15			\$ 0.21			\$ 0.18	
Distinctive Ringing		\$ 6.15			\$ 0.21			\$ 0.18	
Hunting Arrgmt - Basic		\$ 6.15			\$ 0.21			\$ 0.75	
Hunting Arrgmt - Circular		\$ 6.15			\$ 0.21			\$ 0.75	
Speed Calling Personal (Short List)		\$ 6.15			\$ 0.21			\$ 0.18	
Three Way Calling		\$ 6.15			\$ 0.21			\$ 0.18	

Findings of Fact

1. When a CLEC, here AT&T, requests that its customers be served via SWBT unbundled switching, the switch must be programmed to deliver features to the BRI switch port. (See SWBT's Initial Brief, p. 23)

2. SWBT argues, and the Commission finds, that BRI port features, unlike other local switching features, do not have any mechanized process. (See Ex. 12 (Smith), p. 8; see also

SWBT's Initial Brief, p. 23). Moreover, the features must also be manually reviewed by the Recent Change and Memory Administration Center ("RCMAC") which is responsible for inputting the line translations into the switch. (See Ex. 10 (Owens), p. 2; see also SWBT's Initial Brief, p. 24; see also Smith, p. 8).

3. SWBT argues, and the Commission finds, that this activity is one of those described by SWBT witness, Vest, that just does not make sense for SWBT to mechanize because they are so unique to the needs of individual customers, both retail and wholesale. (See T. 241-242; see also SWBT's Initial Brief, p. 24).

4. AAS used translation time estimates for PRI to determine the proper rates for BRI. (See SWBT's Initial Brief, p. 23). AAS believes that there is no difference between activating BRI features and activating other local switching features, therefore the same rates (developed from the nonrecurring time estimates) for other local switching features should apply to BRI port features. (See AAS Report, p. 4; see also Ex. 12 (Smith), p. 8). AAS argues that neither side presented an adequate argument since their inputs were based on SME estimates. (See AAS Report, p. 4). AAS believes that port feature activation for PRI is more involved than analog or BRI port features because of its complex nature, so more time will be spent activating these features. Id. However, since AAS believes that neither side has evidence to support its claims, it recommends implementing global modifications and that SWBT's rates be cut in half. Id.

5. SWBT argues, and the Commission finds, that there is a difference between BRI features and other Local Switching Features, which affects the cost. (See Ex. 12 (Smith), p. 8). SWBT explains that the difference between these nonrecurring costs and other basic local switching features is that there is no mechanized flow through for BRI/CSV/CSD Unbundled

BRI Port features. (See Ex. 12 (Smith), p. 8). Instead, all translation activities are input manually, which is the same for these features which are offered to SWBT's retail customers. Id. The basic Electronic Key Telephone System ("EKTS") feature package consists of 8 features. Id. The Call Handling Call Appearance ("CACH") feature package consists of 11 features. Id. Like a hunt group where the translations are built by manually inputting numerous individual terminals or telephone numbers and special hunting parameters, such as rotary hunting instructions, these two BRI features packages are manually combined or built to package the many different features. Id. In addition, these orders must be manually reviewed by the Recent Change and Memory Administration Center ("RCMAC"), which is responsible for inputting the line translations into the switch. Id.

Conclusions of Law

1. The Commission's October 2, 1997 Order does not address the pricing for ISDN BRI Port Features for Unbundled Centrex.
2. SWBT presented the only credible evidence on this issue. SWBT's proposed rates are based on its cost studies which reflect inputs provided by SWBT's SMEs.
3. AAS's use of the translation time estimates for PRI to determine the proper rates for BRI dramatically under-accounts for the time and costs involved because all BRI translations are input manually into the switch whether it is a service for a retail customer or an unbundled switch feature. (See SWBT's Initial Brief, p. 23).
4. Because: (a) SWBT's proposed rates for ISDN BRI Port Feature for Unbundled Centrex are supported by its cost studies; and (b) neither AT&T nor the AAS provided any credible evidence that SWBT does not incur costs for providing ISDN BRI Port Features or that

these rates are in any way inappropriate, the Commission determines that SWBT's proposed rates shall be adopted.

