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Service Commission

SOUTHWESTERN BELL TELEPHONE COMPANY

CASE NO. TO-2001-467

SURREBUTTAL TESTIMONY

OF

THOMAS F. HUGHES

Jefferson City, Missouri
September 17, 2001

NP

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

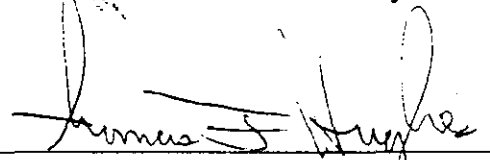
In the Matter of the Investigation of the State of)
Competition in the Exchanges of Southwestern Bell) Case No. TO-2001-467
Telephone Company)

AFFIDAVIT OF THOMAS F. HUGHES

STATE OF MISSOURI)
) SS
CITY OF JEFFERSON)

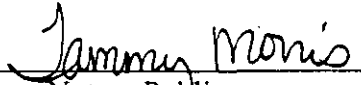
I, Thomas F. Hughes, of lawful age, being duly sworn, depose and state:

1. My name is Thomas F. Hughes. I am presently Vice President - Regulatory for Southwestern Bell Telephone Company in Missouri.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.



Thomas F. Hughes

Subscribed and sworn to before me on this 17th day of September 2001.



Notary Public

TAMMY R MORRIS
NOTARY PUBLIC STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXPIRES 4.2004

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NP

(Hughes) Surrebuttal Testimony

CASE NO. TO-2001-467
SOUTHWESTERN BELL TELEPHONE COMPANY
SURREBUTTAL TESTIMONY OF THOMAS F. HUGHES

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Thomas F. Hughes and my business address is 101 W. High St.,
Jefferson City, Missouri 65101.

**Q. ARE YOU THE SAME THOMAS HUGHES WHO FILED DIRECT
TESTIMONY IN THIS CASE?**

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of
Office of the Public Counsel ("OPC") witness Ms. Meisenheimer, Missouri
Public Service Commission Staff ("Staff") witness Mr. Voight, AT&T witness
Mr. Kohly, and WorldCom witness Mr. Price. In responding to the rebuttal
testimony of these parties, I will provide the Commission with additional
evidence that Southwestern Bell faces effective competition throughout its
exchanges.

Q. HOW WILL YOUR TESTIMONY BE STRUCTURED?

A. I will first provide the Commission with some additional data in response to Ms.
Meisenheimer. I will then respond to some of the contentions made by parties

1 regarding the opening of the local markets. I will discuss the various types of
2 competition that Southwestern Bell faces.

3
4 **Q. WHAT ARE THE MAIN POINTS THE COMMISSION SHOULD**
5 **UNDERSTAND ABOUT YOUR TESTIMONY?**

6 **A.** The Commission should understand the following points:

- 7 • While the burden of proof is not on SWBT in this case and market share loss is
8 not a requirement to find effective competition, my testimony provides data that
9 clearly demonstrates there are numerous CLECs operating throughout SWBT's
10 exchanges and these CLECs serve a significant number of access lines.
- 11 • No party provided sufficient substantive evidence that would allow the
12 Commission to reach a conclusion that SWBT does not face effective competition
13 in its exchanges.

14
15 **1) CLECS COMPETING IN THE MARKET**

16 **Q. DO YOU AGREE WITH MS. MEISENHEIMER'S CONCLUSION ON**
17 **THE STATUS OF COMPETITION? MEISENHEIMER REBUTTAL PP.**
18 **13-16.**

19 **A.** No. First, I would again emphasize to the Commission that the determination of
20 effective competition is not based upon a market share test. In this portion of her
21 testimony, Ms. Meisenheimer has a qualitative analysis. I disagree with her
22 conclusions, which essentially stand for the proposition that SWBT does not have
23 effective competition for almost any service in almost any exchange. This is

1 directly contrary to the information which we have presented. It is also directly
2 contrary to information in the marketplace concerning choices which consumers
3 have today.

4
5 **Q. IN YOUR DIRECT TESTIMONY YOU PROVIDED TWO SCHEDULES**
6 **DETAILING THE NUMBER OF CLECS IN EACH EXCHANGE. HAVE**
7 **YOU UPDATED THIS INFORMATION?**

8 A. Yes. As I noted in schedules 2 and 3 of my direct testimony there is at least one
9 CLEC providing service in every Southwestern Bell exchange and over 139
10 CLECs are certificated to provide service throughout the state. Attached as
11 Hughes Schedule 1, I have attached a map of the state of Missouri. The map
12 identifies in a color-coded manner the number of CLEC competing in each
13 Southwestern Bell exchange. In addition, I have split the map into the eastern and
14 western sides of the state. On these two sections of the map, I have identified by
15 name each Southwestern Bell exchange throughout the state and the number of
16 CLECs competing in each exchange. These sections of the map are also color
17 coded so the Commission can identify the number of CLECs actively providing
18 service by exchange.

1 **Q. DO YOU AGREE WITH MS. MEISENHEIMER'S QUANTITATIVE**
2 **ANALYSIS CONCERNING THE EXTENT OF COMPETITION IN**
3 **MISSOURI. MEISENHEIMER REBUTTAL, PP. 16-19.**

4 A. SWBT witness Dr. Aron will address this in more detail. For my part, I would
5 state that Ms. Meisenheimer's analysis of the level of competition is inaccurate
6 and the information provided by Ms. Meisenheimer at page 17 of her rebuttal
7 testimony is incorrect.

8
9 **Q. HOW IS IT INCORRECT?**

10 A. Ms. Meisenheimer indicated that "SWBT's share of statewide access lines is
11 ** ____ **". While Ms. Meisenheimer apparently utilized data provided to her by
12 Southwestern Bell, I believe her calculation is in error. When I perform a similar
13 calculation using the numbers provided in Ms. Meisenheimer's Schedule BAM-
14 4HC I arrive at a CLEC market share of over 9.5%.¹ Even after correcting the
15 mathematical error, I believe Ms. Meisenheimer has substantially understated the
16 level of competition. As the Staff detailed in Case No. TO-99-227, the CLECs
17 had a market share of approximately 12%², and this was based upon data it
18 gathered directly from the CLECs in August of 2000 which is over one year ago.
19 SWBT believes that a conservative estimate of CLECs' current market share is in

¹ Southwestern Bell does not believe aggregate market share data is Highly Confidential. Southwestern Bell routinely provides this information to the public in such cases as its pending 271 application at the FCC.

² See the Commission's March 15, 2001 Order in Case No. TO-99-227 at page 20.

1 excess of 15%.³ When we examine the business market, SWBT's data
2 demonstrates that the CLECs have a minimum market share of over 22%. Again,
3 this is a conservative estimate and the actual CLEC market share is likely much
4 higher.

5

6 **Q. DID YOU PREPARE A SCHEDULE TO RESPOND TO MS.**
7 **MEISENHEIMER'S SCHEDULE 4?**

8 A. Yes. Attached as Hughes Schedule 2HC is data which shows by exchange the
9 lines served by Southwestern Bell and the minimum number of lines served by
10 the CLECs. It is important to note, as will be discussed later in my testimony,
11 that CLECs are not the only providers of service to traditional Southwestern Bell
12 customers. However CLECs are the only providers for which Southwestern Bell
13 has some information available by exchange demonstrating the inroads these
14 competitors have made.

15

16 **Q. YOU INDICATE THAT THE INFORMATION YOU ARE PROVIDING**
17 **ON CLEC LINES IN EACH EXCHANGE REPRESENTS THE MINIMUM**
18 **NUMBER OF CLEC LINES AND CLEC MARKET SHARE. PLEASE**
19 **EXPLAIN.**

20 A. The CLEC lines and market share identified in many of schedules (e.g., schedules
21 2HC, 4HC, 5HC, and 6HC) represents only the minimum number of CLEC lines
22 and the actual number of Southwestern Bell lines, and, therefore, CLEC market

³ My direct testimony incorrectly stated the CLEC share of the market at over 17%. It should have been

1 share is likely much higher than reported in these schedules. Southwestern Bell
2 knows when a CLEC resells its service and when a CLEC purchases unbundled
3 network elements from Southwestern Bell to provision its service. Additionally,
4 Southwestern Bell can identify the number of E-911 listings that CLECs place in
5 911 databases. But, Southwestern Bell does not know the number of lines served
6 by CLECs on a pure facility basis. Additionally, as aptly explained in Dr. Aron's
7 testimony, the number of CLEC E-911 listings understates the number of access
8 lines served by facilities based CLECs since only outbound lines have 911 listings
9 associated with them. Furthermore, a significant number of access lines are
10 served with telephone numbers that have been ported from Southwestern Bell.
11 When a telephone number is ported from Southwestern Bell to a CLEC, the
12 telephone number is still associated with Southwestern Bell in the 911 database.
13 Therefore, access lines with ported numbers are not included in the CLEC data I
14 provide in my schedules. Southwestern Bell has ported over 250,000 telephone
15 numbers to CLECs. While this number reflects the cumulative number of ported
16 numbers, it is reasonable to assume that a significant percent of these ported
17 numbers represent access lines that are undercounted in Southwestern Bell's data
18 reflecting current CLEC lines in each exchange.

19
20 **Q. IN YOUR DIRECT TESTIMONY AT PAGE 27, YOU PROVIDED SOME**
21 **INFORMATION REGARDING GROWTH IN CLEC ACTIVITY. DO**
22 **YOU HAVE SOME ADDITIONAL INFORMATION?**

over 15%.

1 A. Yes. Attached as Hughes Schedule 3 are some charts that reflect the growth in
2 activity by the CLECs in the last few years. As shown on these charts, there has
3 been significant growth in activity by CLECs.

4

Service	1Q98 Data	2Q01 Data	Growth 1Q98 – 2Q -01
Interconnection Trunk	7,448	114,785	1441%
E-911 Listings	1,659	143,444	8546%
UNE-P	1	58,263	5,826,200%
Resold Lines	13,582	94,046	592%
Ported Numbers	958	253,798	26,392%

5

6 **Q. WHAT IS THE CONCLUSION THAT YOU DRAW FROM HUGHES**
7 **SCHEDULE 2HC?**

8 A. Southwestern Bell faces effective competition in each of its exchanges. CLECs
9 have gained over an estimated 15% of the market in Missouri.⁴ This includes the
10 fact that they have gained nearly ** ____ ** of the market in at least ** __ **
11 exchanges throughout the state. See Hughes Schedule 4 HC.

12

⁴ SWBT has data for resold lines, UNE-P, E-911 listings, and interconnection trunks. Estimated statewide percentages are provided as a calculation of resold lines + UNE-P + interconnection trunks * 2.75. Exchange specific data is provide as a calculation of resold lines + UNE-P + E-911 listings. Exchange specific data is a minimum level of lines served by CLECs.

1 **Q. DO YOU AGREE WITH MS. MEISENHEIMER'S ANALYSIS OF THE**
2 **COMPETITIVE NATURE OF BUSINESS SWITCHED SERVICE?**
3 **MEISENHEIMER REBUTTAL, PP. 20-21.**

4 A. No. Ms. Meisenheimer's "analysis" is certainly in marked contrast to Staff,
5 which found that exchange services for businesses are competitive in St. Louis
6 and Kansas City. SWBT believes business services are competitive in every
7 exchange, and Hughes Schedule 4 HC shows that level of competition.

