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Sponsoring Party: Southwestern Bell Telephone Company
Case No: TO-2001-467

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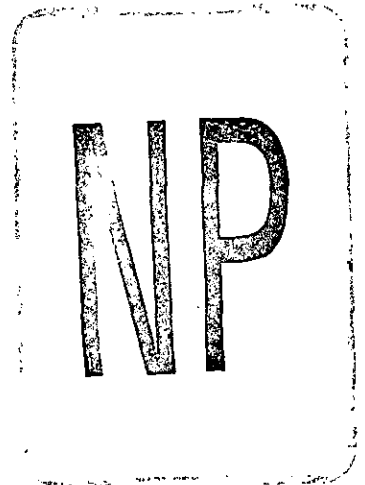
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SURREBUTTAL TESTIMONY

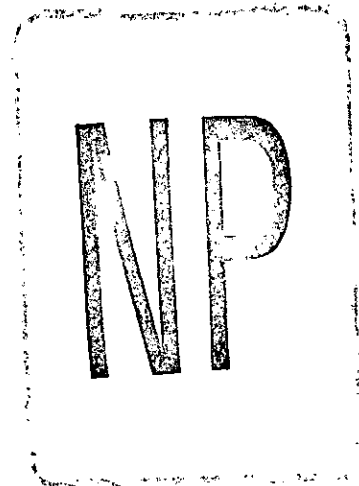
OF

BARBARA JABLONSKI

Hoffman Estates
September, 2001



SURREBUTTAL TESTIMONY
OF
BARBARA JABLONSKI
CASE NO. TO-2001-467



Q. What is your name and business address?

A. I am Barbara Jablonski. My business address is 2000 W. Ameritech Center Drive, 3E27F, Hoffman Estates, IL, 60196.

Q. Are you the same Barbara Jablonski that filed Direct Testimony in this case?

A. Yes.

Q. What is the purpose of your Surrebuttal Testimony in this case?

A. My Surrebuttal Testimony will confirm that interexchange services are competitive statewide and that the Missouri Public Service Commission (Commission) should approve the competitive classification of these services. In addition, I will respond to the Rebuttal Testimony filed by William Voight of the Missouri Public Service Commission Staff (Staff), the Rebuttal Testimony of Barbara Meisenheimer filed on behalf of the Office of the Public Counsel (OPC), and the Rebuttal Testimony of Matthew Kohly filed on behalf of AT&T.

Q. Can you please summarize the position of Staff's witness Mr. Voight on the competitive classification of MTS and WATS interexchange services?

1 A. Yes. Staff's witness Mr. Voight's Rebuttal Testimony states that
2 statewide competitive classification of Message Telecommunications
3 Service (MTS) and Wide Area Telecommunications Service (WATS)
4 should be approved by the Commission. In fact, Mr. Voight's Rebuttal
5 Testimony states that Staff completely supports SWBT's request for
6 statewide competitive classification for Message Telecommunications
7 Service "MTS or Long Distance" (Voight Rebuttal, pp. 3-4 and 65) and
8 Wide Area Telecommunications Service (Id., at pp. 4 and 74). Mr. Voight
9 agrees that this was previously declared transitionally competitive and that
10 pursuant to Missouri statutes is now classified as competitive.

11 **Q. Does SWBT agree with Staff on the proposed classification of MTS**
12 **and WATS?**

13 A. Yes. Staff's proposal is consistent with SWBT's position on these
14 services.

15 **Q. What is Staff's position on Optional MCA Service?**

16 A. Although Staff supports a competitive classification for Optional MCA in
17 those exchanges where it recommends a competitive classification for
18 basic local service, Staff indicates that Optional MCA should not receive
19 statewide competitive classification as it is linked to basic local service.
20 (Voight Rebuttal, p. 70).

21 **Q. Do you agree with Staff's view on Optional MCA?**

22 A. No. I believe Optional MCA should receive statewide competitive
23 classification. Optional MCA itself is generally offered by local exchange

1 carriers like SWBT, and, in addition, the service also has various
2 additional competitive alternatives that subject it to effective competition.
3 As I stated in my Direct Testimony, Optional MCA is an optional plan and
4 customers have the choice of whether or not to subscribe to this plan. If a
5 customer chooses Optional MCA service, it allows him or her to make
6 interexchange calls, or calls to other exchanges that are not otherwise in
7 his or her mandatory local calling scope. Customers have the choice of
8 using SWBT's MCA service or selecting services from CLECs and IXC
9 to make the same interexchange call. CLECs provide interexchange
10 calling within the MCAs just as SWBT does and the Commission has
11 approved their participation in the MCA Plan. Additionally, IXCs provide
12 interexchange calling within the MCAs. While the IXC's service might be
13 billed on a per minute basis, it is still providing the same ability to call
14 customers located in other exchanges. Finally, CLECs and IXCs are free
15 to establish their own flat rate calling plans if they so choose.