Issue 8.e. Access To DA Database

Introduction

This issue involves whether the Commission's October 2, 1997 Order addresses pricing for Access to the DA database. Subsequent to the hearing in this case, in the UNE Remand Order, the FCC held that ILECs need not provide access to its OS/DA or DA database as unbundled network elements.²³ It should be noted that SWBT has discrete obligations under the FTA, FCC rules and current interconnection agreements to provide non-discriminatory access to DA services, directory listing information, and direct access to SWBT's DA database. It is important to understand the distinctions between these terms.

First, SWBT will provide its DA services on behalf of any CLEC upon request and completion of an effective interconnection agreement. As required by FCC Rule 51.217(c)(3)(i), SWBT provides CLECs nondiscriminatory access to SWBT's DA services via Appendix DA to an interconnection agreement.²⁴ Consistent with the FCC's UNE Remand Order, wholesale DA services are available at market prices.

Secondly, SWBT will provide listing information in bulk format directly to a CLEC that chooses to provide its own DA services. Attachment DLI to SWBT's interconnection agreements²⁵ provides the CLEC with access to the directory listing information of SWBT subscribers, and the subscribers of other companies that include their customers' listings in SWBT's DA database. Access to the DA listing information through Attachment DLI to the

²³ (See Third Report and Order and Fourth Further Notice of Proposed Rulemaking, CC Docket No. 96-98, November 5, 1999, paragraph 442).

²⁴ Attachment 6: UNE and Attachment 22: DA-Fac of the SWBT/AT&T Interconnection Agreement.

²⁵ Attachment 18: DLI of the SWBT/AT&T Interconnection Agreement.

interconnection agreement enables SWBT to comply with FCC Rule 51.217(c)(3)(ii) by providing DA listings via magnetic tape and electronic transmissions with daily updates. DA listings, in bulk, also are available at market price, consistent with the FCC's UNE Remand Order.

Third, SWBT also offers CLECs physical interconnection with direct access on a query by query basis, to the same DA database that is access by SWBT operators for DA purposes. SWBT offers an appendix direct that satisfies the requirement of FCC Rule 51.217(c)(3)(ii) to provide read only access to the information in SWBT's DA database.²⁶ Direct Access connections and pricing are on an individual case basis and implemented upon completion of an effective agreement. Upon receipt of an order from a CLEC for Direct Access, SWBT will work with the CLEC to activate this service, based on the CLEC's specifications. However, no CLEC or third party has requested direct access and only one CLEC in SWBT's five-state area has inquired about Direct Access to SWBT's DA database.

Since Direct Access to SWBT's DA database would be priced based on the specifications of a requesting CLEC, pricing for Direct Access to the DA database must be ICB.

8.e. Access to DA database	SWBT			AT&T			AAS		
	ICB			\$ -			ICB		

Findings of Fact

1. SWBT argues, and the Commission finds, that during the pendency of this proceeding, the FCC issued its UNE Remand Order, in which the FCC determined that ILECs

²⁶ "Competing carriers wishing to provide operator services or directory assistance using their own facilities and personnel must be able to obtain directory listings either by obtaining directory information on a 'read only' or 'per dip' basis from the BOC's directory assistance database, or by creating its own directory assistance database by obtaining the subscriber listing information in the BOC's database." Paragraph 353, *In the Matter of Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the State of New York*, CC Docket No. 99-295, December 22, 1999.

need not provide access to OS/DA as a UNE. (See Third Report and Order and Fourth Further Notice of Proposed Rulemaking, CC Docket No. 96-98, November 5, 1999.

2. SWBT further argues, and the Commission further finds, that pricing for Direct Access to the DA Database must be ICB.

Conclusions of Law

1. Since ILECs need not provide access to OS/DA as a UNE, SWBT need not provide AT&T with access to its DA database as a UNE. Rather, SWBT must provide AT&T with direct access to its DA database on an ICB basis.

2. The Commission determines that direct access to SWBT's DA database are to be priced on an ICB basis and the Commission accordingly refrains from establishing a price.