8

9 **Q. STAFF SUPPORTS A COMPETITIVE CLASSIFICATION FOR**
10 **BUSINESS EXCHANGE SERVICES IN KANSAS CITY AND ST. LOUIS.**
11 **WHAT DOES THE DATA DEMONSTRATE WITH RESPECT TO CLEC**
12 **ACTIVITY IN KANSAS CITY AND ST. LOUIS AND OTHER**
13 **EXCHANGES?**

14 A. Attached as Hughes Schedule 5HC is a table of the minimum CLEC market share
15 by exchange sorted from highest to lowest. The minimum market share for
16 business exchange services gained by the CLECs statewide is over ** ____ **.

17 While we appreciate Staff's support of business switched services in the Kansas
18 City and St. Louis exchanges, it is clear that the data also demonstrates that
19 CLECs have gained significant market share in numerous other exchanges as
20 well. As shown on Hughes Schedule 5HC, there are ** __ ** exchanges where the
21 minimum CLEC market share of business access lines is ** ____ ** or greater. In

1 addition, there are ** ____ ** exchanges where the minimum CLEC market share of
2 business access lines is ** ____ ** or greater.

3
4 **Q. WHAT IS THE LEVEL OF COMPETITION IN THE URBAN AREAS?**

5 A. The minimum level of business lines served by the CLECs in Kansas City is
6 ** ____ **, in St. Louis is ** ____ ** and in Springfield is ** ____ **.

7
8 **Q. WHAT IS THE LEVEL OF COMPETITION WITHIN THE MCA AREAS?**

9 A. As the table below demonstrates, the CLECs have gained significant market share
10 of the business market throughout the MCA.

MCA AREA	MINIMUM MARKET SHARE
Total	** ____ **
Total Optional Area	** ____ **
MCA-3	** ____ **
Kansas City MCA-3	** ____ **
St. Louis MCA-3	** ____ **
MCA-4	** ____ **

Kansas City MCA-4	** _____ **
St. Louis MCA-4	** _____ **
MCA-5	** _____ **
Kansas City MCA-5	** _____ **
St. Louis MCA-5	** _____ **
Springfield MCA-2	** _____ **

1

2 **Q. DO YOU AGREE WITH MS. MEISENHEIMER'S ANALYSIS AT PAGE**
3 **22 OF HER REBUTTAL TESTIMONY CONCERNING BASIC**
4 **RESIDENTIAL SERVICES?**

5 A. No. Ms. Meisenheimer contends that SWBT retains a monopoly in residential
6 service offerings, with market dominance in two exchanges. Again, the analysis
7 consists of a single paragraph that does not explain the basis for Public Counsel's
8 position. I believe the Commission should find that residential services are
9 subject to effective competition in the exchanges identified by Staff, as well as in
10 other exchanges throughout the state because there are alternative providers
11 offering substitutable or functionally equivalent services. But if the Commission
12 does not agree, I would suggest that it is appropriate for the Commission to fully
13 explain why it believes services are not subject to effective competition, so that

1 any subsequent proceedings can focus on matters which the Commission deems
2 most relevant.

3
4 **Q. HAVE YOU PREPARED ANY INFORMATION REGARDING MINIMUM**
5 **CLEC MARKET SHARE IN THE RESIDENTIAL MARKET?**

6 A. Yes. Attached as Hughes Schedule 6HC is a table of the minimum CLEC
7 residential access line market share by exchange sorted from highest to
8 lowest. The minimum market share gained by the CLECs statewide is
9 over **** ____ ****. While we appreciate Staff's support of residential
10 services in the Harvester and St. Charles exchanges, effective competition
11 exists throughout all of Southwestern Bell's exchanges as alternate
12 providers are providing functionally equivalent or substitutable services at
13 comparable rates, terms and conditions.

14
15 **Q. IS THERE ANYTHING ELSE THAT IS SIGNIFICANT ABOUT THE**
16 **MARKET THE CLECS ARE SERVING?**

17 A. Yes. CLECs are free to determine what markets they wish to serve and what
18 markets they do not wish to serve. This allows the CLECs to "cherry pick" the
19 best customers in the market. If the Commission is not impressed with the
20 tremendous success the CLECs have had in gaining market share in Missouri (and
21 the Commission should be impressed), consider that the CLECs have likely
22 chosen to serve the most profitable customers.

1 **Q. MR. PRICE AND MR. KOHLY DISCUSS THE VIABILITY OF**
2 **"SMALLER" CLECS IN THE MARKET. DO YOU HAVE ANY**
3 **RESPONSE?**

4 A. Yes. As noted in Hughes Schedule 7HC, several of the supposedly smaller
5 CLECs are among the market leaders in the state.
6

7 **Q. DOES THIS FACT SURPRISE YOU?**

8 A. No, not at all. These carriers are legitimately interested in serving the consumers
9 of the state of Missouri. As has been the case in other states, most notably Texas,
10 the large interexchange carriers ("IXCs") do not enter the local market in full
11 force until such time as the incumbent LEC has gained, or is about to gain, entry
12 into their long distance market. I would anticipate that will be the case in Missouri
13 once Southwestern Bell is granted long distance authority.
14

15 **Q. ARE THE LARGE IXCS ACTIVE IN THE MISSOURI MARKET?**

16 A. Yes. They are providing service to a significant number of customers already
17 throughout the state. It is my belief that upon Southwestern Bell Long Distance's
18 entry into the interLATA market, these carriers will become even more aggressive
19 in marketing in Missouri and not limit their efforts to only those customer who
20 they believe provide the highest profit.
21

1 **Q. MR. KOHLY DISCUSSES AN FCC REPORT ON COMPETITION.**
2 **WHAT DOES THAT REPORT SAY ABOUT INCREASED LOCAL**
3 **COMPETITION FOLLOWING AN RBOC RECEIVING 271 APPROVAL?**

4 A. The FCC's News Report dated May 21, 2001 supports my belief. Under the
5 heading "States with Long Distance Approval Show Greatest Competitive
6 Activity" it states that "CLEC market share in New York and Texas (the two
7 states that had 271 approval during the reporting period ending December 2000)
8 are over 135% and 45% higher than the national average, respectively."

9

10 **Q. MR. KOHLY DISCUSSES THE LEVEL OF CLEC LINES CAPTURED IN**
11 **THIS FCC REPORT ON COMPETITION. HOW DO YOU RESPOND TO**
12 **THAT INFORMATION?**

13 A. First it is important to note that the report Mr. Kohly references is from December
14 of 2000. Second, it is important to note that the only CLECs required to provide
15 data to the FCC are those with more than 10, 000 lines. The information provided
16 in the FCC report significantly understates the amount of competition in Missouri.

17

18 **Q. HOW MANY CLECS ARE PROVIDING SERVICE TO CONSUMERS IN**
19 **MISSOURI TODAY?**

20 A. As of July data, there are 62 CLECs that are providing service to business
21 customers, residential customers or both. These CLECs are estimated to serve
22 467,798 lines. Of these 62 CLECs, 10 of them are serving at least 10,000 lines.
23 The total lines of these 10 CLECs is 367,514. Only 8 CLECs provided

1 information for inclusion in the FCC's analysis. Based upon the FCC report from
2 December of 2000, the supposed total number of lines served by the CLECs in the
3 state was 203,537. But, as the Staff reported in Case No. TO-99-227⁵, the CLECs
4 were providing service to 328,257 lines in August of 2000. The Staff compiled
5 this data from the CLECs. The number reported by Staff is nearly 40% higher
6 than that reported to the FCC and is for an earlier time period than the FCC's
7 report. As the Commission can see, the FCC report is not reflective of all the
8 lines served by the CLECs and significantly understates the state of competition
9 within Missouri.

10
11 **Q. WHAT HAS BEEN THE TREND FOR RETAIL LINES PROVIDED BY**
12 **SOUTHWESTERN BELL OVER THE PAST 18 MONTHS?**

13 A. As shown in Hughes Schedule 8, there is a declining trend for Southwestern Bell
14 retail lines over the past 18 months. In fact, for the past 3 quarters, Southwestern
15 Bell has experienced a decrease in the total number of retail lines served.

16
17 **Q. WHAT HAS OCCURRED WITH LINES PROVIDED BY CLECS DURING**
18 **THIS SAME TIME PERIOD?**

19 A. Hughes Schedule 8 also demonstrates that the number of CLEC lines continues to
20 grow. Of particular interest is growth in the number of 911 listings and UNE-P
21 arrangements. These two areas reflect the growth in facilities based competition
22 in the state. Hughes Schedule 9 provides the Commission a slightly different look

⁵ See "Staff's Response Comments to October Question and Answer Session, and to Interim Consultant

1 at the growth in lines served by the CLECs via Resale, the purchase of UNE-P,
2 and known pure facilities bypass (i.e., E-911 listings). The minimum market
3 share for the CLECs grew from 5.4% in January 2001 to 10.2% in July of 2001.
4

5 **Q. HOW MANY OPERATIONAL CLECS SWITCHES ARE THERE IN**
6 **MISSOURI?**

7 A. There are 23 CLEC switches throughout Missouri with a total capacity to handle
8 more lines than Southwestern Bell serves throughout all of its exchanges.
9

10 **Q. WHY IS THIS SIGNIFICANT?**

11 A. The switches deployed by CLECs in Missouri have the capacity to serve 100% of
12 Southwestern Bell's Missouri customers. The CLECs utilize a network
13 architecture that is different than that of Southwestern Bell. Southwestern Bell's
14 network has been in place for over a hundred years. Advancements in technology
15 no longer require a CLEC to have a switch in each "exchange" area. The capacity
16 of today's switches allow CLECs to provide service over a larger area. This
17 allows CLECs to place a single switch in a metropolitan area and serve the entire
18 surrounding community.
19

20 **Q. IN ADDITION TO CAPACITY TO REACH MORE CUSTOMERS, WHAT**
21 **ELSE SHOULD THIS INDICATE TO THE COMMISSION?**

1 A. When the CLECs have their own switch, they are able to provide not only basic
2 dial tone service to customers, but they are also able to provide vertical services
3 from their switch. With the fact that 23 switches are operational in the state,
4 CLECs are effectively able to compete with Southwestern Bell for the provision
5 of switched based vertical services to customers. Additionally, these CLECs have
6 sunk capital investment within the state which should serve as a signal of their
7 intention to continue aggressively serving customers in Missouri. Once a carrier
8 has made the decision to invest in a switch, their return on that investment is
9 maximized by utilizing that switch to it's full capacity.

10
11 **Q. HAVE THE CLECS COLLOCATED IN SOUTHWESTERN BELL'S**
12 **EXCHANGES?**

13 A. Yes. CLECs have collocated throughout Southwestern Bell's territory. In fact, as
14 shown on Hughes Schedule 10 HC, CLECs have collocated in Southwestern Bell
15 exchanges representing ** ____ ** of the total lines in the state.

16
17 **Q. DO YOU AGREE WITH MS. MEISENHEIMER'S ANALYSIS**
18 **CONCERNING VERTICAL SERVICES AND CLASS FEATURES BEING**
19 **DEPENDENT UPON THE STATUS OF UNDERLYING BASIC LOCAL**
20 **SERVICE IN TERMS OF EFFECTIVE COMPETITION?**

21 A. I agree in part and disagree in part. I agree that to the extent the Commission
22 finds underlying basic local service to be subject to effective competition, then
23 vertical services and class features are also appropriately designated as effectively

1 competitive. However, if the Commission makes a determination that underlying
2 basic local service in a particular exchange is not effectively competitive, then the
3 Commission must still determine whether to find effective competition for switch
4 based services

5

6 **2) THE LOCAL MARKETS ARE OPEN**

7 **Q. MR. PRICE IMPLIES AT PAGE 4 OF HIS REBUTTAL TESTIMONY**
8 **THAT THE LOCAL MARKETS ARE NOT OPEN. HOW DO YOU**
9 **RESPOND?**

10 A. The Commission has already provided its opinion on this matter. In its March 15,
11 2001 Order in Case No. TO-99-227 the Commission stated “[T]he 14-point
12 competitive checklist sets out the steps that a BOC must take to open the local
13 market to its competitors. See 47 U.S.C. § 271(c)(2)(B)(i)-(xiv). SWBT has
14 satisfied the requirements of the competitive checklist by providing or offering
15 access to and interconnection with its network on terms and conditions that satisfy
16 each of the checklist items.” Id. at 66.

