

DEBBIE BOURNEUF
SOUTHWESTERN BELL
DIRECT TESTIMONY
CASE NO. TW-97-333

Exhibit No. 23
Date 6/23/97 Case No. TW-97-333
Reporter KRM

Exhibit No.:
Issues: Service Design; Tariff
Witness: Bourneuf
Type of Exhibit: Direct Testimony
Sponsoring Party: Southwestern Bell Telephone Company
Case No.: TW-97-333

SOUTHWESTERN BELL TELEPHONE COMPANY

CASE NO. TW-97-333

FILED

APR 11 1997

**MISSOURI
PUBLIC SERVICE COMMISSION**

DIRECT TESTIMONY

OF

DEBBIE J. BOURNEUF

St. Louis, Missouri
April 1997

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of an Investigation)
into the Provision of Community) Case No. TW-97-333
Optional Calling Service in Missouri)

AFFIDAVIT OF DEBBIE J. BOURNEUF

STATE OF MISSOURI)
) SS
CITY OF ST. LOUIS)

I, Debbie J. Bourneuf, of lawful age, being duly sworn, depose and state:

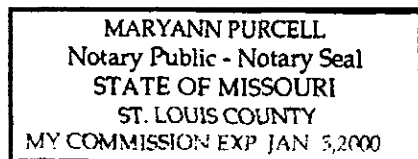
1. My name is Debbie J. Bourneuf. I am presently Area Manager-Rate Administration for Southwestern Bell Telephone Company.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

Debbie J. Bourneuf
Debbie J. Bourneuf

Subscribed and sworn to before this 10th day of April, 1997.

Maryann Purcell
Notary Public

My Commission Expires: Jan. 5, 2000



1 DIRECT TESTIMONY OF DEBBIE J. BOURNEUF

2

3 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

4 A. My name is Debbie J. Bourneuf, and my business address is 100 N. Tucker, St. Louis,
5 Missouri.

6

7 **Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR TITLE?**

8 A. I am employed by Southwestern Bell Telephone Company (SWBT) as Area Manager-
9 Rate Administration for the state of Missouri.

10

11 **Q. HAVE YOU PREPARED AN EXHIBIT WHICH PROVIDES INFORMATION**
12 **REGARDING YOUR EMPLOYMENT AND EDUCATIONAL**
13 **BACKGROUND?**

14 A. Yes, I have. That information is attached as SCHEDULE 1.

15

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

17 A. The purpose of my testimony is to provide SWBT's position on certain issues and
18 questions raised in the Missouri Public Service Commission's (Commission's) March
19 7, 1997 Order Establishing Docket (Order) in this Case. Specifically, I will provide
20 SWBT's position on the end user service aspects of the two straw Community Optional
21 Service (COS) proposals posed by the Commission in its Order [Issue (A) on page 2 of

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 the Order]. In addition, I will provide SWBT's position on Issues No. 1, 2, 4 and 5
2 identified in the Order. Finally, I will provide SWBT's position on the potential for
3 LATA-wide or statewide flat-rate COS (Issue No. 6). SWBT's position on the Order's
4 Issue (B), Issue No. 3, and the intercompany compensation aspects of Issue No. 6 will
5 be addressed in the Direct Testimony of Mr. Richard Taylor.

6

7 **I. Issue (A): The Straw COS Proposals**

8

9 **Q. WHAT ARE THE TWO STRAW COS PROPOSALS POSED BY THE**
10 **COMMISSION IN ITS ORDER?**

11 A. Under one proposal, current two-way COS would be changed to one-way COS with a
12 one-way reciprocal COS available in the target exchanges for calling back to petition-
13 ing exchanges. Under the second proposal, COS would continue to be a two-way
14 service, and the return calling portion of the service would be provided using 800 (or
15 888) numbers for COS subscribers. The Commission's suggestion is that this proposal
16 would remain a toll service.

17

18 **Q. WHAT IS SWBT'S POSITION ON THE STRAW COS PROPOSALS?**

19 A. SWBT recommends that the Commission modify COS to a one-way only service. If
20 the Commission believes it appropriate, the one-way reciprocal COS proposal could be

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 implemented. SWBT does not support two-way COS, but if the Commission deter-
2 mines that two-way COS must be continued, SWBT believes that the 800-number ap-
3 proach is the most viable two-way alternative proposed to the Commission, in various
4 dockets, to date.

5

6 **Q. IN GENERAL, WHAT IS THE PROBLEM WITH THE CONTINUATION OR**
7 **FURTHER EXPANSION OF TWO-WAY CALLING PLANS?**

8 A. With the introduction or expansion of various forms of competition in Missouri, SWBT
9 believes that it will become increasingly difficult to maintain the viability of two-way
10 calling plans. The choice among multiple and varied local and long distance providers
11 will be in the customers' own hands and control, and will be based on the unique serv-
12 ice or set of services offered by each competitor. With two-way services, the industry
13 may no longer be able to identify who will carry a call made by customers other than
14 their own subscribers, or how such calls will be billed. The design and structure of one-
15 way services are under the control of the offering company, and require less coordina-
16 tion and agreement between competitors than is generally necessary with two-way
17 plans.

18

19 Further, SWBT is concerned that some proposals for maintaining two-way calling
20 plans attempt to replace customer choices with other controls that dictate how and by

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 whom such traffic will be carried, and may be inconsistent with the development of
2 competition. With one-way optional services, customers can define their outgoing
3 calling scope to meet their own individual needs and calling patterns, and their service
4 is not dependent on someone else's decision to subscribe to a particular plan. In con-
5 trast, the total calling scope for a target exchange customer under two-way COS is de-
6 fined by other customers in the petitioning exchange through their choices to either
7 subscribe or not subscribe to COS.

