

Exhibit No:
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Witness: Craig A. Unruh
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Sponsoring Party: Southwestern Bell
Telephone, L.P. d/b/a SBC
Missouri
Case No: TO-2005-0035
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SOUTHWESTERN BELL TELEPHONE, L.P. d/b/a SBC MISSOURI

CASE NO. TO-2005-0035

DIRECT TESTIMONY

OF

CRAIG A. UNRUH

St. Louis
October 29, 2004

Schedule AG-5

1 and provided a mechanism for services to become competitively classified. In
2 TO-93-116, the Commission determined that these services should be
3 transitionally competitive. The Commission found in TO-2001-467 that these
4 services had automatically transitioned from transitionally competitive to
5 competitively classified under the provisions of 392.361.³

6
7 **Q. WHAT HAS HAPPENED WITH THE SERVICES THAT BECAME**
8 **COMPETITIVELY CLASSIFIED?**

9 **A.** In many cases, SBC Missouri has treated the competitively classified services in
10 the four competitively classified exchanges the same as the services in the
11 remaining exchanges. Even though SBC Missouri could increase the price of
12 residential basic local in Harvester and St. Charles, it has elected not to.

13
14 SBC Missouri did restructure its intraLATA toll service because the competitive
15 market for toll had evolved to a different pricing structure. Prior to a competitive
16 classification, SBC Missouri's intraLATA toll pricing was based on numerous
17 mileage bands so the price of a call depended on how far the call was between the
18 two parties (e.g., a 10 mile call cost less than a 50 mile call). The marketplace for
19 basic long distance service had evolved to a more simple time of day approach
20 where it no longer mattered how far you were calling. To remain competitive,

³ In WD63075, the Western District of the Missouri Court of Appeals remanded a portion of the Commission's Order in TO-2001-467 finding that the Commission could no longer rely on 392.361 for granting a competitive classification once a company became subject to price cap regulation under 392.245.

1 SBC Missouri restructured its toll pricing structure to match the structure that had
2 become prevalent in the marketplace.

3
4 SBC Missouri also chose to reduce the disparity between its single line and multi-
5 line business prices in the St. Louis and Kansas City exchanges. Past public
6 policy decisions had caused the prices for basic local service to be significantly
7 different for a company buying one single line service and a similar company
8 buying two multi-line services. The wide pricing disparity that existed prior to
9 gaining a competitive classification made little sense in the competitive market so
10 SBC Missouri has taken steps to reduce that disparity.

11

12 **Q. HAVE CUSTOMERS OF COMPETITIVELY CLASSIFIED SERVICES**
13 **COMPLAINED BECAUSE THEY THOUGHT THEY WERE BEING**
14 **HARMED BY SBC MISSOURI'S COMPETITIVE CLASSIFICATIONS?**

15 A. No. I am not aware of any complaints or concerns expressed by consumers
16 regarding SBC Missouri's competitive classifications.

17

18 **Q. HAS THE COMMISSION GRANTED A COMPETITIVE**
19 **CLASSIFICATION UNDER 392.245 FOR COMPANIES OTHER THAN**
20 **SBC MISSOURI?**

If and when that decision becomes final, the matter will be addressed by the Commission in another proceeding.