17

18 **Q. MR. PRICE ALSO OPINES AT PAGE 4 OF HIS TESTIMONY THAT**
19 **SOUTHWESTERN BELL HAS “AMPLE OPPORTUNITIES AT**
20 **PRESENT TO DISCRIMINATE” AGAINST CLECS. HOW DO YOU**
21 **RESPOND?**

22 A. There are substantial safeguards in place to ensure Southwestern Bell does not
23 discriminate against the CLECs. Associated with the hundreds of performance

1 measurements Southwestern Bell tracks and reports each month are substantial
2 penalty payments if Southwestern Bell does not meet its performance obligations.
3 These payments could be made to the CLECs, the State of Missouri and/or the
4 Federal Government. This Commission, as well as the FCC, also retains
5 complaint jurisdiction if SWBT acts in an inappropriate manner.
6

7 **Q. ARE CLECS INVOLVED IN THE DEVELOPMENT OF THESE**
8 **PERFORMANCE MEASURES?**

9 A. Yes. A collaborative process has been developed whereby Southwestern Bell, the
10 CLECs and the state Commissions participate in the review of these performance
11 measures. Based on these reviews, the performance measures are modified based
12 upon the give and take of the parties. Worldcom has been an active participant in
13 this process in the past.
14

15 **Q. IS THE COMMISSION COMMITTED TO ENSURING THAT**
16 **SOUTHWESTERN BELL MEETS ITS OBLIGATIONS REGARDING**
17 **PERFORMANCE TO CLECS?**

18 A. Yes. This was reinforced by the Commission's September 4, 2001 Order in Case
19 No. TO-99-227. In that Order the Commission determined that Case No. TO-99-
20 227 "should remain open for the purpose of continued monitoring of
21 Southwestern Bell's compliance with 47 U.S.C. § 271".
22

1 **Q. MR. PRICE AT PAGE 12 STATES THAT SOUTHWESTERN BELL IS**
2 **DISCRIMINATING AGAINST CLECS IN PROVIDING ACCESS TO**
3 **UNES. HOW DO YOU RESPOND?**

4 A. Combinations of network elements fall into two general categories: 1) network
5 elements that are currently combined in SWBT's network; and 2) network
6 elements that are not currently combined in SWBT's network. As to the first
7 category, consistent with the Supreme Court's reinstatement of the FCC's rule 47
8 C.F.R. § 51.315(b), it is SWBT's policy to not separate the specific unbundled
9 network elements requested that SWBT has currently combined in its network
10 unless requested to do so by the CLEC.

11
12 In regards to the combining of previously uncombined network elements, the
13 Eighth Circuit Court ruled on remand from the Supreme Court:

14 ...Congress has directly spoken on the issue of who shall combine
15 previously uncombined network elements. It is the requesting carriers
16 who shall "combine such elements." It is not the duty of the ILECs to
17 "perform the functions necessary to combine unbundled network elements
18 in any manner"...We reiterate what we said in our prior opinion: "[T]he
19 Act does not require the incumbent LECs to do all the work."⁶

20
21 The Eighth Circuit has clearly stated that the Act does not permit the FCC to
22 impose an obligation on ILECs to combine UNES for CLECs.

23

⁶ Iowa Utilities Board v. FCC, 219 F.3d 744, 759 (8th Cir. 2000).

1 **Q. DESPITE THE EIGHTH CIRCUIT COURT’S RULING, DOES**
2 **SOUTHWESTERN BELL VOLUNTARILY AGREE TO COMBINE**
3 **PREVIOUSLY UNCOMBINED NETWORK ELEMENTS?**

4 **A. Yes. In the Missouri 271 Agreement (“M2A”), which the Commission approved**
5 **in its March 6, 2001 Order, Southwestern Bell has outlined terms and conditions**
6 **under which it will combine previously uncombined network elements for**
7 **CLECs.**

8
9 **Q. CAN WORLDCOM ELECT TO OPT INTO THE M2A?**

10 **A. Yes. The M2A is available as an option to all CLECs in the state of Missouri.**
11 **And in fact, 19 CLECs have already opted into the M2A. The fact that the M2A**
12 **is available to all CLECs and the fact that Southwestern Bell has gone above and**
13 **beyond its legal obligations demonstrates unequivocally that Southwestern Bell is**
14 **not discriminating.**

15
16 **Q. DOES SOUTHWESTERN BELL UTILIZE THE SAME OPERATIONS**
17 **SUPPORT SYSTEMS TO COMBINE UNBUNDLED NETWORK**
18 **ELEMENTS THAT MAKE UP THE UNE PLATFORM FOR ALL**
19 **CLECS?**

20 **A. Yes. Southwestern Bell utilizes the same operations support systems (“OSSs”)**
21 **and methods and procedures for all CLECs throughout the state of Missouri.**
22

1 **Q. AT PAGE 53 OF HIS REBUTTAL TESTIMONY, MR. VOIGHT STATES**
2 **THAT “CUSTOMERS CAN BE EFFECTIVELY SERVED THROUGH**
3 **THE USE OF AN UNBUNDLED LOOP OR THROUGH THE UNE-**
4 **PLATFORM”. DO YOU AGREE WITH MR. VOIGHT?**

5 A. Yes. However, there was no need for Mr. Voight to limit his comments to
6 business customers only in the Kansas City and St. Louis exchanges. Since
7 Southwestern Bell uses the same OSSs throughout the state, as well as throughout
8 the entire Southwestern Bell region, there is no reason the CLECs can not utilize
9 unbundled network elements, either stand alone such as an unbundled loop or
10 together such as the UNE Platform, to provide local service to all customers in
11 Missouri. And, as I demonstrate in Hughes Schedule 4 HC, CLECs in fact do so.

12
13 **Q. MR. PRICE COMMENTS ON PAGE 13 OF HIS TESTIMONY THAT**
14 **SOUTHWESTERN HAS ELIMINATED “A SOURCE OF REVENUE TO**
15 **CLECS USING THE EEL TO AUGMENT THEIR ENTRY STRATEGY**
16 **AND THEIR LOCAL NETWORKS”. HOW DO YOU RESPOND TO THIS**
17 **ALLEGATION?**

18 A. SWBT fully complies with the Telecommunications Act of 1996 (“Act”) and the
19 FCC’s interpretive rules with regard to the provision of EELs. Comments such as
20 these have been reviewed by the Commission throughout Case No. TO-99-227
21 and the Commission found at page 91 of its March 15, 2001 Order that “SWBT
22 is providing competing carriers with all of the requisite checklist items in a
23 nondiscriminatory fashion.”

1
2 **Q. AT PAGE 11 OF HIS REBUTTAL TESTIMONY, MR. PRICE IMPLIES**
3 **THAT THE RATES FOR UNBUNDLED NETWORK ELEMENTS MAY**
4 **NOT BE 'JUST AND REASONABLE'. WHAT IS YOUR RESPONSE?**

5 A. Again the Commission has thoroughly reviewed this issue in Case No. TO-99-
6 227. In its March 15, 2001 Order the Commission stated that "the Commission
7 concludes that SWBT provides nondiscriminatory access to UNEs at any
8 technically feasible point under just and reasonable rates, terms, and conditions,
9 and at cost-based rates, as required by the Act". Id at p. 70.
10

11 **Q. DO YOU AGREE WITH MR. VOIGHT'S CONTENTION THAT THE**
12 **COMMISSION'S CONTROL OVER WHOLESALE PRICES SHOULD**
13 **NOT BE CONSIDERED IN DETERMINING WHETHER EFFECTIVE**
14 **COMPETITION EXISTS? VOIGHT REBUTTAL, PP. 24-25.**

15 A. No. The Commission does retain the authority under the Act to arbitrate disputes
16 between SWBT and CLECs concerning the terms and conditions of
17 interconnection, including the price for unbundled network elements. Because the
18 Commission ultimately controls the rates which SWBT may charge on a
19 wholesale basis to CLECs, that is an important factor that constrains SWBT's
20 ability to price its services in an unreasonable fashion or manner.

21
22 Mr. Voight also appears to criticize SWBT for appealing the Commission's
23 decision in the first AT&T Arbitration (Case No. TO-97-40). As the Commission
24 is aware, SWBT did disagree with both the process utilized by the Commission

1 and the ultimate substantive decision in the case. However, it is certainly
2 SWBT's right to pursue its view of the statute and the process which the
3 Commission should utilize under the Act. I certainly disagree with any
4 contention that SWBT is not entitled to a finding of effective competition because
5 it has exercised its rights to have a Commission decision reviewed. Moreover, I
6 would note that the Commission's decision was in fact implemented; that
7 Southwestern Bell agreed to offer those rates, including some voluntary
8 reductions, in the M2A; and that the Commission continues to retain the authority
9 to set prices for unbundled network elements despite SWBT's appeal of that
10 arbitration decision. I believe Mr. Voight is off base in his remarks on that point.
11

12 **3) COMPETITORS IN THE MARKET**

13 **Q. THROUGHOUT HIS TESTIMONY, MR. VOIGHT IS CRITICAL OF**
14 **SOUTHWESTERN BELL FOR REFERRING TO COMPETITIVE**
15 **ALTERNATIVES BESIDES CLECS. WHAT ARE YOUR COMMENTS?**

16 **A.** As stated previously, Southwestern Bell only has current data for some of the
17 services offered by CLECs. That does not, however, diminish the impact that
18 alternate providers such as wireless carriers, cable TV providers and the internet
19 are having on Southwestern Bell.
20

21 **Q. SHOULD THE COMMISSION CONSIDER THE IMPACT OF THESE**
22 **PROVIDERS IN DETERMINING THE STATE OF COMPETITION IN**
23 **MISSOURI?**

1 A. Absolutely. I believe that it is appropriate for the Commission to consider all
2 types of competition in evaluating whether effective competition exists, just as it
3 did in determining a competitive classification for Speed Calling 8 and Speed
4 Calling 30 in Case No. TO-93-115. In that case, the Commission found there was
5 a wide array of providers of customer premise equipment which offered similar
6 services in competition with the SWBT services. However, even if the
7 Commission disagrees, SWBT has established that effective competition does
8 exist from CLECs and IXC's for the services in those exchanges identified by
9 various SWBT witnesses.