8
9 For those customers with a desire for toll-free inward calling, there is already a wide
10 array of competitive 800 service offerings to which they may subscribe in order to meet
11 their toll-free inward calling needs. With a service such as Common Line 800, the toll-
12 free calling scope for the individual 800 number is something the customer can already
13 customize to suit her/his individual purposes. To the extent that these competitive of-
14 ferings already exist, Common Line 800 does not necessarily have to be tied to COS for
15 customers to obtain affordable inward toll-free calling.

16
17 **Q. WHAT ARE THE MAIN ADVANTAGES OF THE 800-NUMBER COS**
18 **PROPOSAL?**

19 **A.** The main advantage is that current COS customers who like having a two-way service
20 would continue to have a two-way service. SWBT believes that a second advantage of

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 this proposal (relative only to other two-way COS alternatives) is that it offers a techni-
2 cal solution to the two-way calling problem more effectively and, in some cases, less
3 expensively than other two-way COS proposals that were presented to the Commission
4 in Case No. TT-96-398.

5

6 **Q. WHAT ARE THE MAIN DISADVANTAGES OF THE 800-NUMBER COS**
7 **PROPOSAL?**

8 A. The two main disadvantages of this proposal relate to the depletion of 800/888 num-
9 bers, and to customer dissatisfaction with the need for two telephone numbers. There
10 are also several other disadvantages of this proposal.

11

12 **Q. WHAT IS THE PROBLEM WITH THE 800-NUMBER PROPOSAL AS IT**
13 **RELATES TO THE DEPLETION OF 800/888 NUMBERS?**

14 A. Using 800 and 888 numbers to provide two-way COS contributes to depletion of those
15 numbers for general use by all carriers to provision toll-free inward calling services.
16 SWBT believes that this impact could be significant. SWBT is in the process of acquir-
17 ing COS subscribership data from the other Local Exchange Companies (LECs)
18 through Data Requests, but based on the incomplete information acquired at this point,
19 the total number of COS subscribers in Missouri exceeds 13,800. SWBT hopes to have
20 sufficient data to provide, in its Rebuttal Testimony, a more accurate estimate of the

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 number of 800/888 telephone numbers that would be required to implement this COS
2 proposal.

3
4 The 800 Numbering Plan Area (NPA) has already been depleted of telephone numbers
5 for use for inward calling services, and the industry has started to assign 888 codes for
6 the same purpose. Currently, 800/888 service providers are allocated a certain number
7 of 888 telephone numbers per week that they may assign to new customers. However,
8 once that allotment is used up, they can assign no more 888 numbers to meet customer
9 demand for the remainder of the week. As the 888 NPA approaches exhaust, the 877
10 NPA will be implemented to be used for the same purpose as 800 and 888. SWBT un-
11 derstands that, depending on how much of their weekly allotment carriers actually use,
12 the 888 NPA could exhaust sometime between November 1997 and November 1998.
13 However, attached as SCHEDULE 2 to my testimony is a copy of a presentation made
14 to the Federal Communications Commission in which representatives of the industry
15 indicated that it will not be ready to implement the 877 NPA until April 4, 1998.
16 Therefore, the industry is already facing the potential of exhaust of the 888 NPA in the
17 near future. SWBT believes that if the Commission adopts the 800-number proposal, it
18 should not require implementation of the change to the COS 800 numbers until the new
19 877 NPA has been implemented, so as not to further exacerbate the 888 exhaust situa-
20 tion. In addition, if an 888 or 877 number allotment process continues, SWBT recom-

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 mends that if this proposal is adopted the Commission should recognize that all cus-
2 tomers cannot be assigned new 888/877 numbers at one time due to the limited allot-
3 ment. Further, since carriers also want to offer other 800-type of services to customers,
4 they should not be required to use their entire allotment solely on COS. In general, an
5 ideal COS solution would place no additional pressures on the growing demands for
6 telephone numbers.

7
8 **Q. WHAT IS THE PROBLEM WITH THE 800-NUMBER PROPOSAL AS IT**
9 **RELATES TO THE NEED FOR CUSTOMERS TO HAVE TWO TELEPHONE**
10 **NUMBERS?**

11 A. Customers may feel it is an inconvenience to have to use a second number for their
12 toll-free return COS calls. Previously, COS had been provided using two telephone
13 numbers and Remote Call Forwarding (RCF) technology. Under the RCF methodol-
14 ogy, COS subscribers complained about the need for two telephone numbers, and the
15 difficulties associated with advertising and printing of stationary and other business
16 supplies when other customers had to call the COS number from certain locations, and
17 the local number from other locations. They were also concerned with the difficulty
18 that callers may have in locating their correct COS telephone number.

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 In addition, SWBT believes that there is the potential for some customer dissatisfaction
2 due to confusion surrounding the use of the COS 800 number. Customers outside of
3 COS target exchanges may attempt to dial that 800 number, not realizing that the called
4 party actually has two telephone numbers and that the special COS number can only be
5 dialed toll-free from certain locations. Under this proposal, calls dialed using the COS
6 800 number from locations other than COS target exchanges would be routed to a re-
7 corded announcement notifying the callers they were outside of the calling scope for
8 that number. On the other hand, customers in the target exchange who are accustomed
9 to dialing certain telephone numbers in the petitioning exchange may not be aware they
10 have to dial new, 800 numbers to call COS subscribers. In that case, calls would con-
11 tinue to be routed over the presubscribed intraLATA carrier and these customers may
12 inadvertently incur toll charges. Therefore, COS subscribers would still not be assured
13 that their inward calls from the target exchange were toll-free. Making COS a one-way
14 only or a one-way reciprocally available service would be unambiguous and establish a
15 clear and consistent service.

