

Exhibit No.:

Issues: Competitive Status

Witness: John Van Eschen

Sponsoring Party: MO PSC Staff

Type of Exhibit: Direct Testimony

Case No.: TO-2006-0093 & 0102

Date Testimony Prepared: September 12, 2005

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

DIRECT TESTIMONY

OF

JOHN VAN ESCHEN

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. TO-2006-0093 & 0102

**Jefferson City, Missouri
September 2005**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Request of
Southwestern Bell Telephone, L.P., d/ba
SBC Missouri, for Competitive)
Classification Pursuant to Section
392.245.6, RSMo (2005) - 30-day and
60-day Petition.

Case Nos. TO-2006-0093,
TO-2006-0102

AFFIDAVIT OF JOHN VAN ESCHEN

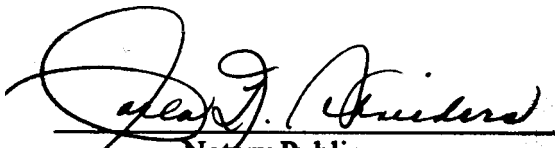
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

John Van Eschen, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of _____ pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.



John Van Eschen

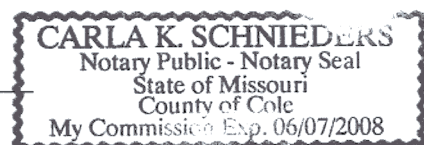
Subscribed and sworn to before me this 8th day of September, 2005.



Notary Public

My commission expires

June 7, 2008



1
2
3
4
5

TABLE OF CONTENTS

The 30-Day Proceeding.....	5
The 60-Day Proceeding.....	17

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

12

13
14

15

16

17

18

19
20
21
22
23
24
25
26
27
28

Direct Testimony of
John Van Eschen

1 Scope Task Force formed in Case No. TW-2004-0471 for the purpose of studying
2 expanded calling issues in Missouri.

3 Q. What is your educational background?

4 A. I have a Bachelor of Arts degree in Psychology from the University of
5 Iowa. I also have a Master of Arts degree in Economics from Kansas State University.

6 Q. Have you previously testified before the Commission?

7 A. Yes.

8 Q. What is the purpose of your testimony?

9 A. The Commission Staff (Staff) has evaluated Southwestern Bell's (SBC's)
10 Petition for Competitive Classification. The purpose of this testimony is to respond to
11 SBC's request for competitive classification in both the 30-day proceeding and the
12 60-day proceeding. In the 30-day proceeding, Staff recommends the Commission grant
13 competitive status to 15 exchanges for the provisioning of residential services and 35
14 exchanges for the provisioning of business services. In the 60-day proceeding, Staff
15 recommends competitive status be granted to one additional exchange for residential
16 services and nine additional exchanges for business services using the same standards as
17 applied in the 30-day proceeding. The specific exchanges are identified in bold in
18 Schedule 1. Schedule 1 also shows an additional six exchanges that qualify for
19 competitive status for business services; however SBC failed to specifically request these
20 exchanges for competitive status. My testimony will attempt to explain these
21 recommendations as well as simultaneously address SBC's competitive requests in both
22 the 30-day proceeding and the 60-day proceeding.

1 Q. Please explain your understanding of SBC's petition for competitive
2 classification.

3 A. On August 30, 2005, SBC filed a petition for competitive classification.
4 SBC's petition contains a request for certain exchanges to be classified as competitive in
5 a 30-day proceeding and others in a 60-day proceeding. In the 30-day proceeding, SBC
6 is requesting 28 exchanges and 51 exchanges be classified as competitive for the
7 respective provisioning of residential and business basic local telecommunications
8 services. In the 60-day proceeding, SBC is requesting an additional 49 exchanges and 26
9 exchanges be classified as competitive for the respective provisioning of residential and
10 business basic local telecommunications services.

11 Q. What is your understanding of what it means to receive competitive
12 classification?

13 A. Competitive status, if granted to an exchange, will allow an incumbent
14 local exchange telecommunications company greater pricing flexibility than under price
15 cap regulation or rate of return regulation. Depending upon whether competitive status is
16 granted to residential services, business services or both, the company will gain the
17 ability to raise the applicable tariffed rate for all such services, except exchange access
18 service, upon ten days notice to the Commission and to potentially affected customers. In
19 this respect, an incumbent local exchange telecommunications company will essentially
20 have the same pricing flexibility within the exchange as a competitively classified
21 company.

22 SB 237 further expands a company's pricing flexibility for business services
23 depending upon whether competitive status has been granted. For example, the new law

1 allows an incumbent local exchange telecommunications company to price all business
2 services offered within the exchange on a customer specific basis if competitive status
3 has been granted in the exchange for business services. Competitively classified
4 companies will also be able to price all business services in the exchange on a customer
5 specific basis if the incumbent's business services have been declared competitive in the
6 exchange.

7 Competitive status should not impact a company's ability to price bundles or
8 packages of telecommunications services. SB 237 provides new pricing flexibility that
9 previously was unavailable to telecommunications carriers. The new law essentially
10 states that rates associated with bundles of telecommunications will not be regulated by
11 the Commission, regardless of competitive classification, as long as each
12 telecommunications service included in the package is available apart from the package
13 of services. For example, if an incumbent local telephone company bundles its basic
14 local telecommunications service with other regulated or non-regulated
15 telecommunications services (or non-telecommunications services) then the company is
16 free to charge whatever rate it sees fit for the bundle. Staff still believes the bundles need
17 to be tarified; however, the Commission would not have the ability to establish the prices
18 for these bundles. Pricing flexibility for bundled telecommunications services is
19 available to all telecommunications carriers throughout their service territory regardless
20 of whether competitive status is granted or not. The only criterion appears to be that the
21 services contained in the bundle must be available on a stand alone basis; hence, the
22 distinction between the company's ability to raise the price for stand alone services
23 pursuant to competitive status versus pricing for bundles under SB 237. Conceptually,

1 the rates associated with stand alone services will act as a price ceiling until competitive
2 status has been granted. When the Commission grants competitive status to an exchange,
3 then this price ceiling is essentially removed for services offered on a stand alone basis
4 because the company will gain the ability to increase the price for each stand alone
5 service based on its competitive status.

6 Competitive status, if granted, should also not affect the Commission's ability to
7 control or regulate various aspects of a company's telecommunications offerings. For
8 example competitive status will not affect the Commission's ability to control the rates
9 for exchange access service. The relevant statutes outlining the process for obtaining
10 competitive status exclude exchange access service as part of a company's request for
11 competitive status. If the Commission ultimately grants competitive status to an
12 exchange, it should not impact the Commission's current ability to control or set the rates
13 for exchange access service. Likewise, competitive status, if granted, should not affect
14 the Commission's ability to maintain standards for quality of service, service termination
15 for nonpayment, billing and other requirements. These standards will continue to apply
16 regardless of whether an exchange has received competitive status.

17 **The 30-Day Proceeding**
18

19 Q. What is your understanding of the criteria for qualifying for competitive
20 status in a 30-day proceeding?

21 A. Section 392.245.5 describes the general process for achieving competitive
22 status for an exchange. Specifically, two non-affiliated entities in addition to the
23 incumbent local exchange company must be providing basic local telecommunications
24 service within the exchange. One of the entities can be a commercial mobile service

1 provider as identified in 47 U.S.C. Section 332(d)(1) and 47 C.F.R. Parts 22 or 24. The
2 second entity can be any entity providing local voice service in whole or in part over
3 telecommunications facilities or other facilities in which it or one of its affiliates have an
4 ownership interest. This portion of the statutes directs the Commission to make a
5 determination within 30-days of the request as to whether the requisite number of entities
6 are providing basic local telecommunications service to business or residential customers,
7 or both, in the exchange. The statute lists specific instances whereby the provider of
8 local voice service should not allow the exchange to qualify for competitive status at least
9 under the thirty day process. For example, companies only offering prepaid
10 telecommunications service or only reselling telecommunications service shall not be
11 considered entities providing basic telecommunications service. Likewise, a provider of
12 local voice service that requires the use of a third party, unaffiliated broadband network
13 or dial-up Internet network for the origination of local voice service shall not be
14 considered a basic local telecommunications service provider.