10
11 **Q. ON WHAT BASIS DO YOU DISAGREE WITH STAFF'S EVALUATION**
12 **THAT WIRELESS AND OTHER NON-REGULATED COMPETITORS**
13 **SHOULD NOT BE CONSIDERED IN DETERMINING WHETHER**
14 **EFFECTIVE COMPETITION EXISTS?**

15 A. The definition of effective competition is set forth in Section 386.020(13) RSMo
16 2000. That Section provides:

17
18 'Effective Competition' shall be determined by the Commission
19 based on:

20
21 (a) the extent to which services are available from alternative
22 providers in the relevant market;

23
24 (b) the extent to which the services of alternative providers are
25 functionally equivalent or substitutable at comparable rates,
26 terms and conditions;

27
28 (c) the extent to which the purposes and policies of Chapter
29 392, RSMo, including the reasonableness of rates, as set out in
30 Section 392.185 RSMo, are being advanced;

1
2 (d) existing economic or regulatory barriers to entry;
3

4 (e) any other factors deemed relevant by the commission and
5 necessary to implement the purposes and policies of Chapter
6 392 RSMo.
7

8 I believe Mr. Voight's analysis is based upon a misreading of the statutes.

9 Section 386.020(13)(a) permits the Commission to consider all services offered
10 by all alternative providers. If that definition were intended to be limited to
11 telecommunications services provided by competitive local exchange companies,
12 it would have read as follows:

13 (a) the extent to which **telecommunications** services are
14 available from alternative **local exchange**
15 **telecommunications companies providers** in the relevant
16 market.
17
18

19 The legislature defined telecommunications services in Section 386.020(53)
20 RSMo, but did not limit the determination of effective competition to
21 telecommunications services. Instead, the Commission is to consider all services
22 (as defined in Section 386.020(47) RSMo 2000) in making its analysis. Further,
23 the use of "alternate providers" instead of "alternative local exchange
24 telecommunications companies," is a clear indication that the Commission should
25 consider more than just regulated services. I would also note that, even if Mr.
26 Voight were correct in his analysis, that the Commission could consider the
27 existence of wireless and other non-regulated providers of services under the
28 "other factors" provision of Section 386.020(13)(e).
29

1 **Q. DO YOU BELIEVE THAT EFFECTIVE COMPETITION EXISTS**
2 **WITHOUT CONSIDERING NON-REGULATED PROVIDERS SUCH AS**
3 **WIRELESS?**

4 A. Yes. I believe SWBT has demonstrated that effective competition does exist from
5 alternative local exchange telecommunications companies as detailed above.
6 However, if the Commission does not agree, I believe it needs to and should
7 consider the additional competition provided by non-regulated entities in making
8 its determination.

9

10 **Q. DO YOU AGREE WITH MR. VOIGHT'S COMMENTS AT PAGE 20 OF**
11 **THIS REBUTTAL TESTIMONY THAT SWBT HAS BEEN "LEFT OFF**
12 **THE NON-TRADITIONAL COMPETITIVE PLAYING FIELD?"**

13

14 A. No. Mr. Voight appears to have missed the point which I was making. I am not
15 claiming that Southwestern Bell (or some affiliate) is precluded from providing
16 non-traditional services; instead I am saying that these non-traditional services do
17 in fact compete with services offered by Southwestern Bell. The provision of
18 services by these non-traditional methods should be considered as competition to
19 Southwestern Bell regardless of whether a Southwestern Bell affiliate can also
20 engage in those activities.

21

22 **Q. ON SEVERAL OCCASIONS, MR. VOIGHT STATES THAT SWBT**
23 **RELIES TOO HEAVILY ON RESELLERS OF BASIC LOCAL SERVICE**

**TO DEMONSTRATE EFFECTIVE COMPETITION. DO YOU AGREE
WITH THIS ANALYSIS?**

A. No. There is facilities based competition in 139 out of Southwestern Bell's 160 exchanges, or 87%. Attached as Hughes Schedule 11HC, I have attached a map of the state of Missouri. The map identifies in a color-coded manner - the existence of a least one facility based CLEC competing in each Southwestern Bell exchange. In addition, I have broken split the map into the eastern and western sides of the state. On these two sections of the map, I have identified by name each Southwestern Bell exchange throughout the state and whether or not at least one facility based CLEC is competing in each exchange. In addition, CLECs are free to begin offering facilities based services in the few remaining exchanges via the use of unbundled network elements or over their own facilities at any time. And it is certainly appropriate to consider resale in addition to facilities-based competition.

**Q. SHOULD COMPETITION FROM RESELLERS BE CONSIDERED IN
DETERMINING WHETHER EFFECTIVE COMPETITION EXISTS?**

A. Certainly. Resellers are alternate carriers providing equivalent or substitutable services at reasonably comparable rates, terms and conditions. Customers generally do not care how they are provided service, and, in fact, may not even know the difference between a facilities based provider and a reseller.

1 **Q HAS THE COMMISSION DETERMINED THAT SOUTHWESTERN**
2 **BELL HAS MET ITS OBLIGATIONS UNDER THE ACT TO PERMIT**
3 **RESALE?**

4 A. Yes. At page 86 of its March 15, 2001 Order in Case No. TO-99-227 the
5 Commission stated that it "concludes that SWBT offers its retail services for
6 resale in accordance with the requirements of sections 251(c)(4) and 252(d)(3)."

7
8 **Q. MR. VOIGHT IS ALSO CRITICAL OF SOUTHWESTERN BELL**
9 **PROVIDING NEWSPAPER ARTICLES, RELATED STORIES AND**
10 **ADVERTISEMENTS. HOW DO YOU RESPOND TO THIS CRITICISM?**

11 A. The use of newspaper articles, promotional advertisements and sales brochures as
12 supporting documents is to show the existence of effective competition. The
13 nature of this case certainly justifies SWBT's approach. Pursuant to Section
14 386.020(13)(a)&(b), these advertisements and articles and brochures show the
15 availability of services from alternate providers which are functionally equivalent
16 or substitutable at comparable rates, terms and conditions. Since competitors do
17 not have to provide SWBT with information concerning their business plans and
18 networks, SWBT must rely upon this type of information (in addition to
19 wholesale information which I have provided) to demonstrate effective
20 competition. Mr. Voight's criticisms are incorrect.

21
22 **Q. MR. VOIGHT AT PAGE 58 OF HIS REBUTTAL TESTIMONY**
23 **DISCUSSES THE "RISING RATES FOR WIRELESS SERVICE". DO**

1 **YOU HAVE ANY INFORMATION THAT IS CONTRARY TO HIS**
2 **STATEMENT?**

3 A. Yes. An article in the St. Louis Business Journal on September 7, 2001, indicates
4 that cell phone usage continues to get cheaper. The average monthly charge for
5 July dropped by 1.7%. I have attached the article as Hughes Schedule 12.

6
7 **4) WHAT SOUTHWESTERN BELL IS SEEKING IN THIS PROCEEDING**

8 **Q. WHAT DOES SWBT ANTICIPATE THE OUTCOME OF THIS**
9 **PROCEEDING WILL BE?**

10 A. As I mentioned in my direct testimony, this docket is about maximizing customer
11 choice by placing all providers on equal footing in the marketplace. Southwestern
12 Bell's anticipation is to be able to compete under the same regulatory rules as its
13 competitors. In an open market where all providers can compete equally, it will
14 be the customers that will benefit from the increased competition.

15
16 **Q. MR. VOIGHT AT PAGE 9 OF HIS REBUTTAL TESTIMONY STATES**
17 **THAT SWBT SEEKS ONLY TO RAISE PRICES AS A RESULT OF A**
18 **FINDING OF EFFECTIVE COMPETITION. DO YOU AGREE WITH**
19 **THIS CHARACTERIZATION?**

20 A. No. While I agree that SWBT should have the ability to raise prices as it believes
21 appropriate in response to market conditions, SWBT does not seek to do only
22 that. I would envision that SWBT will raise certain rates and lower others in
23 response to the market. This is the same ability that competitors have and SWBT

1 needs to be able to respond. The Commission needs to understand that prices do
2 ultimately need to move towards costs, and that SWBT may need to rebalance
3 prices in order to effectively compete. This is particularly true since competitors
4 are permitted to cherry pick and serve profitable business customers while certain
5 competitors ignore residential customers. Mr. Voight at page 33 of his rebuttal
6 testimony appears to agree that rates will gravitate more towards their cost in a
7 competitive environment.

8
9 **Q. DO YOU AGREE WITH MR. VOIGHT'S CONTENTIONS AT PAGE 31**
10 **OF HIS REBUTTAL TESTIMONY THAT THE EVIDENCE INDICATES**
11 **SWBT WILL RAISE PRICES THE MAXIMUM ALLOWABLE UNDER**
12 **THE PRICE CAP STATUTE?**

13 A. No. SWBT increased the price of very few services when it first was able to do
14 so under the price cap statute. While SWBT has increased prices for some
15 services thereafter, it should be remembered that SWBT has had only limited
16 price changes for most of its services since 1984. It is not surprising that some
17 rates are increased in this environment. It is also important to note that there are
18 numerous services where SWBT has not increased prices and there are some
19 services where SWBT has lowered prices.

20
21 **Q. HAS SOUTHWESTERN BELL LOWERED SOME RATES SINCE**
22 **BECOMING A PRICE CAP COMPANY?**

1 A. Yes. Southwestern Bell has lowered the prices for some services as well as began
2 offering lower prices through volume and term offerings for multiline business
3 customers. Southwestern Bell has also offered lower rates through a number of
4 promotional offerings over the past few years.

5
6 **Q. ARE THESE VOLUME AND TERM OFFERINGS FURTHER EVIDENCE**
7 **THAT A COMPETITIVE MARKET EXISTS?**

8 A. Yes. It is important that Southwestern Bell be able to offer services, packages and
9 promotions that are similar to those offered by its competitors.

10
11 **5) RESPONSE ON SPECIFIC SERVICES**

12 **Q. ARE YOU PLANNING TO RESPOND TO THE TESTIMONY OF THE**
13 **OTHER PARTIES' WITNESSES ON ALL SERVICES?**

14 A. No. While the other Southwestern Bell witnesses with address the testimony of
15 the intervenors witnesses regarding specific services, I will address a few of them
16 in my testimony.

17
18 **Q. MS. MEISENHEIMER, MR. VOIGHT AND MR. KOHLY COMMENT**
19 **ABOUT SOUTHWESTERN BELL'S LOCAL PLUS® OFFERING.**
20 **WOULD YOU PLEASE RESPOND TO THEIR CRITICISMS?**

21 A. Yes. All of these witnesses state that Southwestern Bell should not receive
22 competitive classification for Local Plus because it is not "available for resale".

1 Mr. Voight even goes so far to state that Southwestern is disregarding the
2 Commission's order in a prior case. That is absolutely not true.

3

4 **Q. IS LOCAL PLUS AVAILABLE FOR RESALE?**

5 A. Yes. Southwestern Bell has made this service available for resale consistent with
6 the Commission's orders in both Case Nos. TT-98-351 and TO-2001-667. In
7 Case No. TO-2001-667, no party contended that SWBT failed to meet its
8 obligations to make Local Plus available for resale to interexchange carriers. Nor
9 did anyone seriously dispute that SWBT made its service available for resale to
10 CLECs on an end-to-end basis. Instead, the issue in that case was whether a
11 CLEC could utilize its own switching services and still claim to be "reselling"
12 SWBT's Local Plus service in order to force SWBT to pay access charges to
13 terminate calls in independent company territory. SWBT has and will continue to
14 comply with the Commission's decision until and unless it is overturned on
15 appeal. I think it is improper for Staff to suggest that SWBT is not entitled to a
16 finding of effective competition because it has exercised its rights to appeal two
17 of the Commission's decisions over the last six years.

18

19 **Q. ON PAGE 21 OF THIS REBUTTAL TESTIMONY MR. KOHLY CLAIMS**
20 **THAT LOCAL PLUS "WAS ORIGINALLY AND CONTINUES TO BE**
21 **PRICED BELOW THE IMPUTED COST OF SWITCHED ACCESS".**
22 **HOW DO YOU RESPOND TO THIS CLAIM?**

1 A. Since SWBT has never done an imputation study for Local Plus, I do not know
2 how Mr. Kohly was able to reach this conclusion. I do not believe that AT&T has
3 SWBT's Local Plus usage data that would be necessary to perform an imputation
4 study.