Issue 8.f. Dark Fiber Cross Connect

Introduction

This issues involves whether the Commission's October 2, 1997 Order addresses recurring and non-recurring rates for Dark Fiber Cross Connects.

f. Dark fiber cross connect	SWBT			AT&T			AAS		
	Mnthly	Init	Add	Mnthly	Init	Add	Mnthly	Init	Add
	\$ 2.63	\$ 99.03	\$ 66.17	\$ -	\$ -	\$ -	\$ 2.15	\$ 40.23	\$26.88

Findings of Fact

1. SWBT argues, and the Commission finds, that the Commission's October 2, 1997 Order does not address rates for Dark Fiber Cross Connects.

2. SWBT, therefore, proposes the rates in the chart above, which are supported by its cost studies.

3. Although AAS proposed the rates reflected in the chart above in the Costing and Pricing Report, Volume 2, AAS failed to provide support for these rates in its AAS report and, therefore, effectively presented no evidence on this issue.

4. Moreover, neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs to provide dark fiber cross connects or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. Because: (a) SWBT's proposed rates for providing Dark Fiber Cross Connects are supported by its cost studies; and (b) neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs for providing Dark Fiber Cross Connects, the Commission determines that SWBT's proposed rates shall be adopted.

Issue 8.g. Dark Fiber Record Search Rate

Introduction

This issues involves whether the Commission's October 2, 1997 Order addresses rates for the Dark Fiber Record Search Rate. SWBT's proposed charges are based on its actual OSS and network and are supported by its cost studies, while AT&T and AAS propose a hypothetical superior and unbuilt network that assumes manual work will not be required. For the reasons explained in Section II of these Proposed Findings of Fact and Conclusions of Law, that position is both unlawful and unreasonable.

g. Dark fiber record search rate	SWBT			AT&T			AAS		
	Mnthly	Init	Add	Mnthly	Init	Add	Mnthly	Init	Add
Subloop Feeder		\$755.45	\$102.50		\$ -	\$ -		\$ 97.62	\$ 19.15
Interoffice		\$227.40	\$ 44.60		\$ -	\$ -		\$ -	\$ -

Findings of Fact

1. SWBT argues, and the Commission finds, that the Commission's October 2, 1997 Order does not address rates for the Dark Fiber Record Search Rate.
2. SWBT, therefore, proposes the rates in the chart above, which are supported by its cost studies.
3. Although AAS proposed the rates reflected in the chart above in the Costing and Pricing Report, Volume 2, AAS failed to provide support for these rates in its AAS report and, therefore, effectively presented no evidence on this issue.
4. Moreover, neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs to provide dark fiber cross connects or that SWBT's proposed rates are in any way unreasonable.

Conclusions of Law

1. Because: (a) SWBT's proposed rates for providing Dark Fiber Record Research are supported by its cost studies; and (b) neither AT&T nor the AAS presented any credible evidence that SWBT does not incur costs for providing Dark Fiber Record Research, the Commission determines that SWBT's proposed rates shall be adopted.

R. Issue: Plexar® Custom

Findings of Fact

1. In AT&T's Initial Brief, AT&T raises the issue of whether SWBT's Plexar Custom customers should be permitted to terminate term arrangements prior to the end of the term without paying the termination charges to which customers have agreed. (See AT&T's Initial Brief, p. 30).

2. SWBT contends that this is an issue of “fresh look”, which AT&T did not raise in the first or second rounds of arbitration and which neither the AAS nor the Parties to the case addressed in testimony. SWBT also contends that the Commission does not have authority to abrogate existing contracts between SWBT and its customers. Further, even if the Commission did have authority, it would not be appropriate to waive termination charges which permit SWBT to recover its costs.

Conclusions of Law

1. The issue of whether SWBT’s Plexar Custom customers should be permitted to terminate term arrangements prior to the end of the term without paying the termination charges to which the customers have agreed is not appropriately before this Commission in that AT&T raised this issue for the first time in its Initial Brief.

2. The Commission does not have authority to abrogate existing contracts between SWBT and its customers. Further, even if the Commission did have authority, it would not be appropriate to waive termination charges which permit SWBT to recover its costs. The Commission, therefore, declines to address this issue.