15 Q. Do you believe SBC has met the criteria that one of the two entities can be
16 a commercial mobile service provider?

17 A. Yes. The company's petition for competitive status provides information
18 regarding the presence of wireless providers in the exchanges where competitive status is
19 sought. Staff finds the company's evidence convincing and does not dispute the presence
20 of at least one wireless provider in any of SBC's exchanges where competitive status is
21 sought.

1 Q. Do you believe SBC has met the criteria that the second entity can be any
2 entity providing local voice service in whole or in part over telecommunications facilities
3 or other facilities in which it or one of its affiliates have an ownership interest?

4 A. Yes and no. For some exchanges SBC has met this criterion but for other
5 exchanges Staff has found no evidence that such an entity is actually providing local
6 voice service.

7 Q. Please explain your criteria for determining if an entity is providing local
8 voice service in whole or in part over telecommunications facilities or other facilities in
9 which it or one of its affiliates have an ownership interest.

10 A. Staff considers lines served on a full facility basis or UNE-L basis as the
11 minimum threshold to meet for competitive status in a 30-day proceeding. Full facility
12 based lines involve lines owned by the company. A company providing voice service on
13 a full facility based basis also generally owns the switching facilities used to switch calls.
14 UNE-L basis refers to “unbundled network element loops” a situation where the company
15 leases a local line or loop from an incumbent local telephone company but may own the
16 switching facilities. In most UNE-L situations, a company may own one switch but serve
17 several exchanges from the switch. The switch may be the only equipment owned by the
18 company.

19 The provisioning of service on a full facility basis or UNE-L basis has been
20 selected by the Staff as the minimum threshold to meet for competitive status in a 30-day
21 proceeding because it reflects a situation where the company, or its affiliate, owns certain
22 facilities in the provisioning of service. Although a company providing service on a
23 UNE-L basis generally only has ownership interest in a switch, a switch can probably be

1 included as qualifying as telecommunications facilities as defined by 386.020(52)
2 because a switch can be considered a receiver, machine, apparatus or device. This
3 statutory definition specifically defines “telecommunications facilities” as “...includes
4 lines, conduits, ducts, poles, wires, cables, crossarms, receivers, transmitters, instruments,
5 machines, appliances and all devices, real estate, easements, apparatus, property and
6 routes used, operated, controlled or owned by any telecommunications company to
7 facilitate the provision of telecommunications service.” A strict application of this
8 definition may lead to questionable results from the perspective that a company may not
9 own a switch or lines but rather simply some real estate that may be used to facilitate the
10 provisioning of telecommunications service. For instance, a company may own some
11 office space for taking orders for telecommunications service and meet the definition of
12 telecommunications facilities. Regardless, Staff is considering the provisioning of
13 service on a full facility basis or UNE-L basis as the minimum threshold to meet for
14 competitive status in a thirty day proceeding.

15 Q. What records did Staff rely on in order to determine what wireline entities
16 are providing local voice service in an exchange?

17 A. Section 392.245.5(6) directs the Commission to maintain records of
18 regulated providers of local voice service, including those regulated providers who
19 provide local voice service over their own facilities, or through the use of facilities of
20 another provider of local voice service. Staff’s response to this directive has been to rely
21 on the annual reports submitted by telecommunications companies to the Commission.
22 Specifically, all local exchange carriers are required to report the number of access lines
23 served on an exchange-specific basis as of December 31st of the proceeding year.

Direct Testimony of
John Van Eschen

1 Companies are expected to identify the number of voice grade equivalent lines based on
2 the following categories: pure resale, UNE-L, UNE-P, and full facility based. Attached
3 in Schedule 2 is a blank copy of the Commission's annual report form which attempts to
4 describe most of the access line-related terms used in the annual report form.

5 The annual reports due on April 15, 2005, are the reports focused upon by Staff
6 for this proceeding. Staff has attempted to follow up with many competitively classified
7 companies providing local voice service to ensure their respective annual report
8 information is correct. For example, in some situations a company may have identified
9 an unknown exchange(s) or alternatively simply identified the total number of lines
10 served without identifying lines served on an exchange-specific basis. In all known
11 instances where there may have been an issue, we have attempted to ensure a company's
12 annual report was compiled accurately and completely. Some companies reported
13 serving "0" lines in their annual report but show a positive revenue in the company's
14 annual statement of revenue. In such circumstances, Staff followed up with the
15 telecommunications company to inquire how the revenue was generated and specifically
16 if the company was providing local voice service. When appropriate, companies re-
17 submitted their annual report information. Staff also contacted companies who reflect
18 providing local voice service on either a full facility based basis or on a UNE-L basis.
19 Staff's contact with facility based and UNE-L providers attempted to ensure these
20 companies properly categorized lines served.

21 Q. Are there any potential issues with solely relying on the data submitted by
22 companies in their annual report?

1 A. Yes. The timing of the annual reports may be an issue in some instances
2 since access line data may be considered somewhat dated in the sense that it captures
3 access lines as of December 31, 2004. A company's annual report will not capture access
4 lines implemented during 2005. In addition, the annual report information may be
5 deficient if the competitive company is providing service but has failed to obtain proper
6 certification.

7 Q. If SBC is requesting competitive status for a particular exchange but
8 Staff's records do not reflect SBC's identified competitor is providing service in the
9 exchange, did Staff take any action?

10 A. Yes. In such situations, Staff attempted to directly contact the competing
11 company and verify if it was providing local voice service. Cross-checks were also
12 conducted on the competing company's tariff and web site for additional verification as
13 to whether the competing company offers local voice service in the exchange. In general,
14 Staff does not rely on a company's tariff and web site as a sole indicator the company is
15 providing service in the exchange. Staff views such information as an additional source
16 to verify that the company may offer service in the exchange. Corroborating evidence
17 from other sources was needed to ensure the competing company is actually providing
18 service in the exchange.

19 Q. Are there certain issues that should be brought to the Commission's
20 attention regarding disagreements between Staff and SBC on whether a competitor is
21 actually providing local voice service in an exchange?

22 A. Yes. Such disagreements with SBC primarily concern whether the
23 competitor is solely providing a data service rather than a local voice service. Section

1 392.245.5(3) defines local voice service as two-way voice service capable of receiving
2 calls from a provider of basic local telecommunications services as defined by
3 subdivision (4) of section 386.020, RSMo. Under the 30-day track, Missouri law
4 specifically excludes certain types of providers of local voice service. For example,
5 Section 392.245.5(2) does not consider a provider of local voice service as providing
6 basic local telecommunications service for determining competitive classification under
7 the 30-day track if the provider requires the use of a third party, unaffiliated broadband
8 network or dial-up Internet network for the origination of local voice service. SB 237
9 also indicates other types of services that should not be considered as providing basic
10 local telecommunications service for purposes of determining competitive criteria, such
11 as companies only offering prepaid service or only reselling telecommunications service
12 shall not be considered entities providing basic telecommunications service. In any
13 event, Staff did not consider any competitor's lines as qualifying an exchange for
14 competitive status if the company's lines are solely used for data purposes.

15 Q. What steps did Staff take in order to identify companies solely providing
16 service to an internet service provider in the exchange?