5
6 **Q. SEVERAL OF THE PARTIES STATE THAT THEY DO NOT BELIEVE**
7 **MCA SERVICE IS SUBJECT TO EFFECTIVE COMPETITION. WOULD**
8 **YOU LIKE TO RESPOND?**

9 A. Yes. The issue of MCA service being subject to effective competition will be
10 addressed more fully in the surrebuttal testimony of Southwestern Bell witness
11 Ms. Jablonski. However, I will response to Mr. Kohly's continued claims of anti
12 competitive behavior regarding CLECs participation in the MCA. In Case No.
13 TO-99-483, the Commission determined the CLECs could participate in the MCA
14 on the same terms and conditions (except for price) as the incumbent LECs.
15 Further, the Commission did not find that Southwestern Bell acted in a
16 discriminatory manner in that case.

17
18 **Q. MANY OF THE PARTIES COMMENT ABOUT SOUTHWESTERN BELL**
19 **SEEKING COMMISSION APPROVAL FOR COMPETITIVE**
20 **CLASSIFICATION FOR SWITCHED ACCESS. DO YOU HAVE ANY**
21 **RESPONSE TO THEIR TESTIMONY?**

22 A. Yes. I would like to clarify our request. SWBT seeks only to have the same
23 freedom which CLECs have to restructure switched access while continuing to

1 abide by the cap. This will be discussed further in the surrebuttal testimony of
2 Ms. Douglas.

3
4 **Q. MR. KOHLY DISCUSSES AT&T'S DIGITAL LINK SERVICE AT PAGE**
5 **8 OF HIS REBUTTAL TESTIMONY. DO YOU HAVE ANY COMMENTS**
6 **ABOUT THIS SERVICE?**

7 A. Yes. Mr. Kohly claims this service is not "functionally equivalent to basic local
8 service". It is important the Commission understand that this service offering is
9 one of the very reasons that Southwestern Bell is seeking competitive
10 classification for its services. This is a classic example of "cherry picking".
11 AT&T is providing service to customers, but it is only providing the more
12 profitable services to customer (e.g., the business line, vertical services and
13 interexchange service). AT&T has chosen not to provide access to 911 and
14 operator services but instead leaves that to Southwestern Bell to provide. AT&T
15 has taken the higher margin services from the customer but leaves those services
16 which it considers less profitable to SWBT. I will also point out that AT&T and
17 other CLECs offer other services that provide what would commonly be
18 considered basic telephone service, including access to 911 and operator services.

19
20 **Q. MR. VOIGHT IS CRITICAL OF SOUTHWESTERN BELL FOR**
21 **SEEKING COMMISSION APPROVAL FOR COMPETITIVE**
22 **CLASSIFICATION FOR OPERATOR SERVICES AND DIRECTORY**

1 **ASSISTANCE. WHAT IS HIS BASIS FOR RECOMMENDING TO THE**
2 **COMMISSION THAT IT DENY SOUTHWESTERN BELL'S REQUEST?**

3 A. On page 74 of his rebuttal testimony, Mr. Voight is critical of the "rates charged
4 for operator service by competitive companies".

5
6 **Q. DO YOU AGREE WITH HIS REASONING?**

7 A. No. Mr. Voight's own testimony states that there are competitive carriers
8 operating in this market. He is attempting to punish Southwestern Bell for the
9 actions of some other providers in this market. The Commission should reach the
10 determination that effective competition exists for these services based upon the
11 alternative providers that are described in detail in Ms. Moore's testimony.

12

13 **6) MISCELLANEOUS**

14 **Q. DO YOU AGREE WITH MS. MEISENHEIMER'S POSITION AT PAGES**
15 **5 AND 6 OF HER REBUTTAL TESTIMONY CONCERNING THE**
16 **BURDEN OF PROOF IN THIS CASE?**

17 A. No. The statute clearly provides that SWBT is entitled to a competitive
18 classification unless the Commission determines that effective competition does
19 not exist. The statute does not require SWBT to bear a burden of proof to show
20 effective competition. I would note that Staff witness Mr. Voight agrees with
21 SWBT's position on this point. See Voight Rebuttal, p. 11.

22

1 **Q. DO YOU AGREE WITH MS. MEISENHEIMER'S COMMENTS AT**
2 **PAGES 11 – 13 OF HER REBUTTAL TESTIMONY CONCERNING THE**
3 **FAIRNESS OF CREATING A LEVEL PLAYING FIELD?**

4 **A.** I believe the legislature intended to create a level playing field by providing for a
5 Commission determination that effective competition exists. That finding will
6 create a level playing field in that Southwestern Bell will be regulated in the same
7 fashion as its competitors.

8
9 Further, I disagree with Ms. Meisenheimer's contention that telecommunications
10 users have grown tired of changing providers. Customers are free to make the
11 choice of providers and often switch providers to take advantage of packages,
12 promotions and other offers from competing carriers. As the data attached to my
13 testimony clearly demonstrates, customers have certainly been willing to switch
14 from SWBT's services to those provided by CLECs. Additionally, as
15 demonstrated by the testimony of Ms. Barbara Jablonski, a significant number of
16 SWBT's access line customers have chosen to switch their 1+ intraLATA toll
17 service from SWBT to IXC's over the last two years since dialing parity was
18 implemented by SWBT.

19
20 **CONCLUSION**

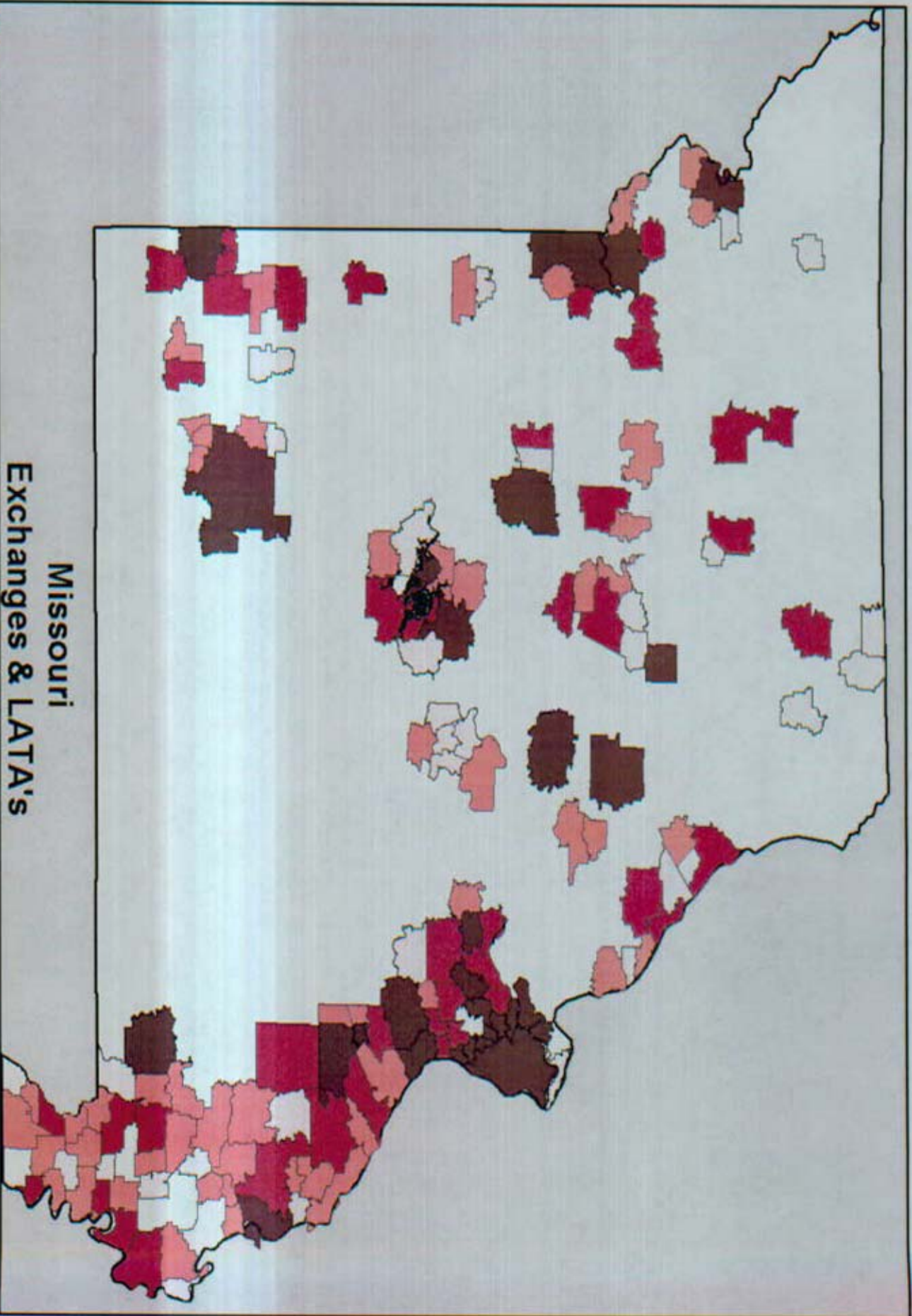
21 **Q. CAN YOU PLEASE SUMMARIZE YOUR TESTIMONY?**

1 A. Yes. Effective competition exists throughout Southwestern Bell's exchanges. No
2 party provided any substantive evidence that SWBT does not face effective
3 competition. The local markets are open to competition and the Commission
4 continues to have the authority to review Southwestern Bell's wholesale pricing
5 and monitor Southwestern Bell's performance in the wholesale markets. The
6 Commission should consider the various types of competitors that exist in the
7 market today in reaching its determination. I certainly hope the Commission
8 provides an appropriate roadmap to SWBT and the parties in any areas where the
9 Commission believes that effective competition does not exist, so that SWBT and
10 the other parties will know the Commission's views.