IV. Cost Factors/Global Modifications

Findings of Fact

1. AT&T questions the following cost factors which are included in SWBT’s cost studies: support asset costs, computer assets, and the Transitional Benefit Obligation (“TBO”). Specifically, AT&T maintains that SWBT includes the same support asset costs in both the investment-related support asset factors and in plant-related loaded labor rates. (See SWBT’s Reply Brief, p. 18). AT&T further maintains that recurring rates are designed to “recover fully”

all the proportionate support asset costs and that the labor rates are designed to recover “those same costs.” (See SWBT’s Reply Brief, p. 18). AT&T suggests that the support assets loading for labor should be eliminated because of this so-called “double counting.” Id.

2. SWBT contends, and the Commission finds, that there are some support asset costs that are included in both investment-related support assets used to establish recurring UNE prices and in support asset costs for labor rates used in nonrecurring cost studies. SWBT further contends, and the Commission further finds, that the investment-related recurring support assets in no way “recover fully” all the support assets included in the labor rates because a large portion of the support assets expense is only in the support assets loading for labor. Finally, SWBT contends, and the Commission finds, that to completely eliminate the support assets loading from labor rates would under-recover the labor costs.

3. AT&T also claims that one hundred percent (100%) of SWBT’s computer assets are included in the calculation of its support asset factors and that it should not be allowed to explicitly identify computer costs in its cost studies. (See SWBT’s Reply Brief, p. 19).

4. SWBT argues, and the Commission finds, that the computer costs identified in the costs studies were for computers purchased specifically for CLECs in order to allow mechanized access to systems like TIRKS. (See SWBT’s Reply Brief, p. 19). SWBT further argues, and the Commission further finds, that these computer costs were not included in the support asset factor development. Id. Finally, SWBT argues, and the Commission finds, that these systems are directly caused by CLECs and, therefore, should be included in the cost studies.

5. Additionally, AT&T argues that the TBO should not be included in SWBT’s cost studies.

6. SWBT argues, and the Commission finds, that effective for SWBT in 1993, the rules regarding accounting for post-retirement benefits for employees changed due to Statement of Financial Accounting Standards No. 106-Employers' Accounting for Post-retirement Benefits Other Than Pensions (SFAS No. 106). SWBT further argues, and the Commission further finds, that SFAS requires all companies to report their post retirement benefit liability on an accrual basis rather than on a pay-as-you-go basis. (See SWBT's Reply Brief, p. 19). SWBT contends, and the Commission finds, that the TBO is a "catch-up" amount that SWBT needs to record in post retirement benefits to restate its books as if it had been utilizing SFAS all along. Id. SWBT further contends, and the Commission further finds, that the FCC required SWBT to amortize the TBO over the average remaining service lives or working years of current employees. Id. at 20. SWBT argues, and the Commission finds, that SFAS 106 recognizes that an employee earns post-retirement benefits over the employee's service life (sixteen years for SWBT), and companies should recognize the cost of providing these benefits over that service life. Id. The Commission, therefore, concludes that these benefits, including the TBO adjustment, are costs of the business, representing the company's obligation to pay future benefits to retirees. Id.

Conclusions of Law

1. One of the guiding principles of determining costs is that costs are to be associated with the cost causer. (See SWBT's Reply Brief, p. 19).
2. Support assets are "caused" by the workers doing the work and, therefore, are properly assigned to labor rates. (See SWBT's Reply Brief, p. 19). The Commission, therefore, concludes that SWBT properly included the support asset factors in both the investment-related support asset factors and in the plant-related loaded labor rates.

3. The Commission further concludes that no global modification is necessary with regard to SWBT's support asset factors. The computer costs identified in the cost studies are for computers purchased specifically for CLECs in order to allow mechanized access to SWBT's systems. The Commission, therefore, concludes that these costs, are properly identified in SWBT's cost studies and, therefore, no global modification is necessary.

4. Finally, the Commission concludes that the TBO is a valid operating expense and should be included in the expense factor and labor rate calculations because this expense is part of SWBT's cost to attract and retain employees and will continue to be an expense for a great any years. (See SWBT's Reply Brief, p. 20). The Commission, therefore, concludes that no global modification is necessary with regard to the TBO.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing document were served by U.S. mail or hand delivered to the parties of record in this case on January 29, 2001.

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