17 A. Staff directly contacted companies to see if there are any situations where
18 a company is solely serving an internet service provider in the exchange. We discovered
19 there are some exchanges where a company is only providing service to an internet
20 service provider. In Staff's opinion, competition within an exchange from a competing
21 company who solely provides service to an internet service provider should not allow the
22 exchange to qualify for competitive status. Such a provider would not be providing local
23 voice service pursuant to Section 392.245.5(2).

1 Q. Are there any specific companies Staff excluded from its list of qualifying
2 competitive companies?

3 A. Yes. Among companies providing service on a UNE-L or full facility
4 basis Staff considers AT&T to be affiliated with SBC and therefore AT&T was not
5 considered in Staff's analysis for competitive status in any SBC exchanges. SBC
6 likewise noted this affiliation and has not attempted to claim competitive status based on
7 the existence of competition from AT&T.

8 Q. Please identify the specific exchanges where Staff believes SBC meets the
9 criteria for the Commission to grant competitive status to the exchange.

10 A. Schedule 1 identifies the list of exchanges SBC has requested competitive
11 classification under the 30-day proceeding. In response to SBC's request, the list has
12 been expanded to include any exchange where Staff believes SBC meets the criteria of
13 having at least one wireline competitor providing local voice service on either a full
14 facility basis or a UNE-L basis. Schedule 1 identifies exchanges meeting competitive
15 criteria by an "X" in the Yes box. In addition qualifying exchanges are identified in bold
16 type. The column titled "Local Voice Competitor(s)" identifies the specific wireline
17 companies providing local voice service on either a full facility basis or a UNE-L basis.
18 A company is listed in this column if it is serving at least one line within the exchange.
19 Schedule 3 provides a brief description of Staff's understanding of how these competitors
20 are providing service. As shown on Schedule 1, Staff recommends competitive status be
21 granted to the following exchanges in the 30-day proceeding:

Direct Testimony of
John Van Eschen

1 Residential: Chesterfield, Eureka, Fenton, Harvester, Kansas City, Manchester,
2 Monett, Nevada, Pacific, Pond, Smithville, Springfield, St. Charles, St. Louis and Valley
3 Park.

4 Business: Antonia, Camdenton, Cape Girardeau, Chesterfield, Clever, Eldon,
5 Eureka, Fenton, Festus-Crystal City, Grain Valley, Gravois Mills, Greenwood, Harvester,
6 Herculaneum-Pevely, High Ridge, Imperial, Jackson, Joplin, Kansas City, Lake Ozark-
7 Osage Beach, Manchester, Maxville, Monett, Nevada, Pacific, Perryville, Pond, Poplar
8 Bluff, Sikeston, Smithville, Springfield, St. Charles, St. Louis, and Valley Park.

9 Schedule 1 does show six additional exchanges that appear to qualify for
10 competitive status; however SBC did not specifically identify these exchanges in its
11 petition. SBC's petition states a generic request for competitive status for additional
12 exchanges in which SBC qualifies for competitive status but data is unavailable to SBC.
13 In Staff's opinion, an incumbent company should be expected to identify the specific
14 exchanges before competitive status is granted and provide some sort of supporting
15 evidence. For the record the six exchanges qualifying for competitive status for business
16 services are: Chaffee, Linn, Moberly, Montgomery City, St.Clair and Union. Staff did
17 not find any additional exchanges qualifying for competitive status for residential
18 services.

19 Staff recommends the Commission grant competitive status to the following
20 exchanges in the 60-day proceeding. These are exchanges SBC has specifically
21 requested competitive status in the 60-day proceeding; however these exchanges have a
22 competitor providing local voice service on a UNE-L or full facility basis. These
23 exchanges are as follows:

Direct Testimony of
John Van Eschen

1 Residential: Joplin.

2 Business: Archie, Ash Grove, Billings, Boonville, Carthage, Cedar Hill, Farley,
3 Marshall, and Mexico.

4 In granting competitive status, the Commission should identify the conditions for
5 granting competitive status. In these instances competitive status is granted on the basis
6 that at least one wireline company is providing local voice service on a full facility basis
7 and/or on a UNE-L basis. In addition, at least one wireless company is providing service
8 in the exchange. The exchanges identified above reflect exchanges requested by SBC for
9 competitive status in both its 30-day and 60-day proceedings. The Commission should
10 deny competitive status for all other exchanges requested by SBC in its petition.

11 Q. In contrast to SBC's request for competitive classification in the 30-day
12 proceeding, what exchanges should not receive competitive classification at this time?

13 A. The exchanges that should not receive competitive classification in the
14 30-day proceeding are listed in Schedule 1 and are not bolded. These exchanges have an
15 "X" in the column entitled "No" for "Meet Competitive Criteria". In this same column,
16 the name of the competitor as identified by SBC is shown in parenthesis. Staff has
17 directly contacted these companies and inquired whether they provided local voice
18 service in these exchanges and if so, whether such service would be considered on a
19 UNE-L or full facility based basis. In certain instances, we are still waiting for
20 confirmation from these companies that qualifying local voice service is being provided
21 in the exchange.

22 Q. Explain why you have not found these exchanges to meet the criteria for
23 competitive status.

1 A. Currently, Staff is unable to confirm that a qualifying competitor is
2 providing local voice service on full facility basis or UNE-L basis in the exchanges of
3 Advance, Bell City, Delta, Pocahontas-New Wells and Wyatt. SBC claims SEMO is
4 providing local voice service in these exchanges. SEMO has not been granted any type
5 of certificate of service authority to provide basis local telecommunications service by the
6 Missouri Commission. Staff has contacted SEMO and has learned that SEMO may be
7 contracting with a competitive local exchange carrier for the provision of local voice
8 service to its cable customers. Should SEMO actually be providing basic local
9 telecommunications service in these exchanges Staff would expect SEMO to immediately
10 apply for proper authorization to provide such services. Failure of SEMO to seek such
11 authorization may require further action by the Staff and the Commission. If Staff is able
12 to verify local voice service is provided in these exchanges on a full facility or UNE-L
13 basis by a qualifying competitor, it would be appropriate to recommend competitive
14 classification. Until such issues are resolved, Staff recommends these three exchanges
15 not receive competitive classification.

16 At this time, Staff has been unable to confirm that a qualifying competitor is
17 providing residential local voice service on a full facility basis or UNE-L basis in the
18 exchanges of Perryville, Sikeston and Washington. In addition, Staff has been unable to
19 confirm that a qualifying competitor is providing business local voice service on a full
20 facility basis or UNE-L basis in the exchanges of Farmington, Flat River, Fredericktown,
21 Marble Hill, Scott City, St. Genevieve and Washington. SBC claims Big River
22 Telephone Company is providing local voice service in these exchanges. Staff has
23 contacted Big River to confirm the company is providing service to these exchanges on a

Direct Testimony of
John Van Eschen

1 UNE-L or full facility basis. If Staff is able to confirm Big River is providing qualifying
2 local voice service in these exchanges, Staff will amend its recommendation to include
3 these exchanges in the list of exchanges qualifying for competitive status; however, to
4 date, Staff has not been able to independently verify that these exchanges qualify for
5 competitive status.

6 Staff has been unable to confirm that a qualifying competitor is providing
7 business local voice service on a full facility basis or UNE-L basis in the exchange of
8 Excelsior Springs. SBC claims NuVox is providing local voice service in this exchange.
9 Staff has contacted NuVox to confirm the company is providing service to this exchange
10 on a UNE-L or full facility basis. If Staff is able to confirm NuVox is providing
11 qualifying local voice service in this exchange, Staff will amend its recommendation to
12 include this exchange in the list of exchanges qualifying for competitive status; however,
13 to date, Staff has not been able to independently verify that this exchange qualifies for
14 competitive status.