11

12 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

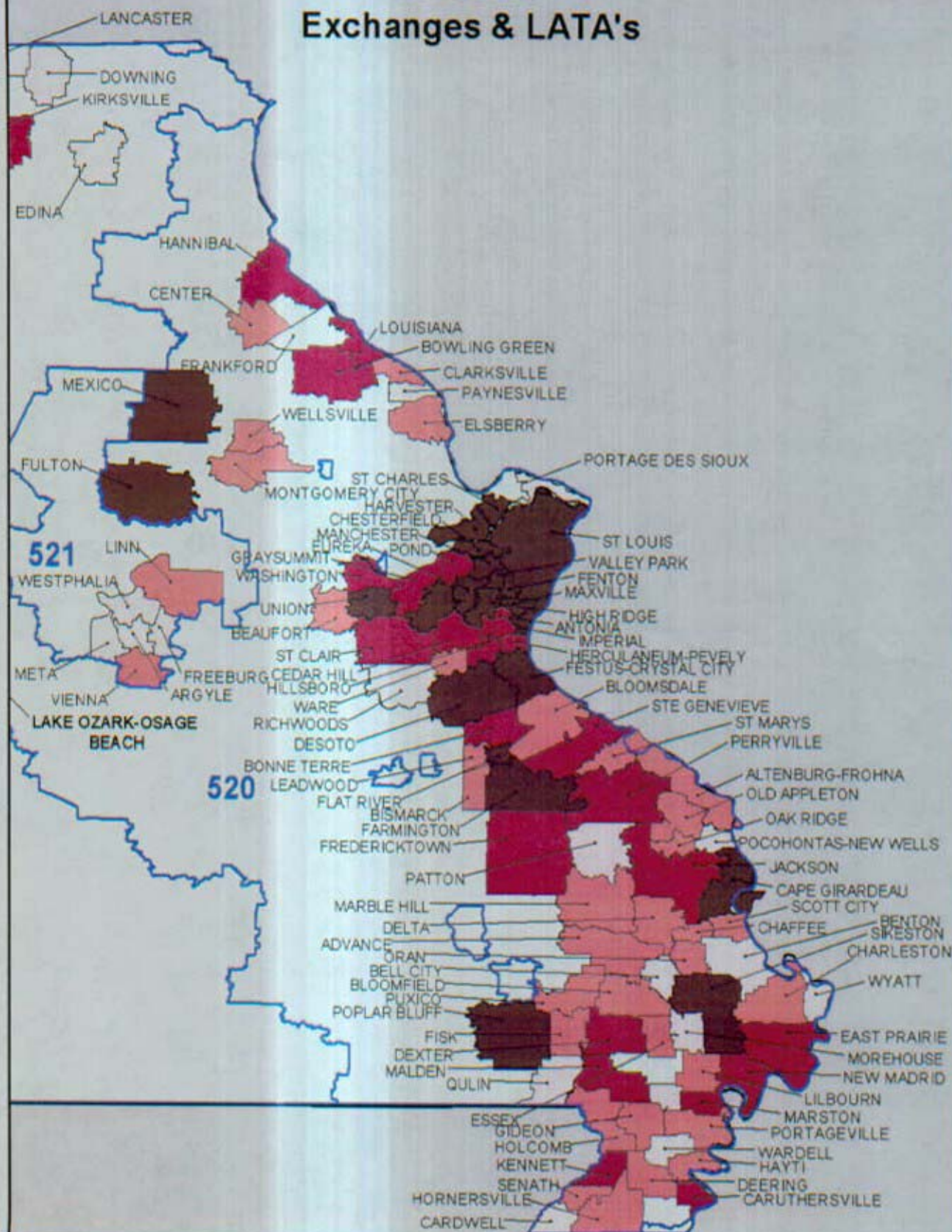
13 A. Yes.



SBC SERVICES, INC.
Marketing Geographic
Information Systems (MIGIS)
Map prepared with
third party ODT data



Missouri Exchanges & LATA's



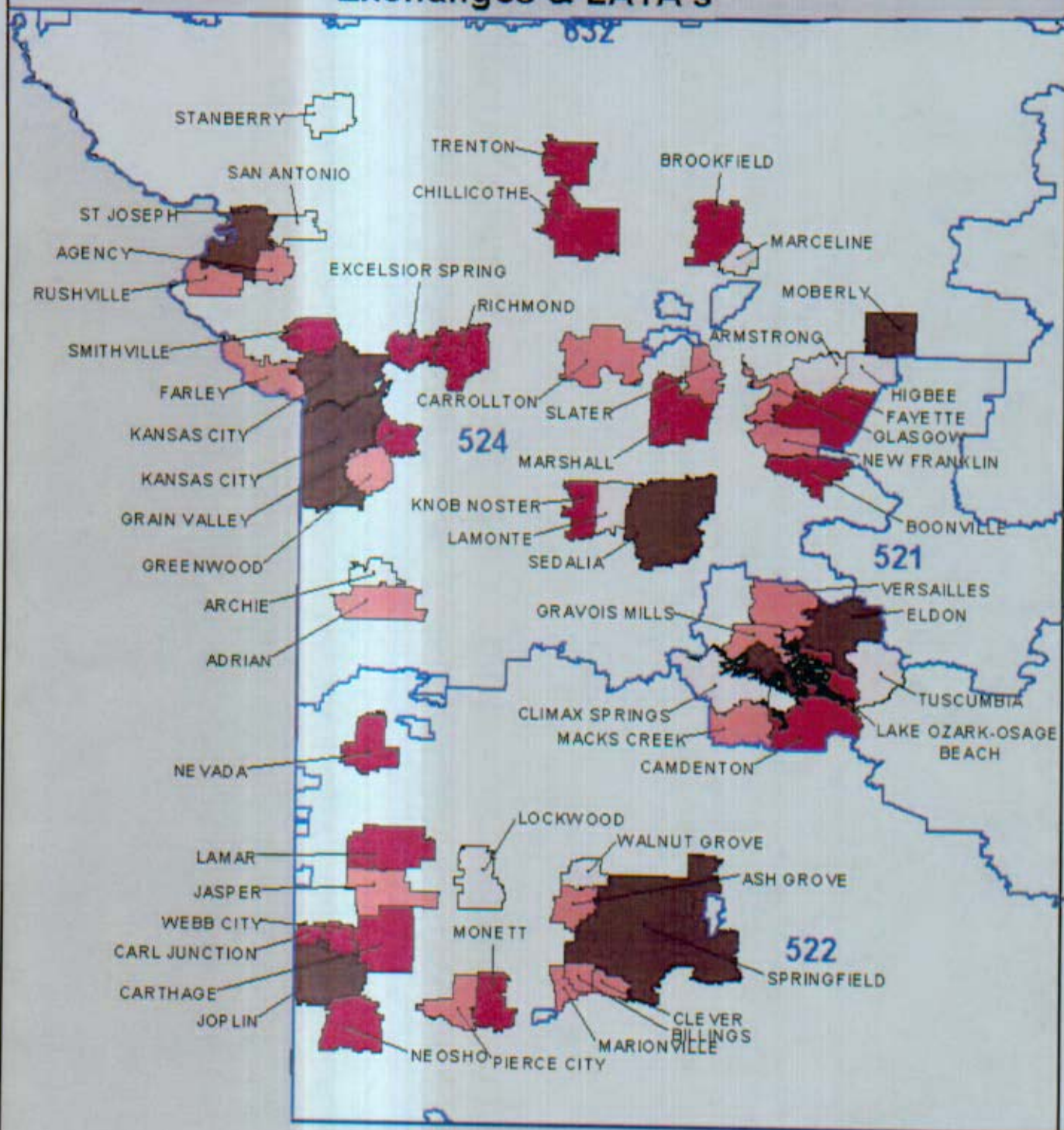
SBC Services, Inc.
Marketing Geographic
Information Systems (OIS)
Map prepared with
third party ODT data



Missouri
Number of active CLECs per exchange



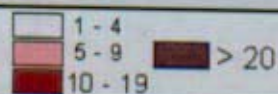
Missouri Exchanges & LATA's



SBC Services, Inc.
Marketing Geographic
Information Systems (GIS)
Map prepared with
ArcMap/ARC/INFO



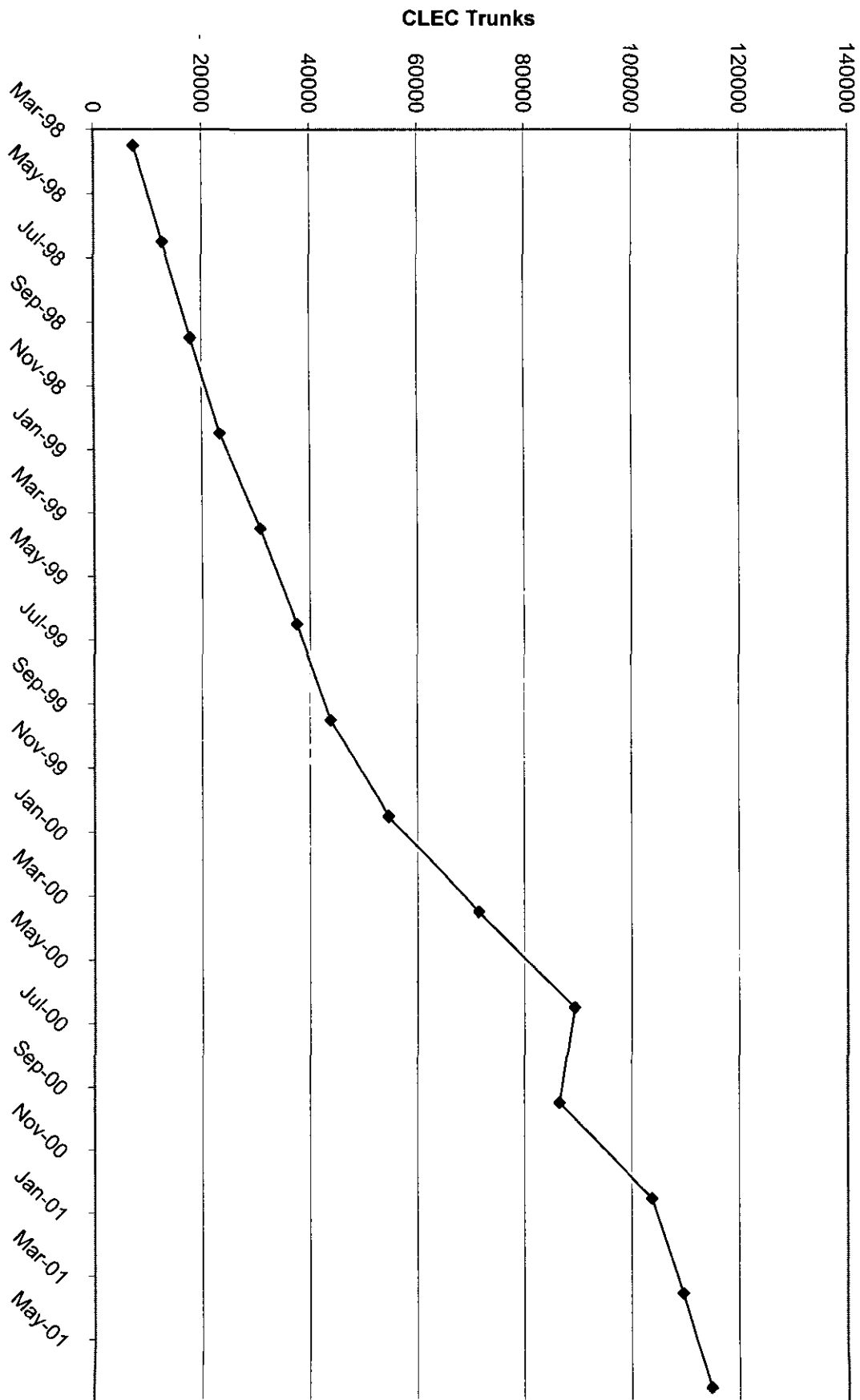
Missouri
Number of active CLECs per exchange