16
17 **Q. WHAT ARE THE OTHER DISADVANTAGES OF THE 800-NUMBER COS**
18 **PROPOSAL?**

19 **A.** Another disadvantage of the 800-number COS methodology is that customers could
20 not subscribe to both COS and Common Line 800 Service under this proposal. Since

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 both the COS 800 number and the Common Line 800 number would be associated with
2 the same access line, it would be impossible to distinguish the usage for calls to one of
3 the 800 numbers versus the other for billing purposes. That is because the terminating
4 number for the calls has already been translated to the basic, underlying access line
5 number for billing purposes. This would not be a disadvantage for all COS customers,
6 but only for those who are also interested in purchasing Common Line 800 Service.

7
8 Finally, inward toll-free calling services, including 800 Services and Common Line
9 800 Services are offered by many competitive carriers today. With a relatively wide
10 variety of competitive toll-free inward calling services available, SWBT questions
11 whether mandating one more such service expressly for the purpose of provisioning
12 two-way COS is consistent with the development and encouragement of competition.
13 For those customers who want such inward toll-free calling services, SWBT questions
14 whether it is necessary to tie Common Line 800 with one-way COS in order to maintain
15 a two-way service. Customers who want both outgoing COS and inward toll-free call-
16 ing will still need the extra 800 number whether they purchase the services separately
17 or together.

18

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 **Q. IF THE 800-NUMBER, TOLL COS PROPOSAL IS ADOPTED, DOES SWBT**
2 **BELIEVE IT WILL SOLVE THE PROBLEMS ASSOCIATED WITH COS FOR**
3 **THE LONG TERM?**

4 A. No, since under this proposal COS would remain an intraLATA toll service and the
5 future of the Primary Toll Carrier (PTC) Plan is currently being investigated in Case
6 No. TO-97-220. As Mr. Taylor discusses in his Direct Testimony, SWBT believes that
7 the PTC Plan must be eliminated due to its fundamental inconsistency with intraLATA
8 presubscription. Therefore, if a modification of COS is presently designed based upon
9 its being an intraLATA toll service, and the PTC's current provisioning of such serv-
10 ices, then some of these COS issues may have to be revisited when the replacement for
11 the PTC Plan is determined.

12
13 **Q. WHAT ARE THE MAIN ADVANTAGES OF THE ONE-WAY**
14 **RECIPROCALLY AVAILABLE COS PROPOSAL?**

15 A. The advantages of this alternative are that COS would be a one-way service, and there
16 would be no technical constraints to this solution. Also, customers in COS target ex-
17 changes who feel they have a community-of-interest with their COS petitioning ex-
18 change would have the opportunity to subscribe to COS for such calling back to the
19 petitioning exchange. Target exchange subscribers would have a larger calling scope
20 than with existing COS, because they would be able to call all customers in the petition-

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 ing exchange toll-free, not just COS subscribers. COS subscribers in both the petition-
2 ing and target exchanges would pay the reduced, one-way COS rate to reflect the fact
3 that service does not have as much value to them as a two-way service. In addition, if it
4 is offered as a local, seven-digit (or ten-digit) dialed service by the originating exchange
5 LEC, the service would be available to more customers in the petitioning and target ex-
6 changes relative to the 800-number toll COS proposal because their choice of 1+ intra-
7 LATA toll provider would not affect whether the one-way service was available to
8 them.

9
10 **Q. WHAT ARE THE MAIN DISADVANTAGES OF THE ONE-WAY**
11 **RECIPROCALLY AVAILABLE COS PROPOSAL?**

12 A. The main disadvantage of this alternative is that customers in the petitioning exchange
13 with a strong desire for two-way calling capability would no longer have the option to
14 pay for the incoming calls with COS. Again, they could, however, subscribe to another
15 competitive 800 calling service. The disadvantage for customers in the target exchange
16 is that they would have to pay for a benefit that was previously paid for by the COS
17 subscribers they called, or alternatively, lose toll-free calling to the petitioning ex-
18 change if they chose not to purchase the service.

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 **Q. IF THE COMMISSION ADOPTS THE ONE-WAY RECIPROCALLY**
2 **AVAILABLE COS PROPOSAL, ARE THERE ANY UNIQUE ISSUES**
3 **REGARDING THAT PROPOSAL THAT SWBT BELIEVES THE**
4 **COMMISSION SHOULD ADDRESS?**

5 A. Yes. SWBT believes the Commission should address two issues pertaining to that
6 proposal. First, the Commission should address how the reciprocally available COS
7 would look for those exchanges that are target exchanges on multiple COS routes. Sec-
8 ond, the Commission should address the treatment of the target exchanges' Extended
9 Area Service (EAS) points under this proposal.

10

11 **Q. WHAT IS THE ISSUE THAT ARISES UNDER THE RECIPROCALLY**
12 **AVAILABLE COS PROPOSAL WHEN ONE EXCHANGE IS A TARGET ON**
13 **MULTIPLE COS ROUTES?**

14 A. When a single exchange is the COS target exchange on multiple COS routes, a ques-
15 tion arises as to what options would be available to customers in that exchange with a
16 reciprocally available one-way service. One option could be that customers in the tar-
17 get exchange may pick COS on only one of the multiple COS routes associated with
18 that exchange. A second option is that the COS calling scope for the target exchange
19 would include all of the COS petitioning exchanges associated with that target, but that
20 those target exchange COS customers could pay a higher COS price than single-route

1 COS customers because of the larger calling scope they receive. A third option is that
2 customers in such exchanges could choose any one single route, or could choose all
3 routes, but could not choose some intermediate combination of only some of the routes.
4 Again, the COS rate could be higher for those customers who choose the option of
5 having COS to all routes. However, it is not feasible to allow COS customers in the
6 target exchange to pick one route, all of the routes, or any combination of the COS
7 routes associated with that exchange.