15 Staff has been unable to confirm that a qualifying competitor is providing
16 residential local voice service on a full facility basis or UNE-L basis in the exchanges of
17 San Antonio and St. Joseph. SBC claims Sprint is providing local voice service in these
18 exchanges. Staff has contacted Sprint to confirm the company is providing service to
19 these exchanges on a UNE-L or full facility basis. If Staff is able to confirm Sprint is
20 providing qualifying local voice service in these exchanges, Staff will amend its
21 recommendation to include these exchanges in the list of exchanges qualifying for
22 competitive status; however, to date, Staff has not been able to independently verify that
23 these exchanges qualify for competitive status.

1 Staff has been unable to confirm that a qualifying competitor is providing
2 business local voice service on a full facility basis or UNE-L basis in the exchange of
3 St. Joseph. SBC claims Birch is providing local voice service in this exchange. Staff has
4 contacted Birch to confirm the company is providing service to this exchange on a
5 UNE-L or full facility basis. If Staff is able to confirm Birch is providing qualifying
6 local voice service in this exchange, Staff will amend its recommendation to include this
7 exchange in the list of exchanges qualifying for competitive status; however, to date,
8 Staff has not been able to independently verify that this exchange qualifies for
9 competitive status.

10 SBC has requested Fulton receive competitive classification for business services.
11 SBC claims Socket is providing local voice service in this exchange. Staff's contact with
12 Socket reveals Socket is only providing service to an internet service provider.
13 Therefore, Staff recommends the Fulton exchange not receive competitive status for
14 business services.

15 **The 60-Day Proceeding**
16

17 Q. What is your understanding of the criteria for achieving competitive status
18 in the 60-day proceeding?

19 A. According to 392.245.5(6), an incumbent local exchange company may
20 petition the commission for competitive classification within an exchange based on
21 competition from any entity providing local voice service in whole or in part by using its
22 own telecommunications facilities or other facilities or the telecommunications facilities
23 or other facilities of a third party, including those of the incumbent local exchange
24 company as well as providers that rely on an unaffiliated third-party Internet service. The

1 commission shall approve such petition within 60-days unless it finds that such
2 competitive classification is contrary to the public interest.

3 Q. What evidence has SBC provided in support of its petition for competitive
4 classification in the 60-day proceeding?

5 A. SBC identifies a minimum number of competitors for these various types
6 of service provisioning. For example, SBC identifies the respective minimum number of
7 competitors providing service in the exchange based on whether the provider is using a
8 commercial agreement, UNE-P, wireless or VoIP. According to SBC's figures, the total
9 number of providers within an exchange would be five or more providers of local voice
10 service. SBC does not identify any of the providers; however, SBC notes its competitor
11 counts exclude "...resellers, prepaid providers, AT&T companies and SBC affiliates
12 including Cingular." SBC goes on to say that the count of wireless competitors excludes
13 companies that do not have their own network. SBC indicates VoIP providers were
14 counted only where cable modem service was available (excluding exchanges where only
15 DSL was available) and only where a customer can port their number or obtain a local
16 telephone number.

17 Q. Has SBC attempted to justify how the public interest would be served if
18 competitive classification is granted to these additional exchanges?

19 A. No.

20 Q. In a 60-day proceeding should companies be required to justify how
21 granting competitive status will not be contrary to the public interest?

22 A. Yes. In my opinion, such justification should be required. Absent such
23 justification, the criteria for achieving competitive classification in a 60-day proceeding

1 appears to be very low if non-existent. Without a requirement to justify its request, a
2 company simply has to ask for competitive classification under a 60-day proceeding.
3 Petitions in a 60-day proceeding should be required to specifically identify the companies
4 the company believes should allow it to qualify for competitive status in the exchange.
5 Applicants should be required to explain why these companies should allow it to qualify
6 for competitive status. In addition, applicants should be expected to explain how
7 granting competitive status to these exchanges is not contrary to the public interest.

8 Q. Do you have any reasons why such competitive classification is contrary
9 to the public interest?

10 A. Yes. The Commission should keep in mind a couple of basic ideas in its
11 deliberations for considering the granting of competitive status to these exchanges. The
12 Commission should keep in mind what it means to grant competitive status to an
13 exchange and whether potentially affected customers have reasonable alternatives for
14 service. The Commission should also be aware how its decision may impact other
15 incumbent local telephone companies and the difficulty in revoking competitive status if
16 the Commission later changes its mind.

17 Q. Further explain your statement that the Commission should keep in mind
18 what it means to grant competitive status to an exchange and whether potentially affected
19 customers have reasonable alternatives for service.

20 A. As previously discussed in my testimony, the granting of competitive
21 status to an exchange essentially allows the incumbent local telephone company to gain
22 the ability to raise rates within the exchange. More specifically, competitive
23 classification allows the company to raise the applicable tariff rate for all such services,

1 except exchange access service, upon 10-days notice to the Commission and to
2 potentially affected customers. Competitive classification for business services within an
3 exchange means the incumbent, as well as competing companies, can price business
4 services on a customer specific basis.

5 Conceptually, a competitive market will help ensure customers pay reasonable
6 prices for services. As long as customers have legitimate alternatives for local voice
7 service the incumbent company will be constrained by the prices offered by other local
8 voice providers. Although an incumbent local company may point out that some
9 customers are solely using such technologies as wireless or VoIP services, it remains
10 unclear whether most customers find the services offered by alternative providers
11 substitutable for the incumbent's local voice service. The Commission needs to be
12 comfortable with the existence of these other providers as reasonable alternatives for the
13 incumbent's local voice service before granting competitive status to exchanges based on
14 the existence of a particular type of technology or provider. If the Commission grants
15 competitive status to an exchange and the incumbent local telephone company raises
16 rates, customers should likewise view these alternative providers as reasonable
17 substitutes for the incumbent's local voice service and be able to easily switch to these
18 other providers if they choose.

19 Q. Is it in the public interest to grant competitive status based on the
20 existence of wireless providers or VoIP providers?

21 A. No, not at this time. In Case No. TO-2005-0035, *In the Matter of ohe*
22 *Second Investigation Into the State of Competition in the Exchanges of Southwestern Bell*
23 *Telephone, L.P., d/b/a SBC Missouri*, evidence suggests a relatively small fraction of

1 customers are solely using these services. In that case both Staff witness
2 Adam McKinnie and SBC witness Harry Shooshan quote a figure from the Federal
3 Communications Commission that five to six percent of households have totally
4 substituted wireless service for wireline service. This figure really hasn't grown to the
5 level most people have expected. A June 2, 2005, Wall Street Journal article entitled
6 "Cutting the Phone Cord Isn't as Popular as Once Predicted" states:

7 When the Federal Communications Commission in November
8 2003 began allowing customers to switch their home phone
9 number to a cellphone, a huge shift to wireless-only customers was
10 expected. About 820,000 people did make the move through the
11 end of last year, according to the FCC, but that was only a fraction
12 of what was predicted.

13
14 The Commission should also realize prices for wireless services can be more
15 expensive than wireline services. Wireless service can have higher monthly fees. In
16 addition, most wireless service plans charge a usage fee if the phone's usage exceeds a
17 pre-designated level.

18 Service quality for wireless service can also be an issue. Although wireless
19 service may be available in an exchange, signal strength can be an issue. Some areas of
20 an exchange may not even be able to receive a wireless signal. Emergency service may
21 be another issue, for some wireless providers do not have the ability to pinpoint the
22 caller's location when the caller dials "911".