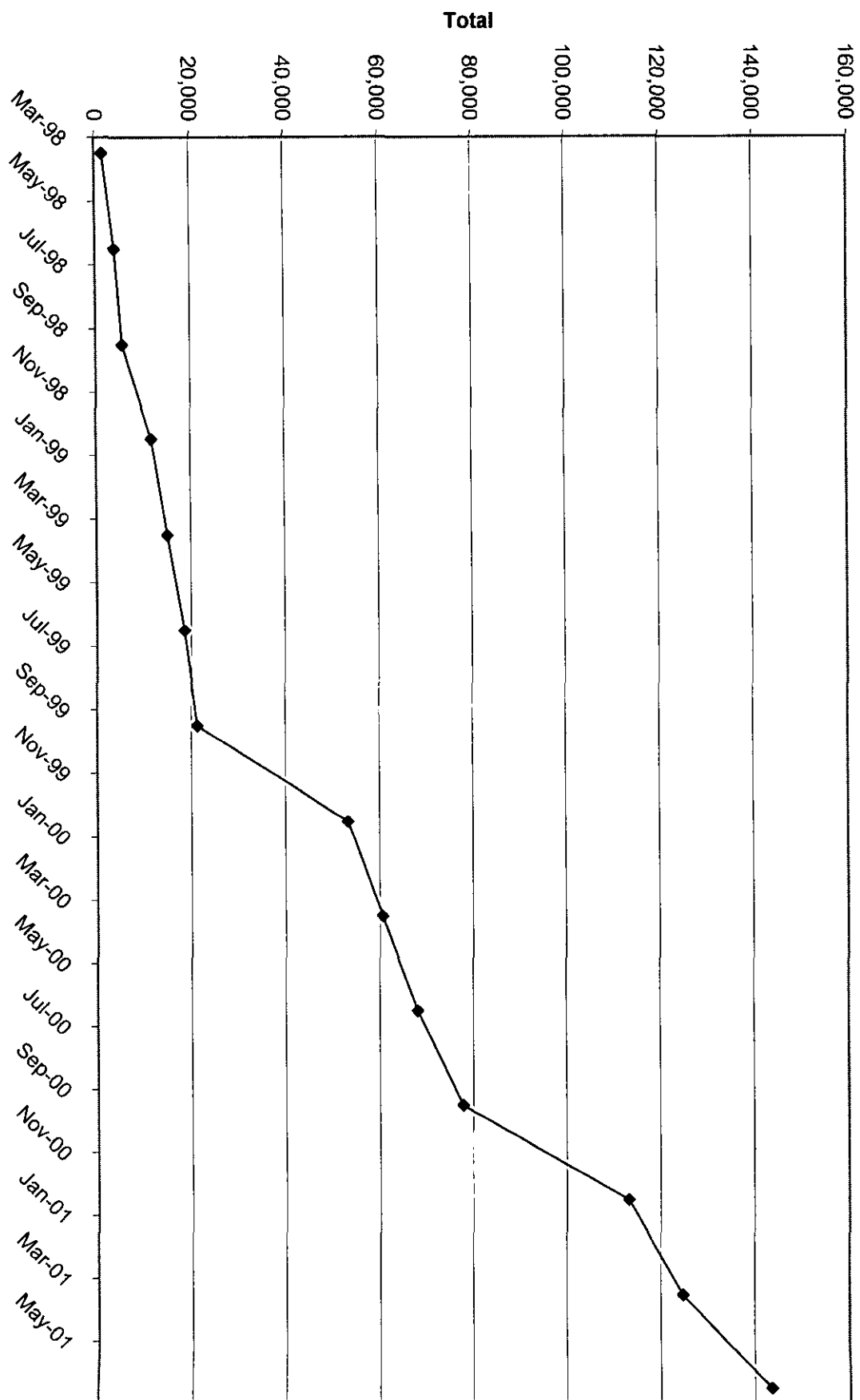
HUGHES SCHEDULE 2

This schedule is Highly Confidential in its entirety.