16 **Q. What is Staff's position on Local Plus®?**

17 A. Staff indicates that Local Plus should not receive a competitive
18 classification and believes that SWBT has refused to allow facilities based
19 competitors and those using UNEs to resell Local Plus. (Id., pp. 72-73)

20 **Q. Do you agree with Staff's position on Local Plus?**

21 A. No. I believe that Local Plus faces effective competition and should have
22 competitive status. Like optional MCA service, Local Plus is an optional
23 plan whereby a customer pays an additive monthly charge for the ability to
24 place interexchange calls. As with optional MCA service, CLECs are able

1 to provide the same type of service. Moreover, IXC's provide services that
2 allow customers to make the same interexchange calls that Local Plus
3 allows customers to make. Again, the charge for the interexchange call
4 purchased from an IXC may be on a per minute basis, but it is still
5 providing the same ability to place an interexchange call that SWBT's
6 Local Plus service is providing. Additionally, CLECs and IXC's are free to
7 establish their own flat rate calling plans if they so choose.

8 **Q. Do you agree with Staff's witness Mr. Voight that because optional**
9 **MCA service is so closely tied to basic local service, price cap**
10 **restrictions should not be removed for MCA Service?**

11 A. No I do not. In Mr. Voight's Rebuttal Testimony, he states that MCA
12 service is not classified as interexchange MTS service (Voight Rebuttal,
13 p. 70). As I previously stated, calls originated by Optional MCA
14 customers are interexchange calls to exchanges that are not otherwise in
15 the customer's local calling scope. These same calls are able to be
16 completed by customers using their presubscribed intraLATA toll carrier
17 (i.e., their LPIC carrier). In addition, based on my review of the
18 Commission's Report and Order in Case No. TO-92-306, in the Matter of
19 the establishment of a plan for expanded calling scopes in metropolitan
20 and outstate exchanges effective January 5, 1993, it is my belief that the
21 Commission considers MCA calls as interexchange calls.

22 **Q. In response to your concern about SWBT's ability to restructure and**
23 **postalize its toll service rates, Mr. Voight states that "If SWBT desires**
24 **to introduce a flat rate postalized long distance calling plan, it should**

1 **do precisely what its competitors do and file a tariff to offer the**
2 **service (Voight Rebuttal, p. 69). Does Mr. Voight's suggestion**
3 **address your concern?**

4 A. No. My concern pertains to the fact that as long as MTS is subject to price
5 caps, SWBT's ability to restructure and postalize MTS rates on a revenue
6 neutral basis would be limited. SWBT's current MTS structure has 16
7 mileage bands, initial and additional rates per minute, and time of day
8 discounts. If SWBT wanted to restructure its current MTS offering on a
9 revenue neutral basis and provide a postalized initial or additional rate per
10 minute regardless of mileage band, some of the mileage band rates would
11 be reduced while others would have to be increased – possibly more than
12 the 8% allowed under price cap.

13 **Q. Can you please summarize the position of OPC witness Ms.**
14 **Meisenheimer on the competitive classification of interexchange**
15 **service (Toll, 800, Local Plus, Optional Metropolitan Calling Area)?**

16 A. Yes. Ms. Meisenheimer, states that OPC could support a competitive
17 classification for interexchange services that do not involve flat rate
18 unlimited usage such as MCA, Local Plus and the Designated Number
19 Plan (Meisenheimer Rebuttal, p. 22).

20 **Q. Do you agree with OPC's positions?**

21 A. I do agree with Ms. Meisenheimer's conclusions concerning the
22 competitive classification of interexchange services that do not involve
23 flat rate unlimited usage. But as I indicated above in my responses to Mr.
24 Voight's Rebuttal Testimony, I believe that flat rated interexchange

1 services should also be considered competitive. Although my response
2 focused on MCA and Local Plus, it is equally applicable to Designated
3 Number which is another optional plan with a monthly fee that provides
4 customers with unlimited interexchange calling to one or more designated
5 numbers.

6 These are all interexchange services that should be granted a competitive
7 classification just as the other interexchange services should be granted a
8 competitive classification. Just because they are not priced on a per
9 minute/per call basis does not make them non-competitive.

10 **Q. Did Ms. Meisenheimer explain why she believes flat rate services**
11 **should not be classified as competitive?**

12 A. Not specifically. The only discussion I saw was her claim that
13 competition has been hindered by a lack of CLECs in the MCA and the
14 level of CLEC and IXC resale of Local Plus (Meisenheimer Rebuttal, p.
15 14).

16 **Q. Are you addressing these claims in your Surrebuttal Testimony?**

17 A. No. Mr. Hughes addresses many of these issues in his Surrebuttal
18 Testimony.

19 **Q. Can you please summarize the position of AT&T's witness Mr. Kohly**
20 **on the competitive classification of interexchange service (Toll, 800,**
21 **Local Plus, Optional Metropolitan Calling Area)?**

22 A. Yes. Mr. Kohly states that AT&T opposes SWBT's request claiming that
23 SWBT's monopoly in switched access services (a necessary input in the
24 provision of toll) combined with the access rates that are priced above cost

1 gives SWBT the ability to engage in anti-competitive behavior by pricing
2 its retail toll services at or below the price of switched access services in
3 an effort to drive competitors from the market. Mr. Kohly also asserts that
4 two of SWBT's intraLATA interexchange offerings, Designated Number
5 and Local Plus, are priced based upon incremental costs and are priced
6 below the imputed cost of switched access. (Kohly Rebuttal, p. 30)