23 Similar statements could be made for VoIP service. The VoIP Industry Task
24 Force Report filed March 30, 2004, in Case No. TW-2004-0324, cited a projection that
25 VoIP subscribers will represent approximately 2.4% of current wireline access lines in
26 the United States by 2007. VoIP service also requires the subscriber to subscribe to
27 broadband service. Therefore, the price of VoIP service should take into account the fee

1 charged by the VoIP service provider plus the additional fee needed to obtain broadband
2 service. In this respect, VoIP may be considered to be more expensive than wireline
3 service. Some telephone companies do not offer their Digital Subscriber Line or
4 broadband service to customers unless the customer also subscribes to the company's
5 landline service. Service quality can be an issue with VoIP service. Broadband
6 availability can be an issue. In addition, VoIP service may also contend with pinpointing
7 the caller's location when the caller dials "911".

8 Q. Do you have any comments about whether it is in the public interest to
9 grant competitive status based on the presence of providers using the incumbent's
10 facilities either on a UNE-P basis or through commercial agreements?

11 A. In my opinion, providers using the incumbent's facilities either on a UNE-
12 P basis or through a commercial agreement are essentially resellers. Resellers, UNE-P
13 providers and providers using a commercial agreement are solely using the incumbent's
14 facilities. Admittedly, there are some differences between pure resellers and UNE-P
15 providers. For example, the rates an incumbent company charges a pure reseller versus a
16 UNE-P provider differ in the sense a reseller simply receives a discount off of SBC's
17 retail rates while the rates charged to UNE-P providers are based on a negotiated or
18 arbitrated rate. Pure resellers do not charge switched access charges to interexchange
19 carriers while UNE-P providers apply such charges. However, despite these differences,
20 pure resellers and UNE-P providers are both leasing from the incumbent all the facilities
21 necessary for the provisioning of telephone service and the incumbent is getting paid for
22 the use of these facilities.

1 The statutes, as well as this Commission, appear to place greater weight on
2 providers who have invested in their own facilities. In Case No. TO-2001-461, *In the*
3 *Matter of the Investigation of the State of Competition in the Exchanges of Southwestern*
4 *Bell Telephone Company*, the Commission acknowledged that resale is a form of
5 substitutable service and the mere presence of resellers is not substantial evidence for the
6 Commission to determine that effective competition exists. Furthermore, resellers lack
7 the ability to significantly differentiate the service customers receive from the incumbent
8 company. Resellers do not provide the incumbent with significant incentives to improve
9 their own facilities to respond to potential competitive pressures from these competitors.
10 SBC appears to have acknowledged this prior Commission decision because the company
11 has specifically excluded resellers in its petition. SBC should also exclude UNE-P
12 providers for there is little distinction between resellers and UNE-P providers.

13 Q. Please explain your earlier statement that the Commission should be aware
14 how its decision may impact other incumbent local telephone companies.

15 A. I'd like to preface my remarks by saying that in contrast to SBC's petition,
16 establishing a threshold for competitive status based on the existence of a certain number
17 of providers will be difficult to determine. If the Commission tries to establish a
18 threshold based on a certain number of providers the question will be always be raised
19 about the rationale for that certain number. Granting competitive status on the mere
20 existence of wireless providers and/or VoIP providers will probably allow most
21 exchanges served by all incumbents to qualify for competitive status. If the Commission
22 makes that sort of decision, then the Commission needs to realize the difficulty in
23 revoking competitive classification.

1 Q. Please explain why it may be difficult to revoke competitive classification.

2 A. Section 392.245.5(6) describes a subsequent process where the
3 Commission completes a review to determine if the conditions continue to exist for
4 retaining competitive classification for an exchange. In this section, the Commission
5 shall at least every two years or where an incumbent local exchange telecommunications
6 company increases rates for basic local telecommunications services in an exchange
7 classified as competitive, review those exchanges where an incumbent's services have
8 been classified as competitive, to determine if the conditions continue to exist. Staff's
9 understanding of this process is that if the Commission determines that Exchange X
10 should be classified as competitive because Competitor Y is serving lines in the exchange
11 then the Commission can only revoke competitive status in the exchange if competitors
12 provisioning service in the same manner as Competitor Y cease to provide service within
13 the exchange. Stated differently, the Commission cannot simply revoke competitive
14 status on the basis that it doesn't like the fact that the incumbent has raised rates or
15 because the Commission considers the rates to be unjust or unreasonable. The evidence
16 or condition the Commission has identified for granting competitive status to the
17 exchange must no longer exist in order for the Commission to revoke competitive status
18 for an exchange. In other words, for competitive status granted under the 30-day track,
19 Staff would view this as an expectation that the Commission would determine that UNE-
20 L and/or full facility based competition from any competitor no longer exists within the
21 exchange. In a similar manner, if the Commission determines the existence of wireless
22 providers or VoIP providers are sufficient for competitive classification, then these

1 providers as a group or in the requisite number used as a threshold would need to no
2 longer operate within the exchange in order for competitive status to be revoked.

3 Q. Do you have any additional comments regarding whether it is in the public
4 interest to grant competitive status to the exchanges requested by SBC in the 60-day
5 proceeding?

6 A. Yes. One area that Staff is unsure of the implications of granting
7 competitive status concerns the Commission's desire to entertain expanded local calling
8 requests as shown by the Commission's recent approval of a rulemaking in Case No.
9 TX-2005-0194. If the Commission grants competitive status to an exchange and the
10 Commission entertains a request to establish a new calling scope plan or change an
11 existing calling scope plan, then competitive status may make it more difficult for the
12 Commission to require a company to provide any service at a specified rate in the
13 exchange.

14 Another comment is that the new statute provides a significant amount of pricing
15 flexibility for all companies, including incumbent telephone companies. For example,
16 the Commission can no longer control the prices for bundles of services. I suspect a
17 significant percentage of company's customers subscribe to bundled services. Prices for
18 stand-alone services are really the only services that are affected by the Commission's
19 granting of competitive status. In my opinion, it would be in the public interest to deny
20 SBC's request for competitive status in the 60-day proceeding with the exception of the
21 exchanges I previously identified. The Commission should observe how prices react
22 under the significant pricing flexibility already allowed by the new statute.

23 Q. Can you please summarize your testimony?

Direct Testimony of
John Van Eschen

1 A. Yes. As shown on Schedule 1, Staff recommends competitive status be
2 granted as follows to the following exchanges in the 30-day proceeding:

3 Residential: Chesterfield, Eureka, Fenton, Harvester, Kansas City, Manchester,
4 Monett, Nevada, Pacific, Pond, Smithville, Springfield, St. Charles, St. Louis and Valley
5 Park.

6 Business: Antonia, Camdenton, Cape Girardeau, Chesterfield, Clever, Eldon,
7 Eureka, Fenton, Festus-Crystal City, Grain Valley, Gravois Mills, Greenwood, Harvester,
8 Herculaneum-Pevely, High Ridge, Imperial, Jackson, Joplin, Kansas City, Lake Ozark-
9 Osage Beach, Manchester, Maxville, Monett, Nevada, Pacific, Perryville, Pond, Poplar
10 Bluff, Sikeston, Smithville, Springfield, St. Charles, St. Louis, and Valley Park.

11 In response to SBC's 30-day petition, Staff did identify six additional exchanges
12 that appear to qualify for competitive status; however SBC did not specifically identify
13 these exchanges in its petition. SBC's petition states a generic request for competitive
14 status for additional exchanges in which SBC qualifies for competitive status but data is
15 unavailable to SBC. In Staff's opinion, an incumbent company should be expected to
16 identify the specific exchanges before competitive status is granted and provide some sort
17 of supporting evidence. For the record, the six exchanges qualifying for competitive
18 status for business services are: Chaffee, Linn, Moberly, Montgomery City, St. Clair and
19 Union. Staff did not find any additional exchanges qualifying for competitive status for
20 residential services.