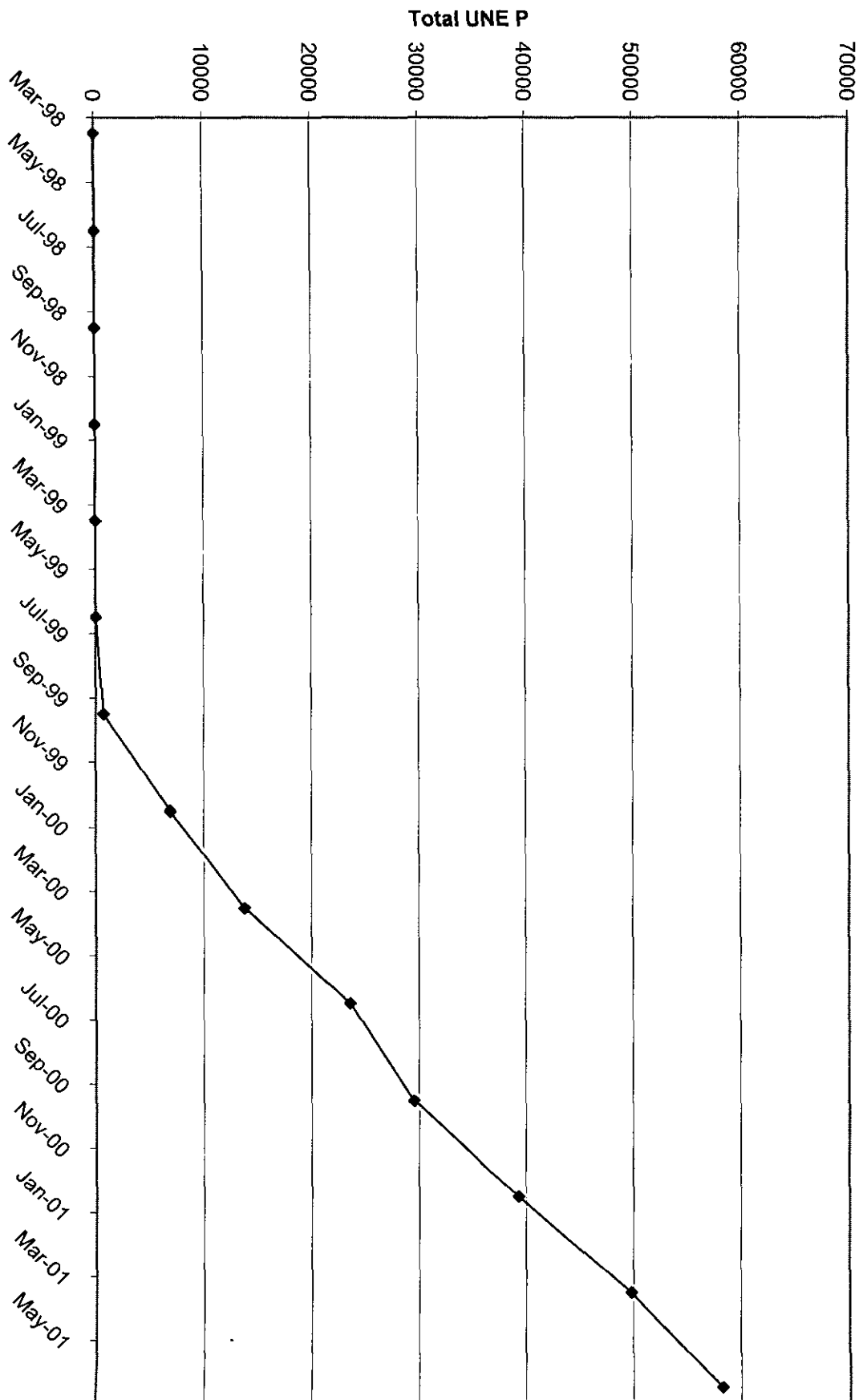
CLEC Interconnection Trunks



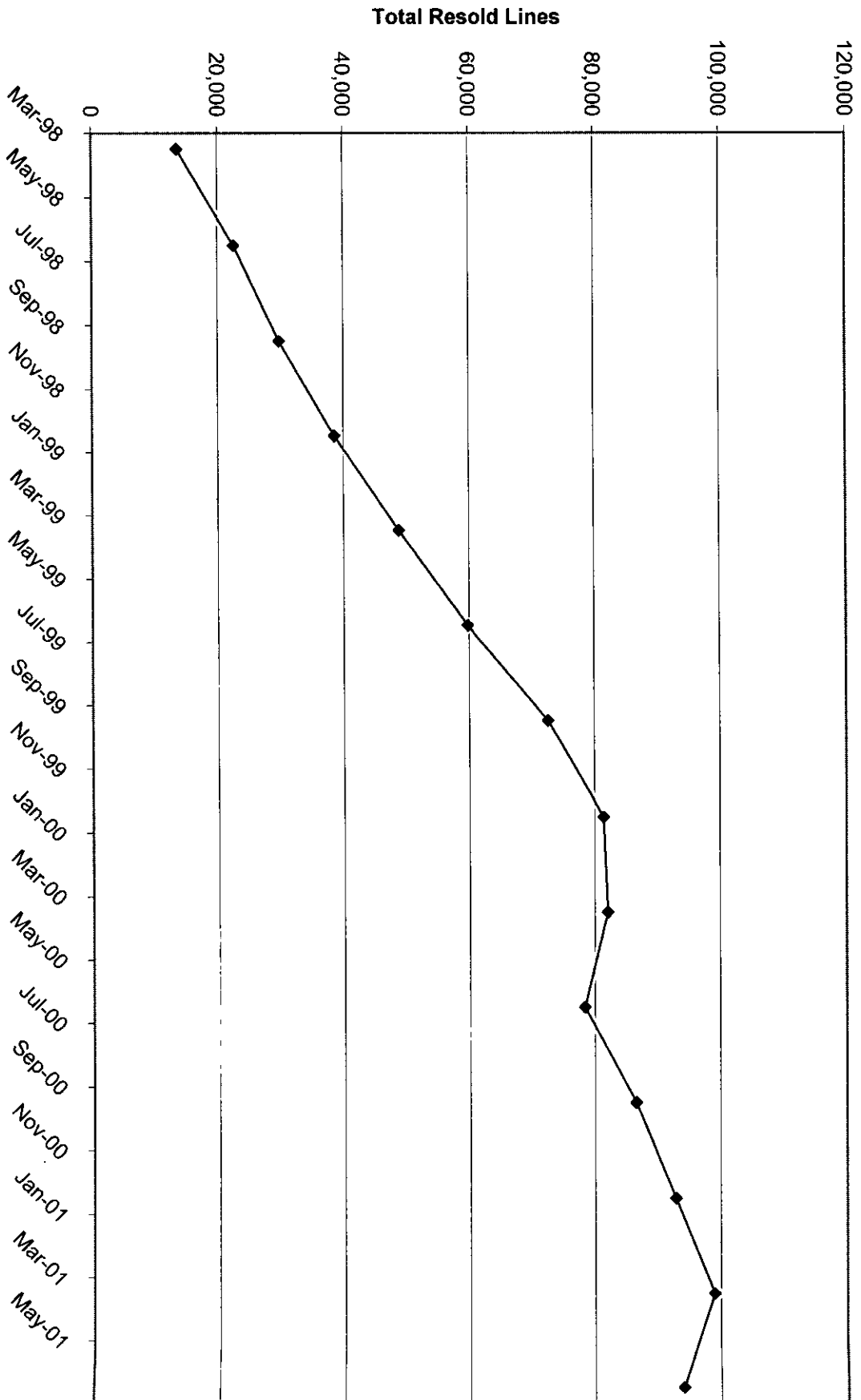
CLEC E911 Listings



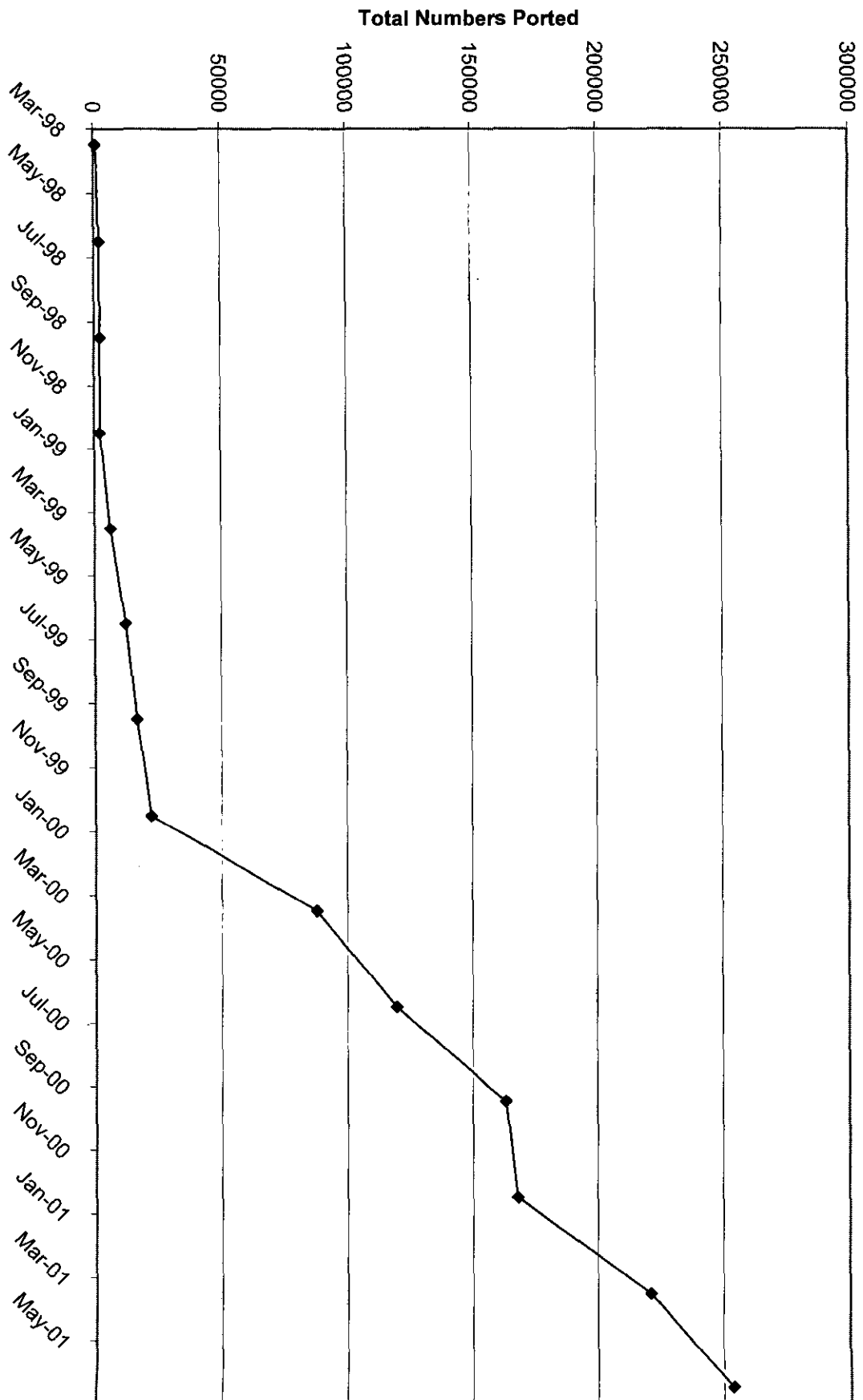
CLEC UNE-P



CLEC Resold Lines



CLEC Port Outs



HUGHES SCHEDULE 4

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HUGHES SCHEDULE 5

This schedule is Highly Confidential in its entirety.

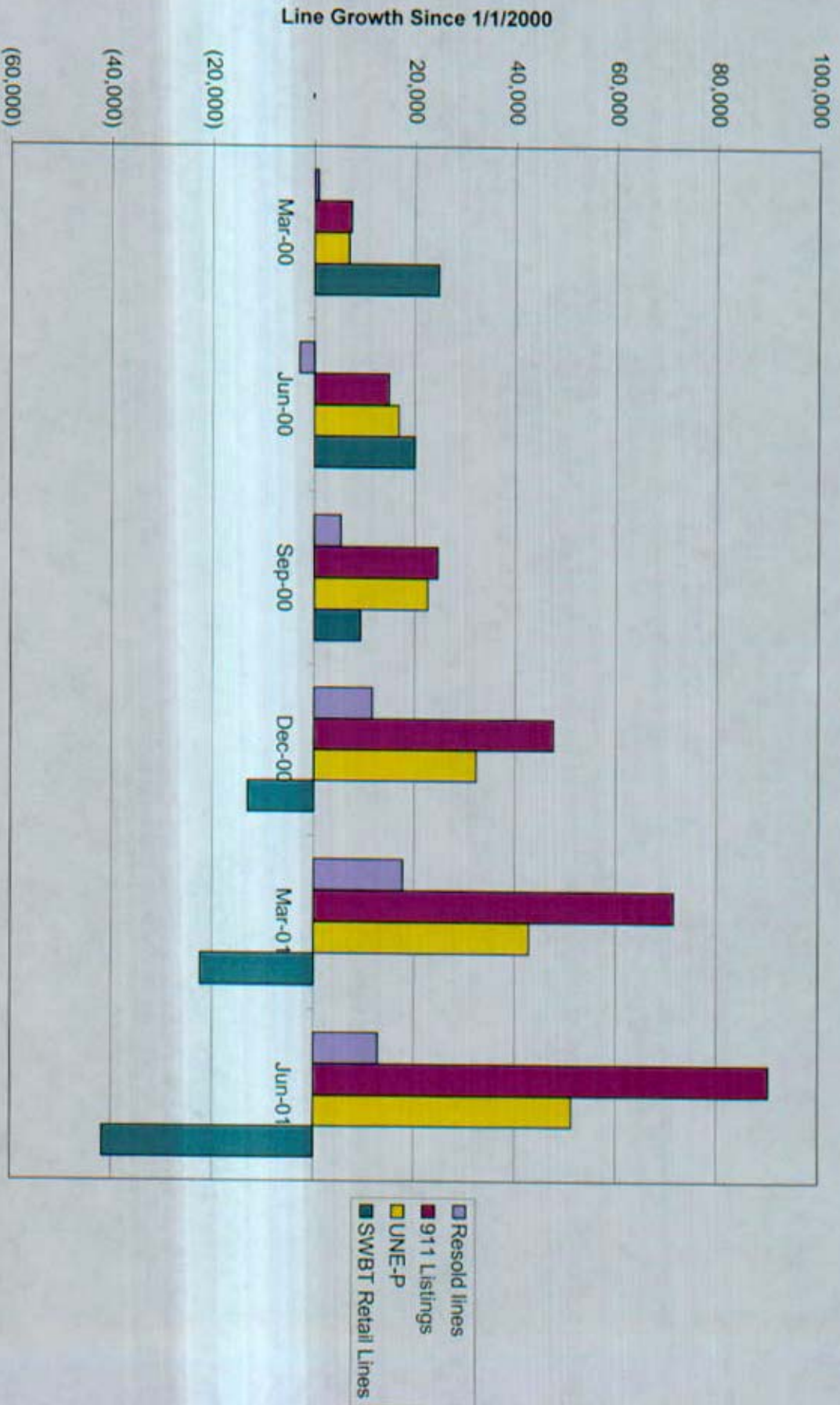
HUGHES SCHEDULE 6

This schedule is Highly Confidential in its entirety.

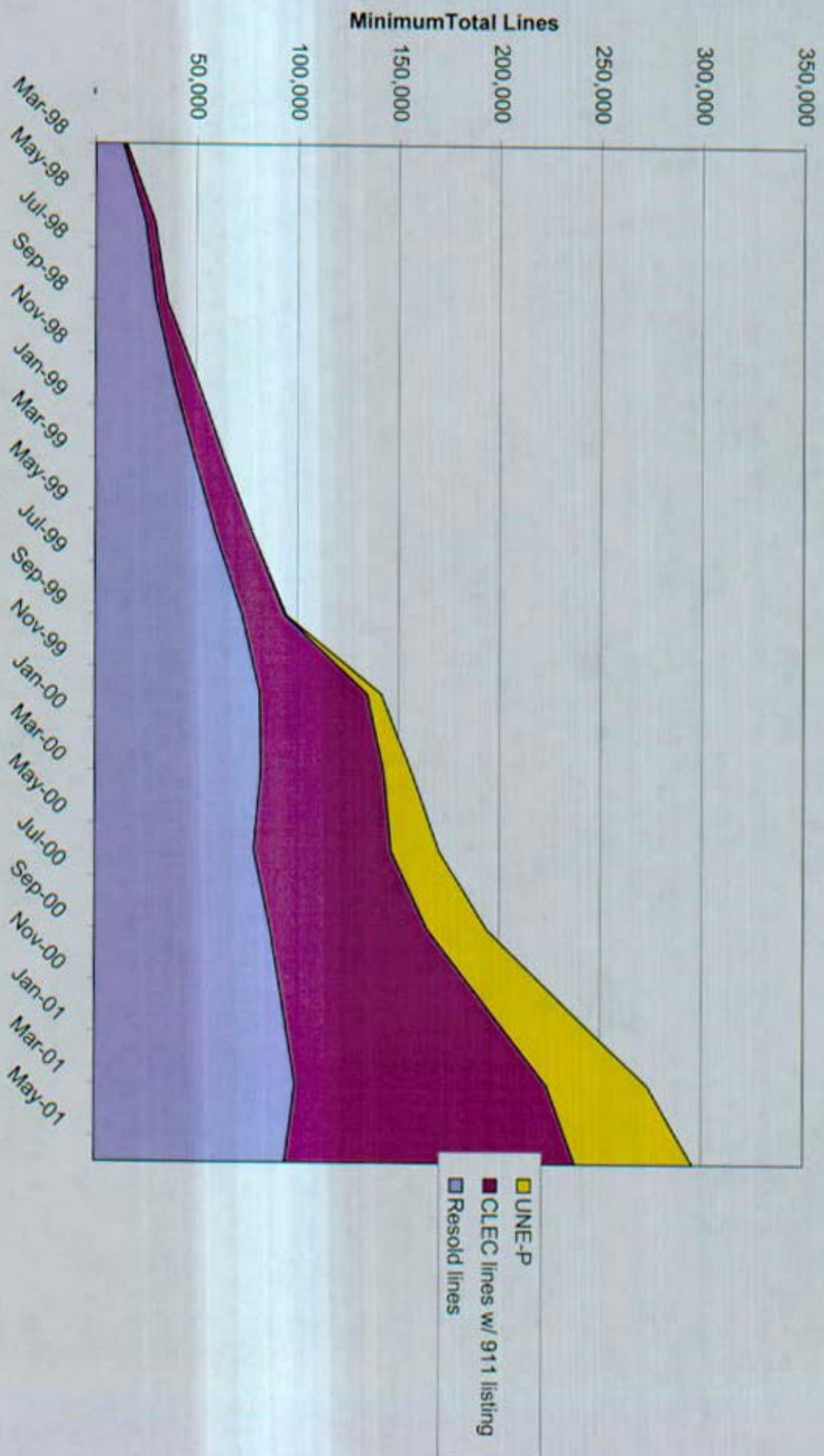
HUGHES SCHEDULE 7

This schedule is Highly Confidential in its entirety.

Cumulative Minimum Line Growth Since 1/1/2000



CLEC Method of Provisioning - Residence & Business Lines



HUGHES SCHEDULE 10

This schedule is Highly Confidential in its entirety.

HUGHES SCHEDULE 11

This schedule is Highly Confidential in its entirety.



News Media Report

St. Louis Business Journal

 _____ 9/7/01

Wireless service in St. Louis keeps getting cheaper

Cell phone use in St. Louis continues to get cheaper, according to a monthly study by Econ One Research in Los Angeles.

The average monthly charge for wireless service in St. Louis in July was \$36.27, or the seventh least expensive in the 25 largest U.S. cities. It was a 1.7-percent drop from June's average cost.

Econ One said the prices fluctuate each month due to cost changes in plans by the different carriers and the introduction of new carriers into different markets.

The most expensive city was San Francisco, with an average cost of \$40 per month, followed by Cincinnati, Boston, San Diego and Los Angeles.

The least expensive city was Chicago, with \$35.47 average cost per month, followed by Phoenix, Minneapolis, Denver and Portland, Ore.