7 **Q. Do you agree with the positions taken by AT&T's witness Mr. Kohly?**

8 A. No. I do not agree with AT&T's witness Kohly statements.

9 **Q. Please explain why you do not agree with AT&T's position on the**
10 **competitive classification of interexchange services.**

11 A. Mr. Kohly makes reference that AT&T's toll service is not functionally
12 equivalent to SWBT's intralata toll service, due to the fact that AT&T is
13 required to pay out-of-pocket switched access charges to SWBT in the
14 provision of toll. From the end user's perspective, AT&T's intraLATA
15 MTS and SWBT's intraLATA MTS are functionally equivalent as either
16 will result in completion of the customer's call. Customers certainly
17 perceive these services as similar. This is evidenced by the fact that in the
18 two years since SWBT has implemented dialing parity in Missouri, IXC's
19 have gained over ** ____ ** of the LPICs on SWBT's lines.

20 The fact that AT&T pays access charges on the call is irrelevant in
21 determining whether services are substitutable or functionally equivalent.
22 Moreover, the fact that AT&T has to pay switched access charges have
23 been in place since divestiture. In fact, at the time SWBT's interexchange
24 services were declared transitionally competitive, AT&T was paying

1 switched access charges. Dr. Aron also addresses the functional
2 equivalence of AT&T's and SWBT's toll services in her Surrebuttal
3 Testimony.

4 **Q. Do you agree with Mr. Kohly's statement that wireless providers are**
5 **not recognized as MCA participants in the optional tiers of the MCA**
6 **zones or that customers subscribing to wireless providers, either for**
7 **fixed-wireless service or traditional cellular will not be able to receive**
8 **calls from SWBT customers according to the MCA calling scope**
9 **(Kohly Rebuttal, pp. 10-11)?**

10 A. I agree that the Commission's MCA Plan does not recognize wireless
11 providers as MCA plan participants. But I would note that calls to
12 wireless customers who are served with an NXX that is from an area
13 included in the MCA calling scope may be placed like other MCA calls. I
14 would also note that wireless providers generally offer calls within the
15 MCA on a toll free basis.

16 **Q. Does Mr. Kohly agree with SWBT's position that wireless long**
17 **distance is being used as a substitute for wireline long distance?**
18 **(Kohly Rebuttal, p. 26)**

19 A. Yes, Mr. Kohly agrees with SWBT's position that wireless long distance
20 is a substitute for wireline long distance.

21 **Q. In your Direct Testimony did you provide the number of IXC's that**
22 **are available to be selected as a 1+ intraLATA toll service provider in**
23 **each SWBT exchange?**

1 A. Yes, I did. In fact, there are a minimum of 74 carriers that provide 1+
2 intraLATA toll service in each of SWBT's 160 exchanges.

3 **Q. Even though Mr. Kohly attempts to suggest that IXC's intraLATA**
4 **toll is not a substitute for SWBT's intraLATA toll, are customers**
5 **choosing IXC's to be their 1+ intraLATA toll provider in Missouri?**

6 A. Yes. In the two years that dialing parity has been available to SWBT's
7 customers, a significant number of these customers have chosen to change
8 from SWBT's 1+ service to an IXC's 1+ service. Approximately
9 **** ____ **** of SWBT's residential customers have elected an IXC to be
10 their 1+ provider instead of SWBT and approximately **** ____ **** of
11 SWBT's business customers have elected an IXC to be their 1+ provider
12 instead of SWBT. While SWBT had already lost a significant amount of
13 the intraLATA toll market prior to dialing parity because IXC's had been
14 competing in the interexchange market for over 15 years, the substantial
15 loss of LPICs just over the last two years provides clear evidence that
16 customers see IXC's services as substitutable for or functionally
17 equivalent to SWBT's interexchange services.

18 **Q. Do any parties comment on SWBT's WATS service?**

19 A. Yes. Staff supports a competitive classification for SWBT's WATS
20 services and no other party provides any substantial evidence that SWBT's
21 WATS services should not be deemed competitive.

22 **Q. Please summarize your Surrebuttal Testimony.**

23 A. My Surrebuttal Testimony shows that interexchange services, including
24 flat-rate services (i.e., Local Plus, Optional MCA and Designated

1 Number), should be classified as competitive. Flat rate interexchange
2 services, such as Optional MCA, Local Plus, and Designated Number, are
3 just different pricing plans for the same calling capability. Furthermore,
4 carriers are certainly able to resell these services so they are free to offer
5 the same flat rate pricing plans and they are free to offer their own flat rate
6 calling plans. The fact that a substantial number of customers have chosen
7 IXCs to be their 1+ intraLATA toll provider demonstrates that customers
8 see IXC services to be substitutable and functionally equivalent to
9 SWBT's services. Finally, no party provided any credible evidence to
10 suggest that SWBT's interexchange services do not face effective
11 competition.

12 **Q. Does this conclude your Surrebuttal Testimony.**

13 A. Yes.