

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Joint Application of)
Northeast Missouri Rural Telephone Company)
and Modern Telecommunications Company) Case No. TM-2002-465
for Approval to Merge Modern Telecommunications)
Company and Northeast Missouri Rural)
Telephone Company)

**SOUTHWESTERN BELL TELEPHONE COMPANY'S
POSITION STATEMENT**

Southwestern Bell Telephone Company¹ pursuant to the Missouri Public Service Commission's July 2, 2002 Order Adopting Procedural Schedule, respectfully submits Southwestern Bell's position on the following issues presented to the Commission for resolution in this case:

ISSUE 1. Is the merger detrimental to the public interest?

SWBT Position: SWBT has taken no position on this issue.

ISSUE 2. Is the merger detrimental to the interest of local customers of Modern?

SWBT Position: SWBT has taken no position on this issue.

ISSUE 3. Is the merger detrimental to the interest of local customers of Northeast?

SWBT Position: SWBT has taken no position on this issue.

¹ Southwestern Bell Telephone, L.P., d/b/a Southwestern Bell Telephone Company, will be referred to in this pleading as "Southwestern Bell" or "SWBT."

ISSUE 4. Is the merger detrimental to the interest of any access service customers of Modern?

SWBT Position: No, given the manner in which Applicants have proposed structuring access rates post-merger. Maintaining Modern's current access rates will not have an immediate impact on the expenses that its access customers pay to terminate calls to Modern's exchanges.² A similar result could be reached under Staff's proposal to temporarily maintain separate access rate structures for the Modern/Northeast exchanges until Staff completes its earnings review. In any event, the Commission should direct the merged entity to notify all parties to this case of any tariff filing to change switched access rates.³

ISSUE 5. Is the merger detrimental to the interest of any access service customers of Northeast?

SWBT Position: No, given the manner in which Applicants have proposed structuring access rates post-merger. Maintaining Northeast's current access rates will not have an immediate impact on the expenses that its access customers pay to terminate calls to Northeast's exchanges.⁴ A similar result could be reached under Staff's proposal to temporarily maintain separate access rate structures for the Modern/Northeast exchanges until Staff completes its earnings review. In any event, the Commission should direct the merged entity to notify all parties to this case of any tariff filing to change switched access rates.⁵

² SWBT, Olson Rebuttal, p. 3.

³ SWBT, Olson Surrebuttal, p. 2.

⁴ SWBT, Olson Rebuttal, p. 3.

⁵ SWBT, Olson Surrebuttal, p. 2.

ISSUE 6. What conditions, if any, as proposed by Staff, should be attached to approval of the merger?

SWBT Position: To protect the interests of Modern and Northeast's access customers (and indirectly the interests of end-users who purchase retail toll and long distance services), the Commission should direct the merged entity to notify all parties to this case of any tariff filing to change switched access rates.⁶

ISSUE 7. What depreciation rates should be prescribed for the merged company?

SWBT Position: SWBT has taken no position on this issue.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

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⁶ SWBT, Olson Surrebuttal, p. 2.

CERTIFICATE OF SERVICE

Copies of this document were served on the following parties by e-mail on September 19, 2002.



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