8

9 **Q. WHY IS ALLOWING ANY COMBINATION OF ROUTES FROM THE**
10 **TARGET EXCHANGE INFEASIBLE?**

11 A. This approach is infeasible because of the large number of combinations that is possi-
12 ble in situations where one exchange is a target on multiple COS routes. Whether COS
13 is a seven-digit dialed local service and provided via Line Class Codes (LCCs) pro-
14 grammed into the switch, or whether it is a 1+ dialed toll service and provided via ta-
15 bles built into the billing systems, neither method is well suited for handling the large
16 number of combinations of codes or tables that would need to be manually built and
17 maintained. For example, SWBT's Springfield Metropolitan Exchange is currently the
18 target COS exchange on 12 different COS routes. While on the surface 12 may seem
19 like a manageable number of COS routes, in fact there are a total of 4,095 possible
20 combinations of one or more of those 12 routes. However, under the LCC approach,

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 several types of switches have technical limitations on the total number of possible
2 LCCs. Among these, DMS100 switches have a limitation of 1,024 LCCs. The COS
3 target exchanges of Springfield and St. Joseph are served by DMS100 switches, whose
4 LCC limitations would be exceeded by the number of COS route combinations for
5 these exchanges.

6
7 Even aside from these technical switch limitations, SWBT does not believe that it is
8 feasible to build and maintain 4,095 different LCCs or billing tables in order to provide
9 various COS options to end users in one exchange, and SWBT believes that the process
10 would be quite prone to error since each code or table must be manually built. Fur-
11 thermore, in the case of the LCC approach, SWBT would need an additional 4,095
12 LCCs in order to make each of these COS combinations available for resale. Of course,
13 whether done with LCCs or billing tables, this process would have to be repeated for every
14 exchange that is a target on multiple COS routes. This would involve large delays and
15 increased expense to add new routes as SWBT would have to do programming to add
16 the various combinations.

17

18 **Q. IS IT COMMON FOR AN EXCHANGE TO BE A TARGET ON MULTIPLE**
19 **COS ROUTES?**

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 A. Yes, in SWBT's experience, this is a fairly common situation. SWBT is the target
2 exchange LEC on 100 COS routes in Missouri, yet those 100 routes target only 29
3 SWBT exchanges. Of SWBT's 29 target exchanges, 11 are targets on only one COS
4 route; therefore, the remaining 18 exchanges are targets on 89 routes, at an average of
5 about five routes per target exchange. Even in those situations where an exchange is a
6 target on only five COS routes, the total number of possible combinations of one or
7 more routes is 31.

8

9 **Q. HOW DOES SWBT RECOMMEND THAT THE COMMISSION RESOLVE**
10 **THESE ISSUES PERTAINING TO EXCHANGES THAT ARE TARGETS ON**
11 **MULTIPLE COS ROUTES?**

12 A. First, SWBT recommends that the Commission consider modifying its one-way
13 reciprocally available COS proposal to a one-way only proposal, which would only be
14 available in petitioning exchanges. As will be discussed later under Issue No. 6, this
15 solution may be well accepted by customers if a LATA-wide COS is also offered. In
16 that case, customers in the target exchanges would have the option of purchasing a
17 calling service that included, and went beyond, all of their COS petitioning exchanges.

18

19 If the Commission adopts the one-way reciprocally available COS rather than one-way
20 only COS, then SWBT believes that these customers in target exchanges on multiple

1 routes should only have the option of purchasing COS to all petitioning exchanges, at a
2 higher COS rate than single routes. At the present time, SWBT does not have sufficient
3 data to recommend a specific price level, but may have enough information later to
4 provide a recommendation in its Rebuttal Testimony. SWBT supports this option be-
5 cause target exchange customers would only have one COS option, and it would be the
6 easiest alternative to implement. Also, even at a higher COS rate, SWBT believes that
7 this option will be attractive to customers who have a high community of interest, and a
8 high level of calling, to the petitioning exchanges.

9
10 **Q. WHAT ARE THE ISSUES THAT ARISE UNDER THE RECIPROCALLY**
11 **AVAILABLE COS PROPOSAL WITH REGARD TO THE TARGET**
12 **EXCHANGE EAS POINTS?**

13 A. The questions that arise relative to the target exchange EAS points are, first, whether
14 the reciprocally available COS would also be offered to the target exchange EAS
15 points, and second, whether those EAS points should at this time continue to be in-
16 cluded in the COS calling scope for the petitioning exchanges.

17
18 Although the COS calling criteria are only based on the calling from the petitioning
19 exchange to its requested target exchange(s), the calling scope for their service cur-
20 rently includes the target exchange plus any exchanges that have EAS with the target

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 exchange. When this situation exists, COS customers also pay the EAS additive of the
2 target exchange. In addition, the customers in the target's EAS points can call the COS
3 subscribers toll-free, just as the target exchange customers can.

4
5 **Q. HOW DOES SWBT RECOMMEND THAT THE COMMISSION RESOLVE**
6 **THESE ISSUES PERTAINING TO TARGET EXCHANGE EAS POINTS?**

7 A. On the first issue, SWBT believes that the reciprocally available COS should not be
8 offered to customers in the EAS points of the target exchanges. These target EAS ex-
9 changes have neither petitioned and qualified for this COS route, nor has the petitioning
10 exchange demonstrated a community-of-interest with these points by passing the COS
11 calling criteria for calling to these locations. If a LATA-wide COS is offered, custom-
12 ers in these locations would still have access to a flat-rate expanded calling service, thus
13 helping to mitigate any customer dissatisfaction with this proposal.

