

Southwestern Bell Telephone

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November 29, 2001

FILED²

NOV 29 2001

Missouri Public
Service Commission

The Honorable Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
Jefferson City, Missouri 65101

Re: Case Nos. TO-2002-185

Dear Judge Roberts:

Enclosed for filing with the Missouri Public Service Commission in the above-referenced case is an original and eight copies of Reply of Southwestern Bell Telephone Company, Southwestern Bell Texas, Inc. and Southwestern Bell Telephone, L.P. to the Missouri Telephone Company Group's Motion for Extension of Time.

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

Very truly yours,

Paul G. Lane Hm

Paul G. Lane

Enclosure

cc: Attorneys of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²
NOV 29 2001

In the Matter of the Application of)
Southwestern Bell Telephone Company) Case No. TO-2002-185
To Transfer Property and Ownership of)
Stock Pursuant to Section 392.300, RSMo.)

Missouri Public
Service Commission

**REPLY OF SOUTHWESTERN BELL TELEPHONE COMPANY,
SOUTHWESTERN BELL TEXAS, INC. AND
SOUTHWESTERN BELL TELEPHONE, L.P. TO
THE MISSOURI INDEPENDENT TELEPHONE COMPANY
GROUP'S MOTION FOR EXTENSION OF TIME**

COMES NOW Southwestern Bell Telephone Company ("SWBT"), Southwestern Bell Texas, Inc. ("SWBT Texas") and Southwestern Bell Telephone, L.P. ("SWBT, L.P.") (collectively referred to as "Joint Applicants") and, for their opposition to the Motion for Extension of Time filed by the Missouri Independent Telephone Company Group ("MITG") state as follows:

EXECUTIVE SUMMARY

The Joint Applicants respectfully request the Missouri Public Service Commission ("Commission") to consider and grant the Joint Application to convert SWBT from a Missouri corporation to a Texas limited partnership by December 20, 2001. Approval by that date will permit Joint Applicants to realize tax savings from the restructuring. The restructuring does not impact the tax revenues for the State of Missouri or any of its political subdivisions. Nor does the restructuring impact consumers in Missouri, who will continue to receive from SWBT, L.P. the same services at the same prices with the same employees utilizing the same assets as SWBT does today. The only other state which must approve this restructure, Texas, has done so in an Order issued on November 28, 2001. No party has disagreed with Joint Applicants' filing which

demonstrates that, because SWBT operates pursuant to a charter granted by the state prior to the establishment of the Commission, that SWBT, L.P. need not seek a certificate of service authority. Accordingly, prompt approval is appropriate.

RESPONSE TO MITG

1. On October 12, 2001, SWBT, SWBT Texas and SWBT, L.P. filed their Joint Application. The Joint Application outlined the steps necessary to convert SWBT from a Missouri corporation to a Texas limited liability partnership, with the intent of achieving certain tax savings (although the Joint Application noted that the conversion would have no impact on the tax revenues of the State of Missouri or any of its political subdivisions in which SWBT operates). The Joint Application sought approval from the Commission by no later than December 20, 2001, in order to achieve the tax savings sought by the conversion.

2. In response to an October 17, 2001 Notice Setting Time for Response, MITG filed an Application to Intervene, Response and Request for Hearing ("MITG Response"), Office of Public Counsel filed a Response and Request for Hearing ("OPC Response"), the Small Telephone Company Group filed an Application to Intervene, Response and Request for Hearing ("STCG Response") and Staff filed a Response to Application ("Staff Response"). Various issues were raised by the Responses, but the primary issue raised (and the only issue raised by MITG) was whether SWBT, L.P. would be required to seek a certificate of service authority in connection with the proposed conversion.

3. The Joint Applicants filed their Reply to the MITG, OPC, STCG and Staff Responses on November 8, 2001. In that Reply, Joint Applicants explained in great detail the corporate history by which SWBT was created and explained that, because of the unique position of SWBT, SWBT L.P. was not required to seek a certificate of service authority in connection

with the proposed conversion. The Joint Applicants explained that because SWBT operated pursuant to a charter granted by the state prior to the establishment of the Missouri Public Service Commission, it is permitted to transfer that charter authority to SWBT, L.P. under applicable Missouri law.

4. Any party desiring to respond to SWBT's Reply was required to do so by November 18, 2001. In Staff's Recommendation filed on November 15, 2001, Staff concurred that SWBT, L.P. was not required to seek a certificate of service authority and recommended that the Commission approve the conversion as it is not detrimental to the public interest. Staff Recommendation, p. 2. Neither OPC nor STCG filed a Response to SWBT's Reply.