21 Staff also recommends the Commission grant competitive status to the following
22 exchanges in the 60-day proceeding:

23 Residential: Joplin.

Direct Testimony of
John Van Eschen

1 Business: Archie, Ash Grove, Billings, Boonville, Carthage, Cedar Hill, Farley,
2 Marshall, and Mexico.

3 In granting competitive status, the Commission should identify the conditions for
4 granting competitive status. In these instances, competitive status is granted on the basis
5 that at least one wireline company is providing local voice service on a full facility basis
6 and/or on a UNE-L basis. The exchanges identified above reflect exchanges requested by
7 SBC for competitive status in both its 30-day and 60-day proceedings. The Commission
8 should deny competitive status for all other exchanges requested by SBC in its petition.

9 Incumbent companies requesting competitive status under the 60-day proceeding
10 should be required to provide evidence as to why such competitive classification is not
11 contrary to the public interest. Petitions in a 60-day proceeding should be required to
12 specifically identify the companies the Applicant believes would allow it to qualify for
13 competitive status in the exchange. Applicants should be required to explain why these
14 companies would allow it to qualify for competitive status. In addition, applicants should
15 be expected to explain how the public interest would be served if competitive status is
16 granted to these exchanges.

17 My testimony has identified reasons why granting competitive status to any
18 additional exchanges based on SBC's request in a 60-day proceeding would be contrary
19 to the public interest. Competitive status provides an incumbent with the ability to raise
20 rates. In granting competitive status potentially affected customers should have
21 reasonable alternatives for service. The Commission's decision to grant competitive
22 status in this 60-day proceeding may have a significant impact on the requests of other
23 incumbent local telephone companies. In my opinion, it may be difficult to revoke

Direct Testimony of
John Van Eschen

1 competitive status if the Commission later changes its mind. Competitive status may
2 limit the Commission's ability to address calling scope requests. In addition, the new
3 statute provides significant pricing flexibility to incumbent companies. The Commission
4 should allow some time to evaluate the impact of the new statute before granting
5 competitive status to significantly more exchanges under a 60-day proceeding.

6 Q. Does this conclude your testimony?

7 A. Yes, it does.

**SBC's Request for Competitive Status
Residential**

Exchange ¹	Meet Competitive Criteria?		Local Voice Competitor(s) ²
	Yes	No	
Advance		X (SEMO)	*
Bell City		X (SEMO)	*
Chesterfield	X		Charter, <i>McLeodUSA</i>
Delta		X (SEMO)	*
Eureka	X		Charter
Farmington		X (Big River)	*
Fenton	X		Charter
Fredericktown		X (Big River)	*
Harvester	X		Charter
Joplin **	X		<i>McLeodUSA</i>
Kansas City	X		Everest, <i>McLeodUSA</i> , Time Warner
Manchester	X		Charter, <i>McLeodUSA</i>
Monett	X		<i>Missouri Telecom, Inc.</i>
Nevada	X		<i>Missouri Telecom, Inc.</i>
Pacific	X		Charter
Perryville		X (Big River)	*
Pocohontas-New Wells		X (SEMO)	*
Pond	X		Charter
San Antonio		X (Sprint)	*
Sikeston		X (Big River)	*
Smithville	X		Time Warner
Springfield	X		<i>McLeodUSA</i>
St. Charles	X		Charter, <i>McLeodUSA</i>
St. Genevieve		X (Big River)	*
St. Joseph		X (Sprint)	*
St. Louis	X		Charter, <i>McLeodUSA</i>
Valley Park	X		Charter
Washington		X (Big River)	*
Wyatt		X (SEMO)	*

* Staff has been unable to verify from independent evidence that a qualifying UNE-L or facilities-based provider is providing local voice service within the exchange.

** SBC requested competitive status under the 60-day track.

¹ Exchanges listed in bold type indicate the exchange qualifies for competitive status according to Staff.

² Identified wireline companies are providing local voice service in the exchange on either a full facility basis or on a UNE-L basis. Company names listed in italics are offering service in the exchange solely on a UNE-L basis where the company is leasing lines from SBC and the company has its own switch.

**SBC's Request for Competitive Status
Business**

Exchange ³	Meet Competitive Criteria?		Local Voice Competitor(s) ⁴
	Yes	No	
Advance		X (SEMO)	*
Antonia	X		<i>Birch</i>
Archie **	X		MCImetro
Ash Grove**	X		<i>NuVox</i>
Bell City		X (SEMO)	*
Billings**	X		<i>NuVox</i>
Bonne Terre		X (Big River)	*
Boonville**	X		MCImetro
Camdenton	X		<i>McLeodUSA, Socket</i>
Cape Girardeau	X		<i>Big River</i>
Carthage**	X		MCImetro
Cedar Hill**	X		MCImetro
Chaffee***	X		MCImetro
Chesterfield	X		<i>Birch, Ionex, MCImetro, McLeodUSA, NuVox</i>
Clever	X		<i>NuVox</i>
Delta		X (SEMO)	*
Eldon	X		<i>Socket</i>
Eureka	X		<i>Birch, MCImetro</i>
Excelsior Springs		X (NuVox)	*
Farley**	X		<i>McLeodUSA, NuVox</i>
Farmington		X (Big River)	*
Fenton	X		<i>Birch, Ionex, MCImetro, McLeodUSA,</i>
Festus-Crystal City	X		<i>Big River</i>
Flat River		X (Big River)	*
Fredericktown		X (Big River)	*
Fulton		X (Socket)	*
Grain Valley	X		<i>Birch, McLeodUSA, NuVox</i>
Gravois Mills	X		<i>Socket</i>
Greenwood	X		<i>NuVox, Everest</i>
Harvester	X		<i>Birch, MCImetro, McLeodUSA, NuVox</i>
Herculaneum-Pevely	X		<i>NuVox, Birch</i>

³ Exchanges listed in bold type indicate the exchange qualifies for competitive status according to Staff.

⁴ Identified wireline companies are providing local voice service in the exchange on either a full facility basis or on a UNE-L basis. Company names listed in italics are offering service in the exchange solely on a UNE-L basis where the company is leasing lines from SBC and the company has its own switch.

High Ridge	X		<i>Birch, Ionex, MCImetro, NuVox</i>
Imperial	X		<i>Birch, NuVox</i>
Jackson	X		<i>Big River</i>
Joplin	X		MCImetro, <i>McLeodUSA</i>
Kansas City	X		<i>Birch, Everest, Global Crossing Local Services, Ionex, MCImetro, McLeodUSA, NuVox, Xpedius</i>
Lake Ozark-Osage Beach	X		<i>NuVox, Socket, MCImetro</i>
Linn***	X		MCImetro
Manchester	X		<i>Birch, MCImetro, McLeodUSA</i>
Marble Hill		X (Big River)	*
Marshall**	X		MCImetro
Maxville	X		<i>Birch, NuVox</i>
Mexico**	X		MCImetro, <i>McLeodUSA</i>
Moberly***	X		MCImetro
Monett	X		<i>Missouri Telecom, Inc.</i>
Montgomery City***	X		MCImetro
Nevada	X		<i>Missouri Telecom, Inc.</i>
Pacific	X		MCImetro
Perryville	X		MCImetro
Pocohontas-New Wells		X (SEMO)	*
Pond	X		<i>Birch, McLeodUSA, NuVox</i>
Poplar Bluff	X		<i>Big River, MCImetro</i>
Scott City		X (Big River)	*
Sedalia	X		<i>Socket</i>
Sikeston	X		<i>Big River</i>
Smithville	X		<i>NuVox</i>
Springfield	X		MCImetro, <i>McLeodUSA, Missouri Telecom, NuVox</i>
St. Charles	X		<i>Birch, MCImetro, McLeodUSA, NuVox</i>
St. Clair***	X		MCImetro
St. Genevieve		X (Big River)	*
St. Joseph		X (Birch)	*
St. Louis	X		<i>Birch, Charter, Global Crossing, Ionex, MCImetro, McLeodUSA, NuVox, Socket, Winstar, XO</i>
Union***	X		MCImetro
Valley Park	X		<i>Birch, MCImetro, NuVox</i>
Washington		X (Big River)	*

Wyatt		X (SEMO)	*
-------	--	----------	---

* Staff has been unable to verify from independent evidence that a qualifying UNE-L or facilities-based provider is providing local voice service within the exchange.