14
15 On the second issue, SWBT believes the Commission should consider eliminating the
16 target exchange's EAS points from the COS calling scope at this time. The COS rate
17 would be appropriately reduced with the elimination of the EAS additive. In the first
18 place, the petitioning exchanges have not demonstrated a community-of-interest with
19 these EAS locations by passing the COS qualifying criteria, therefore SWBT questions
20 whether this calling should continue to be included in the calling scope of a Commis-

1 sion-mandated expanded calling service. Second, with the tremendous increase of
2 competition in Missouri, and with the introduction of more competitive offerings, per-
3 haps now is the time to eliminate from this Commission-mandated plan that traffic on
4 which there has been no demonstrated community-of-interest. While there may be
5 some customer dissatisfaction with the smaller COS calling scope, these problems
6 could be minimized if a LATA-wide COS were also offered. In that case, customers
7 would have an option of subscribing to an expanded calling service even where they did
8 not have to pass any calling criteria to demonstrate a community-of-interest.

9
10 **Q. IF THE COMMISSION ADOPTS THE ONE-WAY RECIPROCALLY**
11 **AVAILABLE COS PROPOSAL, OR ONE-WAY ONLY COS, DOES SWBT**
12 **BELIEVE THE SERVICE SHOULD BE CLASSIFIED AS LOCAL OR TOLL?**

13 A. SWBT believes that COS should be classified as local, and offered by the originating
14 exchange LEC. First, a local designation is consistent with the type of expanded calling
15 service that customers generally desire. Customers like flat-rate services, and they like
16 seven-digit or ten-digit dialed services (no 1+), and both of these characteristics are
17 more consistent with local services than toll services. Second, all of the LEC's custom-
18 ers in COS exchanges would have the ability to subscribe to, and have access to, outgo-
19 ing COS regardless of their choice of intraLATA toll carrier in an intraLATA presub-
20 scription environment. Further, SWBT does not believe there are technical constraints

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 preventing this classification, because COS has already been provided in Missouri by
2 the petitioning exchange LEC on a local or other non-toll basis from May 1990 until
3 May 1993. Finally, if COS is classified in this docket as a local service, then changes
4 to the PTC Plan which arise out of Case No. TO-97-220 will not cause the Commission
5 to have to revisit all of these issues pertaining to the continued provisioning of COS.

6
7 If, on the other hand, it is believed that customers want discounted toll services, not
8 expanded local services, then SWBT recommends that such services should not be
9 mandated by the Commission at all. All of the interexchange carriers (IXCs) in Mis-
10 souri are classified as competitive companies offering competitive services. SWBT's
11 toll services, as well as GTE Midwest, Incorporated's (GTE's) toll services, are classi-
12 fied as transitionally competitive. With this high degree of acknowledged toll competi-
13 tion, customers and the market will determine the type of discounted toll services that
14 will be offered. In a highly competitive market, it does not make sense that discounted
15 toll services need to be mandated. If, on the other hand, the Commission finds that
16 there is an imperative social need that is not being met by all of these competitive
17 forces working in the toll market, then that leads to the conclusion that the mandated
18 services should be classified as local to recognize the fact they meet a social goal.

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

II. Issue No. 1: Is the appropriate pricing mechanism for one-way COS with reciprocal service the same as set out by the Staff in Case No. TT-96-398? If not, so indicate and substantiate an alternative proposal.

Q. DOES SWBT BELIEVE THAT THE APPROPRIATE PRICING MECHANISM FOR ONE-WAY COS IS THE SAME AS SET OUT BY THE MISSOURI PUBLIC SERVICE COMMISSION STAFF (STAFF) IN CASE NO. TT-96-398?

A. No. In Case No. TT-96-398, the Staff recommended that if COS is modified to a one-way only service, the rate should be reduced 50%. SWBT believes that the one-way COS prices should be company-specific prices, and should be based on each participating company's individual circumstances. Other than on the Commission-mandated expanded calling services, the rates for every other service of a LEC, including basic local service, are set on a company-specific basis and there is no requirement to match the rates of another LEC. When even basic local exchange service is priced at company-specific levels, there does not appear to be a unique reason why expanded calling services should be treated differently from other services in this regard.

In addition, SWBT believes that the company-specific COS prices should be set so that the service's revenue exceeds the costs to provide it, including applicable intercompany compensation expenses. If COS is modified to a one-way service, each participating

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 company can provide the rationale for its proposed rate when it makes its tariff filing
2 modifying or offering COS.

3
4 **Q. WHAT FACTORS SHOULD BE CONSIDERED IN DETERMINING THE**
5 **COMPANY-SPECIFIC COS PRICES?**

6 A. With company-specific pricing, the COS take rates and calling volumes can be ana-
7 lyzed for the specific COS routes on which an individual company participates. In
8 addition, the company's costs of providing the service, including applicable intercom-
9 pany compensation payments, could be considered. In that way, prices may more ap-
10 propriately match an individual company's circumstance than a uniform rate that is
11 applied to all companies.

12
13 In addition, revenue neutrality considerations may have to be looked at, and if so, that
14 must be done on an individual company basis. The results of an analysis of revenue
15 neutrality could differ depending on whether the service is one-way only or one-way
16 reciprocally available, on whether it is classified as local or as toll, on the form of inter-
17 company compensation, and on how issues pertaining to the PTC Plan are resolved in
18 Case No. TO-97-220. Therefore, without complete information as to how each of these
19 questions will eventually be resolved, it is difficult to recommend a specific price level
20 at this time for any LEC.

1

2

SWBT notes that, to the extent that revenue neutrality becomes a consideration in COS

3

pricing in this or other dockets, the revenue neutrality calculations should be made from

4

the time that Secondary Carriers (SCs) implemented their COS-related access charge

5

reductions, not from their current levels of access revenues.