5. MITG's Motion for Extension of Time was filed on November 19, 2001, the day after the time in which it was required to respond to SWBT's Reply. MITG seeks an additional two weeks to file a response to SWBT's Reply. SWBT opposes that request because it is inconsistent with the approval of the Application by December 20, 2001.

6. The Joint Application is a non-event for the State of Missouri. As the Joint Application explained, including through an affidavit from Paul W. Stephens, and as Staff has concurred (Staff Recommendation, Appendix A, p. 3), there is no adverse tax consequence on the State of Missouri or any of its political subdivisions as a result of the restructuring. Joint Application, p. 10, Exhibit D.

7. The Joint Applicants were not required to seek approval of the proposed transaction from any states other than Missouri and Texas. Included as Attachment A is Order No. 3 Granting Administrative Approval from the Texas PUC in Docket No. 24828 issued on November 28, 2001. The only state approval still required to consummate the transaction is Missouri, which will experience absolutely no adverse tax consequences from the restructuring.

Moreover, SWBT, L.P. will continue to operate in Missouri utilizing the same employees and assets to provide the same quality of service at the same prices as SWBT provides today, and will be subject to the same regulatory oversight as SWBT is subject to today.

8. It is important to have this restructuring approved by December 20 in order to allow Joint Applicants to realize the full tax savings anticipated by this restructuring. There is no just cause for delay of approval, and MITG's request for an extension of time should be denied. No party has presented any reason sufficient to require a hearing in this matter and the Commission should approve the Joint Application on or before December 20, 2001.

WHEREFORE, for all the foregoing reasons, the Joint Applicants respectfully request the Commission to deny MITG's Motion for Extension of Time and to approve the Joint Application on or before December 20, 2001, together with such other and further relief as the Commission may determine just and reasonable.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

BY Paul G. Lane ttm

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DOCKET NO. 24828

APPLICATION OF SOUTHWESTERN BELL
TELEPHONE COMPANY TO AMEND
CERTIFICATE OF CONVENIENCE AND
NECESSITY

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§
§
§

PUBLIC UTILITY COMMISSION
OF TEXAS

NOV 20 11:35
RECEIVED
PUBLIC UTILITY COMMISSION

ORDER NO. 3
GRANTING ADMINISTRATIVE APPROVAL

On October 12, 2001, Southwestern Bell Telephone Company (SWBT) filed an application for an amendment to its Certificate of Convenience and Necessity (CCN) (name change only). As a result of the above styled and numbered proceeding, SWBT seeks to officially change the name of its company from Southwestern Bell Telephone Company to Southwestern Bell Telephone, LP. The application in this docket includes changing the state of incorporation of the present SWBT from Missouri to Texas. Under applicable law, the Texas corporation will be converted to a limited partnership, which will continue to do business as SWBT and remain under the ownership and control of SBC Communications, Inc.

On November 20, 2001, the Commission Staff filed an amended recommendation regarding administrative approval of this proceeding. Commission Staff states that no conflict or duplication has been found with regard to either SWBT's or any of its affiliates' Certificate of Operating Authority (COA) or Service Provider Certificate of Operating Authority (SPCOA) information for any part of the service area covered by this application in Texas. The Commission Staff also inquired with the Office of the Attorney General (OAG) and the Texas Comptroller's Office to determine whether SWBT and its affiliates were in compliance with its statutes and rules. No responses to the inquiries were filed.

On November 21, 2001, SWBT filed confirmation of its necessary registration with the Secretary of State's Office.

Consistent with Commission Staff's recommendation, the application of SWBT to amend its CCN No. 40079 is approved. SWBT's CCN is amended to reflect a name change to Southwestern Bell Telephone, LP.

SWBT's resulting compliance tariff revision will be addressed in Tariff Control No. 25064, *Southwestern Bell Telephone Company Filing Reflecting Name Change to Southwestern Bell Telephone, LP in*

DOCKET NO. 24828

ORDER NO. 3

PAGE 2 OF 2

Compliance with Docket No. 24828. The timetable for review of the compliance filing shall be established by the administrative law judge assigned to the tariff filing. The effective date of the tariff shall be as determined by the ALJ.

SIGNED AT AUSTIN, TEXAS the 28th day of November 2001.


PUBLIC UTILITY COMMISSION OF TEXAS

MARC H. BURNS
ADMINISTRATIVE LAW JUDGE
POLICY DEVELOPMENT DIVISION

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CERTIFICATE OF SERVICE

Copies of this document were sent via the United States mail, postage prepaid to the following parties on November 29, 2001.

Paul G. Lane ttm

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