** SBC requested competitive status under the 60-day track.

*** SBC did not specifically request competitive status for this exchange in either the 30-day or 60-day tracks.

Full Company Name (Do not abbreviate, yet include any Commission approved
AKA/DBA/Fictitious Name, if applicable.)

COMPETITIVE LOCAL EXCHANGE CARRIER

and / or

INTEREXCHANGE TELECOMMUNICATIONS CARRIER

ANNUAL REPORT

TO THE

MISSOURI PUBLIC SERVICE COMMISSION

For The Year Ending December 31,

CLEC-IXC

Annual Report of _____
for the year ending December 31,

1. State in full the exact 'certificated' name of the
Competitive Local Exchange Carrier/Interexchange Telecommunications Carrier:
(Do not abbreviate; yet include any Commission approved AKA/DBA/Fictitious Name, if applicable.)

2. Is utility certificated as a Competitive Local Exchange Carrier (CLEC)? If yes, state effective
a. date of certification by the MO Public Service Commission and associated case number:

Date (e.g. 00/00/0000): _____ Case No: _____

- b. Is utility certificated as a Interexchange Telecommunications Carrier (IXC)? If yes, state
effective date of certification by the MO Public Service Commission and associated case number:

Date (e.g. 00/00/0000): _____ Case No: _____

3. Was the company certificated in Missouri under any other name(s)? If yes, please provide all
names and time periods involved since the original certification:

4. This Competitive Local Exchange/Interexchange Telecommunications Carrier is a (Check box
with an X) and if different than certificated name listed above (e.g. parent corporation name)
or if 'Other' is identified, explain:

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Corporation

Partnership

Sole Proprietorship

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

LLC

LP

Other - Explanation

5. Date of incorporation or other original organization (e.g. 00/00/0000):

6. Under the laws of what state is the Competitive Local Exchange/Interexchange
Telecommunications Carrier organized:

7. State in full the name, street address, telephone number, and e-mail address* of the individual
completing/verifying this Annual Report:

(*) To facilitate electronic sending of the Annual Report form next year.

CLEC-IXC

Annual Report of _____
for the year ending December 31, _____

- 8. Whether a corporation or not, give the particulars called for below concerning the principal general officers of the Competitive Local Exchange/Interexchange Telecommunications Carrier at the end of the year:**

**Date Office
Assumed**

Title of General Officer

Name of Person Holding Office

[illegible]

- 9. Please provide a listing of all mergers, consolidations, and reorganizations, completed during the last year.**

[illegible]

CLEC-IXC

Annual Report of _____

for the year ending December 31,

10. Please provide the following information concerning Total Company and gross intrastate operating revenues (i.e., Missouri Specific) Revenues for this Calendar Year:

Revenues:

Operating Revenues* from Telecommunication Services

Access Fee Revenues

Federal USF Subsidies

State USF Subsidies

Other Revenues

Total Company MO Specific

TOTAL REVENUES

--	--

MO Specific should match Statement of Revenue
(MoPSC Assessment)

* Missouri Revised Statutes §386.020(53)

(53) "Telecommunications service", the transmission of information by wire, radio, optical cable, electronic impulses, or other similar means. As used in this definition, "information" means knowledge or intelligence represented by any form of writing, signs, signals, pictures, sounds, or any other symbols. Telecommunications service does not include:

(a) The rent, sale, lease, or exchange for other value received of customer premises equipment except for customer premises equipment owned by a telephone company certificated or otherwise authorized to provide telephone service prior to September 28, 1987, and provided under tariff or in inventory on January 1, 1983, which must be detariffed no later than December 31, 1987, and thereafter the provision of which shall not be a telecommunications service, and except for customer premises equipment owned or provided by a telecommunications company and used for answering 911 or emergency calls;

(b) Answering services and paging services;

(c) The offering of radio communication services and facilities when such services and facilities are provided under a license granted by the Federal Communications Commission under the commercial mobile radio services rules and regulations;

(d) Services provided by a hospital, hotel, motel, or other similar business whose principal service is the provision of temporary lodging through the owning or operating of message switching or billing equipment solely for the purpose of providing at a charge telecommunications services to its temporary patients or guests;

(e) Services provided by a private telecommunications system;

(f) Cable television service;

(g) The installation and maintenance of inside wire within a customer's premises;

(h) Electronic publishing services; or

(i) Services provided pursuant to a broadcast radio or television license issued by the Federal Communications Commission;

CLEC-IXC Annual Report of _____
for the year ending December 31,

11. Local Exchange Carriers Federal/State Low-Income/Disabled Universal Service Fund Subscribers

Background and Purpose: To ascertain on a monthly basis the number of subscribers being provided federal and/or Missouri low-income/disabled support as being reported to USAC (federal support, Form 497) and the fund administrator of the Missouri programs (Missouri support).

Month	Calendar Year 2004	Calendar Year 2005	
	Number of Federal Low Income subscribers	Number of Missouri Low Income subscribers*	Number of Missouri Disabled subscribers*
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
TOTAL:	0	0	0

* Effective for 2005 calendar year
Annual Report.

12. CLEC-IXC Annual Report of _____
for the year ending December 31, _____

COMPETITIVE LOCAL EXCHANGE CARRIER ACCESS LINE REPORT

[illegible]

**Instructions for completing the
Competitive Local Exchange Carrier Access Line Report**

I. BACKGROUND

In opening local telephone markets to competition, the Missouri Public Service Commission (MoPSC) is interested in determining and tracking the amount of actual competition occurring throughout the state. For a variety of reasons including but not limited to statutory reasons, the MoPSC finds it necessary to track the level of competition in local telephone markets.

II. PURPOSE

The purpose of this portion of the Annual Report is to ascertain, on an exchange specific basis, the number of voice-grade equivalent access lines in service being provided by your company in each exchange (as identified in your tariff) in Missouri. Information is sought for residential and business voice-grade equivalent access lines on an exchange-by-exchange basis. **Please use the common exchange name as shown in your tariffs.** Further, information is sought on the following ways of provisioning each access line: (A) pure resale lines; (B) unbundled network element lines (UNE); (C) unbundled network element platform lines (UNE-P); and, (D) pure facility based lines. **Please report on a separate line the number of company used lines.**

III. WHAT IS MEANT BY "VOICE TELEPHONE SERVICE"?

Voice telephone service means local exchange or exchange access services that allow end users to originate and terminate local telephone calls on the public switched telephone network, whether used by the end user for telephone calls or for other types of calls carried over the public switched network (for example, lines used for facsimile equipment and "dial-up" internet lines).