6

7

Q. WHY DOES SWBT RECOMMEND BASING REVENUE NEUTRALITY

8

CALCULATIONS ON THAT DATE?

9

A. When the Commission modified COS in Case No. TO-92-306, it realized that this

10

service would stimulate usage. Since PTCs pay SCs access charges on COS usage, this

11

increased usage from COS would artificially increase PTC access payments to SCs. To

12

eliminate windfall gains to SCs, the Commission required a one-time access charge re-

13

duction to offset the increased payments. The goal was to keep both the SC and the

14

PTC revenue neutral.

15

16

Q. DOES SWBT BELIEVE THAT THIS PROCESS ACHIEVED THE GOAL OF

17

REVENUE NEUTRALITY IN ALL CASES?

18

A. No. In some cases, additional COS routes have been implemented in SC exchanges

19

after the time that the SC reduced its access charges to eliminate its wind-fall gains

20

from COS usage stimulation. However, there have been no further reductions in access

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 charges to eliminate the wind-fall gains from usage stimulation on these later COS
2 routes. Of course, such windfall gains to the SCs represent losses to the PTCs such as
3 SWBT who are currently required to offer COS to SCs' customers and pay the SCs'
4 stimulated access charges. SWBT believes that it would be unfair and inappropriate to
5 hold SWBT to this artificially lower level of revenue or allow the SCs to permanently
6 keep the wind-fall gains from implementation of COS routes. That is inconsistent with
7 the spirit of the Commission's December 23, 1992 Order modifying COS in Case No.
8 TO-92-306, wherein it recognized that SCs were not entitled to keep windfall gains as-
9 sociated with increased access revenue from stimulated COS usage, and should reduce
10 access charges to eliminate such gains.

11
12 **Q. IF THE COMMISSION DETERMINES THAT IT WILL ADOPT A UNIFORM**
13 **COS RATE FOR ALL LECs ON ALL COS ROUTES, HAS SWBT HAD AN**
14 **OPPORTUNITY TO DEVELOP A RECOMMENDATION AS TO WHAT**
15 **THAT PRICE SHOULD BE?**

16 A. No, not at the present time. Again, SWBT believes it will be difficult to develop a
17 specific recommendation with the unresolved issues pertaining to the classification of
18 the service, the form of intercompany compensation and the future of the PTC Plan. If
19 SWBT is able to acquire sufficient data to recommend a specific price level, it will
20 submit that recommendation in its Rebuttal Testimony. In the current absence of other

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 analyses, SWBT notes that at the time the LECs offered both one-way and two-way
2 COS options, the one-way price was set at 57% of the two-way price.

3
4 **III. Issue No. 2: Shall all competitive LECs be required to offer this service?**

5
6 **Q. DOES SWBT BELIEVE THAT ALL COMPETITIVE LECs SHOULD BE**
7 **REQUIRED TO OFFER COS?**

8 A. No. As will be discussed further under Issue No. 4, due to the high degree of competi-
9 tion in the telecommunications market today, SWBT does not believe that any company
10 should be required to offer a specific expanded calling service. SWBT believes that the
11 customers and the market will determine the calling services that will be offered by
12 competitors, and that such competition will eliminate the need for Commission-
13 mandated services.

14
15 As was discussed previously, if the Commission nonetheless finds that, at this time,
16 COS should continue to be required to be provided by some or all companies, then it
17 should be classified as a local service to reflect the fact that its offering has been man-
18 dated in order to meet a social goal. As to whether all competitive LECs should be re-
19 quired to offer a Commission-mandated service, on the one hand SWBT agrees with
20 those who argue that it is unfair to require one competitor but not others to offer such a

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 specific, mandated service, especially one that causes the offering company financial
2 harm, such as lost revenue and/or increased access expenses. On the other hand, with
3 the encouragement of increased competition in the telecommunications market gener-
4 ally, SWBT has a difficult time recommending that all competitors must offer exactly
5 the same service at exactly the same price. Such a position seems to defeat the purpose
6 of allowing and encouraging competition, and may well discourage the development of
7 innovative, new customer choices.

8
9 SWBT certainly does not want to be the only competitor burdened with the mandated
10 responsibility of offering a service on which it will lose revenue, particularly in those
11 situations where SWBT is forced to offer such services through the PTC Plan to SCs
12 whose access charges are so high that other competition is less likely to develop and
13 where the customers are not even SWBT's own. However, SWBT hopes that the solu-
14 tion to that problem is not to supersede competition and the market by requiring all
15 competitors to offer identical services. Therefore, as a general rule and where the reve-
16 nue from the Commission-mandated service exceeds the costs of providing it (including
17 intercompany compensation expenses), SWBT does not believe that all competitive
18 LECs should be required to offer the service. However, in those situations where the
19 Commission requires LECs to offer a service for which revenue is less than costs,
20 SWBT believes that all competitive LECs should be required to offer the service so that

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 no single competitor is disadvantaged relative to the others. In addition, where the
2 Commission mandates that some or all LECs must offer an expanded calling service at
3 rates that are less than costs, LECs should not be required to resell the service to other
4 competitors at a discounted rate.

5

6 **IV. Issue No. 4: Shall the Commission stay all pending and future COS applications?**

7

8 **Q. DOES SWBT BELIEVE THAT THE COMMISSION SHOULD STAY ALL**
9 **PENDING AND FUTURE COS APPLICATIONS?**

10 A. Yes. SWBT believes that COS should be grandfathered to existing locations and that
11 all pending and future COS petitions should be stayed. While there are still exchanges
12 that request COS, and there are still a small number of exchanges that continue to pass
13 the calling criteria, SWBT believes that the vast majority of exchanges that have an in-
14 terest in COS and can pass the COS calling criteria have already done so. Of the 78
15 COS routes currently filed in SWBT's toll tariff, 50 of the routes were implemented in
16 1993, 12 were implemented in 1994, ten were implemented in 1995, four were imple-
17 mented in 1996, and two have been implemented thus far in 1997. (In the tariff, 48
18 routes are shown with 1993 implementation dates and six routes are shown with 1996
19 implementation dates. However, for two routes, the 1996 dates are the time when these
20 routes were filed in SWBT's tariff. Prior to that time, the exchanges belonged to GTE

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 and the routes were actually implemented by GTE in 1993.) The number of routes that
2 pass the calling criteria has declined every year, and appears to be reaching a very small
3 number.

4
5 **Q. ARE THERE OTHER REASONS THAT THE COMMISSION SHOULD**
6 **CONSIDER STAYING PENDING AND FUTURE COS ROUTES?**

7 A. Yes, there are several other reasons. First, the Commission should consider the diffi-
8 culty associated with performing an accurate calling study in a competitive environ-
9 ment. As intraLATA presubscription is implemented in Missouri, and as new Local
10 Service Providers (LSPs) begin to operate in various exchanges, the incumbent LEC
11 will no longer have the ability to measure and report all toll calls from the petitioning to
12 the target exchanges. In fact, LECs do not have that ability today given that some cus-
13 tomers are using competitive IXCs by dialing 10XXX or other access codes to complete
14 calls from the petitioning to the target exchanges. In order to perform a complete call-
15 ing study in the future, presumably the Staff would have to acquire the sensitive calling
16 information from the various competitors to compile the total calling volumes between
17 the two exchanges. Given the potentially large number of companies from which Staff
18 would have to obtain data in order to conduct a usage study, SWBT questions whether
19 it is realistic to believe that Staff will be able to obtain all of the necessary data. Even
20 under the best case assumption that Staff will be able to obtain data from all competi-

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 tors, SWBT does not believe that calling usage studies will be able to be completed in
2 the same time frames that they are done today.

3
4 Finally, SWBT questions whether a policy of continuing to mandate expanded calling
5 services is ultimately consistent with the encouragement and development of competi-
6 tion in Missouri. The degree of competition in the telecommunications industry has
7 grown substantially in the last several years, and will grow even faster with the intro-
8 duction of new LSPs in the market. If the purpose of regulation is to imitate competi-
9 tion, and not the reverse, then SWBT believes that now is the time to let competition
10 and the market drive the types of expanded calling options that are offered to custom-
11 ers. If competition does not lead to a service that looks exactly like COS, then perhaps
12 that will be because customers will find other competitive services that meet their needs
13 as well or even better.

14
15 **V. Issue No. 5: What is the participants' proposal for educating the public?**

16
17 **Q. WHAT IS SWBT'S PROPOSAL FOR EDUCATING THE PUBLIC ABOUT**
18 **CHANGES TO COS?**

19 **A. If the Commission approves changes to COS, SWBT believes that COS subscribers in**
20 the petitioning exchanges and all customers in the target exchanges should be notified

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 on existing routes approximately 45 days prior to the changes taking place in their ex-
2 change. SWBT believes that the type and extent of the customer notification should
3 differ for petitioning and target exchanges. In target exchanges, the type of customer
4 notification should be dependent on the proposal adopted by the Commission.
5

6 **Q. WHAT IS SWBT'S PROPOSAL FOR EDUCATING PETITIONING**
7 **EXCHANGE CUSTOMERS ABOUT CHANGES TO COS?**

8 A. For petitioning COS exchanges, SWBT believes that existing COS subscribers should
9 be notified via a direct mail letter, separate from the bill, sent by the end office LEC.
10 The letter should include information pertaining to: 1) any price change for the service,
11 2) the effective date of the changes, 3) any change in dialing pattern, if applicable, 4)
12 the service provider, or providers, 5) the change to a one-way or one-way reciprocally
13 available service, if applicable, and 6) the need for the customer to add an 800 number,
14 if applicable. It should be made clear to customers that the service is only available
15 from the service provider(s) indicated, and that other telecommunications companies
16 might not offer the same service or rates. Customers should also be given a telephone
17 number of the LEC business office that they can call if they have questions about their
18 service. If the 800 number proposal is adopted, information should be provided as to
19 how and when the LEC will be contacting the customer to notify them of their 800
20 number. Customers should be provided with a form that they could return to their LEC

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 business office to notify the company if the customer chooses to disconnect COS at that
2 time. The letter should indicate that for customers not returning the form, the service
3 will change as indicated in the letter on a certain date. SWBT believes that petitioning
4 exchange customers who have not subscribed to COS do not need to be notified of
5 changes to the service.

6
7 **Q. WHAT IS SWBT'S PROPOSAL FOR EDUCATING TARGET EXCHANGE**
8 **CUSTOMERS ABOUT CHANGES TO COS IF THE ONE-WAY RECIPROCAL**
9 **COS PROPOSAL IS ADOPTED?**

10 A. If the Commission adopts the one-way reciprocally available COS proposal, then target
11 exchange customers should also be notified by a direct mail letter, separate from the
12 bill, by the end office LEC. The target exchange customers' letters should include in-
13 formation pertaining to: 1) the elimination of the toll-free calling to the petitioning ex-
14 change COS subscribers, 2) a service description of the COS offering which will be
15 available to the target exchange customers, 3) the price of the service, 4) the effective
16 date of the changes, 5) the service's dialing pattern, and 6) the service provider, or pro-
17 viders. It should be made clear to customers that the service is only available from the
18 service provider(s) indicated, and that other companies might not offer the same service
19 or rates. Customers should be given a telephone number of the LEC business office
20 that they can call if they have questions about their service. Customers should be pro-

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 vided with a form that they could return to their LEC business office in order to sub-
2 scribe to COS. The letter should indicate that for customers not returning the form,
3 toll-free calling to COS subscribers in the petitioning exchange(s) will cease as indi-
4 cated in the letter on a certain date (by route, if applicable).