IV. WHAT IS MEANT BY "VOICE-GRADE" EQUIVALENT LINES?

You are to report voice-grade equivalent lines. Count as one voice-grade equivalent line: traditional analog POTS lines, Centrex-CO extensions, and Centrex-CU trunks. Count lines based on how they are charged to the customer rather than how they are physically provisioned. For example, count Basic Rate Integrated (BRI) and Digital Network (ISDN) Services lines as two voice-grade equivalent lines. Report 8 voice-grade equivalent lines if a customer buys 8 trunks that happen to be provisioned over a DS1 circuit. If a customer buys a DS1 circuit that is provided as channelized service, report 24 voice-grade equivalent lines, even if there is some indication that the customer is only using 8 of the derived lines. Thus, a voice-grade equivalent line is a line that directly connects an end user to a carrier and allows the end user to originate and terminate local telephone calls on the public switched network.

Voice-grade equivalent lines include high capacity (DS1, DS-3, etc.) lines that are channelized to provide voice-grade service. In such instances, it is the number of channels available for voice traffic to/from the public switched network that should be counted as voice-grade equivalent access lines. **Note for competitive LEC's providing local exchange service over hybrid fiber-coaxial cable television systems:** Count your records and report how many voice-grade equivalent lines are being billed.

**Instructions for completing the
Competitive Local Exchange Carrier Access Line Report Con'td.**

V. WHAT IS MEANT BY PURE RESALE VOICE GRADE EQUIVALENT LINES?

Pure resold lines are those lines provided pursuant to § 251 (c)(4) of the Communications Act of 1934, as amended. Pure resold lines are those lines not owned or controlled by the telephone company billing the end user for the service. Pure resold lines are typically leased from an underlying carrier at a wholesale discount off the tariffed rate. The use of resold lines exclusively provides a means to offer service without owning or controlling any equipment. Pure resold lines are those lines provided under a general or local exchange tariff, but without benefit of an accompanying switched access tariff.

VI. WHAT IS MEANT BY UNBUNDLED NETWORK ELEMENT (UNE) LINES?

UNE lines are those lines where the carrier provides some portion of the equipment required to provide telephone service. The most common example is a competitive LEC who provides the switching but leases a loop (or extended loop) from the incumbent LEC. UNE loops are obtained on a stand alone basis and service is provided to the end user without combining other UNEs. Service provisioned over UNE loops requires the carrier to lease a loop from another LEC in order to connect the customer to the carrier's own switch. UNE lines are provided under a general or local exchange tariff in combination with a switched access tariff.

VII. WHAT IS MEANT BY UNE-P VOICE GRADE EQUIVALENT LINES?

UNE Platform (UNE-P) lines are those lines utilizing a combination of UNEs so that service provisioned over UNE-P lines does not require the carrier to use its own switch, port, or loop. UNE-P lines are commonly used by competitive LECs. UNE-P lines are provided under a general or local exchange tariff in combination with a switched access tariff.

VIII. WHAT IS MEANT BY FULL FACILITY BASED VOICE GRADE EQUIVALENT LINES?

Full facility based lines are those lines owned or controlled exclusively by a local exchange carrier and used to connect to an end user's premises. Count as your own such facilities, those facilities that you actually owned as well as facilities such as dark fiber that you obtained the right to use from other entities. Do not include, as full facilities based lines, lines provided over UNE loops that you obtained from another carrier. Full facility based lines are provided under a general or local exchange tariff in conjunction with a switched access tariff.

IX. WHAT IS MEANT BY PUBLIC ACCESS LINES?

Some carriers (particularly incumbent carriers) still separate pay telephone lines from business lines. Use this column to report pay telephone lines if your company tariffs reflect pay telephone lines distinct from business lines.

X. WHAT IS MEANT BY EXCHANGE?

"Exchange" as defined in Missouri Revised Statutes §386.020(16), is a geographical area for the administration of telecommunications services, established and described by the tariff of a telecommunications company providing basic local telecommunications service.

Submitting this Annual Report is an "option" through EFIS.

A registered official company representative is authorized to utilize this option, type in all necessary information below, including the Notary's information (pursuant to Sections 432.200 and 432.295). After submitting the Annual Report through EFIS, you will receive a BMAR (confirmation) number. Indicate that BMAR number on the original and retain for your records.

CLEC-IXC	
Annual Report of _____	
for the year ending December 31, _____	
VERIFICATION	
The foregoing report must be verified by the oath of the President, Treasurer, General Manager or Receiver of the company. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken	
OATH	
State Of _____	
County Of _____	} ss:
_____ makes oath and says that	
(Insert here the name of the affiant)	
s/he is _____	
(Insert here the official title of the affiant)	
of _____	
(Insert here the exact legal title or name of the respondent)	
that s/he has examined the foregoing report; that to the best of his or her knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent.	
_____, _____, to and including _____, _____	
_____ (Signature of affiant)	
Subscribed and sworn before me, a _____ in and for the	
State and county above named, this _____ day of _____, 20	
My Commission expires _____, 20	
_____ (Signature of officer authorized to administer oaths)	
Missouri Revised Statutes § 392.210	

Original in its entirety must be mailed (if not utilizing EFIS) to:
Manager of the Data Center
MoPSC, 200 Madison Street, Suite 100
Jefferson City, MO 65101 (P.O. Box 360, 65102-0360)

Brief Description of Competitors

Explanation of Terms:

“Full Facility Basis” generally refers to a situation where the company is providing local voice service over its own facilities which are comprised of the local loops and switch.

“UNE-L” refers to a situation where the company is leasing local loops from another company but has its own switch.

“UNE-P” refers to a situation where the company leases all network elements, including local loops and switching, from the incumbent local telephone company.

Big River Telephone Company, LLC (Big River) has been providing service primarily on a UNE-P basis where the company leases facilities from the incumbent telephone company. The company reported providing some service on a UNE-L basis in their last annual report. At this time, Staff is attempting to confirm if Big River is converting from serving customers on a UNE-P basis to a UNE-L basis. The company has a switch in Cape Girardeau.

Charter Fiberlink – Missouri, LLC (Charter) provides local voice service and video services generally on a full facility based basis.

Everest Midwest Licensee LLC (Everest) provides local voice service on both a full facility basis and a UNE-L basis. Everest owns a switch in Kansas City.

Global Crossing Local Services, Inc. (Global Crossing) provides local voice service on a UNE-L basis. The company owns a switch in Kansas City and leases loops from the incumbent local exchange carrier.

MCIMetro Access Transmission Services, LLC (MCI) provides local voice service on a full facility basis, UNE-L, and UNE-P basis. MCI owns a switch in St. Louis.

McLeodUSA provides local voice service on the basis of resale, UNE-P, and UNE-L. The company owns a switch in St. Louis, Kansas City and Springfield.

Missouri Telecom, Inc. provides local voice service on a UNE-L basis. The company leases loops from the incumbent local exchange carrier and uses its own switch in Springfield. In some limited situations Missouri Telecom, Inc. has installed its own loops for service to Internet Service Providers.

NuVox Communications of Missouri, Inc. (NuVox) provides local voice service on a UNE-L basis where NuVox leases a loop from the incumbent local exchange carrier and utilizes their own switch in St. Louis. At this time Staff is attempting to verify an additional switch location.

SEMO: Not certificated by the Missouri Public Service Commission. Staff is attempting to verify if the company is providing service and if so, how.

Socket Telecom, LLC (Socket) provides local voice service through a full facility basis and UNE-L basis. The company has its own switch in St. Louis. Service provided on a full facility basis tends to serve solely an internet service provider.

Sprint Communications Company, L.P. has been providing service primarily on a UNE-P basis. At this time Staff is attempting to confirm whether the company has its own switch and if so, whether the company is converting service to a UNE-L basis.

Time Warner Cable Information Services (Missouri), LLC (Time Warner) is an affiliate of a cable company providing local voice service and video services generally on a full facility basis.