5
6 **Q. WHAT IS SWBT'S PROPOSAL FOR EDUCATING TARGET EXCHANGE**
7 **CUSTOMERS ABOUT CHANGES TO COS IF THE ONE-WAY ONLY**
8 **ALTERNATIVE IS ADOPTED?**

9 A. If the Commission adopts the one-way only alternative, then target exchange customers
10 should be notified via a bill message by the end office LEC. The bill message should
11 explain that customers will no longer have toll-free calling to COS subscribers in peti-
12 tioning exchanges due to changes being made in those subscribers' service. The bill
13 message should indicate the effective date of the changes, by route where an exchange
14 is a target on multiple COS routes. Customers should be given a telephone number of
15 the LEC business office that they can call if they have questions about their service.

16
17 **Q. WHAT IS SWBT'S PROPOSAL FOR EDUCATING TARGET EXCHANGE**
18 **CUSTOMERS ABOUT CHANGES TO COS IF THE 800-NUMBER COS**
19 **PROPOSAL IS ADOPTED?**

1 A. If the Commission adopts the 800-number proposal, then target exchange customers
2 should be notified via a bill message by the end office LEC. The bill message should
3 explain that COS subscribers, who they may be accustomed to calling toll-free by dial-
4 ing 1+ ten-digits, will have to be called by their new 800 numbers as of a certain date.
5 The bill message should indicate the effective date of the changes, by route where an
6 exchange is a target on multiple COS routes. The bill message should encourage target
7 exchange customers to contact COS subscribers with whom they communicate regu-
8 larly to determine their COS 800 numbers. Customers should further be advised that if
9 they continue to dial COS subscribers' regular telephone numbers instead of the 800
10 numbers after the effective date, they will be charged toll for their calls. In addition,
11 customers should be notified that the COS 800 numbers are only toll-free from their
12 own exchange; if they call the same 800 number from other locations the call will not
13 complete to the COS subscriber but will route to a recorded announcement. Again,
14 customers should be given a telephone number of the LEC business office that they can
15 call if they have questions about their service.

16
17 **VI. Issue No. 6: The participants should offer their assessments as to whether a**
18 **LATA-wide or statewide flat-rate calling scope might be a viable substitute for the**
19 **current COS arrangements.**

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 **Q. DOES SWBT BELIEVE THAT A LATA-WIDE OR STATEWIDE FLAT-RATE**
2 **CALLING SERVICE MIGHT BE A VIABLE SUBSTITUTE FOR THE**
3 **CURRENT COS ARRANGEMENTS?**

4 A. SWBT does not believe that a two-way LATA-wide or statewide flat-rate COS offering
5 is a viable alternative. The same type of problems that currently exist with the return
6 calling on two-way COS would also apply to a LATA-wide or statewide two-way
7 service, but would be much greater in magnitude due to the larger calling scope and
8 potentially larger number of carriers providing return calling to a given subscriber. In
9 addition, for SWBT, a statewide offering is not a viable alternative at this time because
10 SWBT may not currently offer interLATA services. However, SWBT believes that a
11 one-way LATA-wide flat-rate COS is a viable alternative, and is willing to consider of-
12 fering such a service to its own customers under certain circumstances.

13
14 **Q. WHAT ARE THE CUSTOMER ADVANTAGES OF A ONE-WAY LATA-**
15 **WIDE FLAT-RATE COS?**

16 A. SWBT believes that customers would find a LATA-wide flat-rate COS very appealing.
17 As was indicated previously, customers as a whole tend to prefer flat-rate services, and
18 they tend to prefer local dialing patterns (seven or ten digits). A LATA-wide COS
19 could incorporate both of these characteristics. In contrast with a route-specific plan, a
20 LATA-wide calling service is more likely to include an individual customer's com-

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 munities-of-interest, even in those situations where the individual's calling pattern may
2 be quite different from that of the average caller in her/his exchange. A LEC such as
3 SWBT could make this service automatically available on an optional basis to all of its
4 customers; therefore, customers would no longer have to submit specific petitions and
5 pass calling criteria in order to obtain a desired expanded calling scope. Customers
6 would also be advantaged by the mere fact that such an offering would make more op-
7 tions available from which to pick and choose the mix of services that best meets their
8 needs. Additionally, since the calling scope is the same for rural and metropolitan area
9 customers, such an offering may help address potential "looking over the fence" issues
10 as they pertain to optional calling services. Rural customers sometimes look at the
11 larger calling scopes available in the metropolitan areas and want a comparable calling
12 scope.

13
14 Some customers may wish to subscribe to LATA-wide COS in order to save money;
15 however, customers may also be advantaged by this service in other ways. LATA-wide
16 COS would offer customers the security of knowing the amount they will be billed for
17 calling within their LATA. This service would also give customers the ability to call
18 within their LATA as often as they want, at any time of day and talk as long as they
19 want. LATA-wide COS could give business customers the opportunity to expand their
20 business, for example through telemarketing efforts, or to provide better service to their

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 customers. Finally, since the service would be optional, customers who have no inter-
2 est in such an offering do not have to purchase it, and are in no way harmed by its being
3 available to other interested customers.
4

5 **Q. WHAT ARE THE POSSIBLE ADVANTAGES TO THE COMMISSION OF**
6 **ALLOWING CARRIERS TO OFFER A ONE-WAY LATA-WIDE FLAT-RATE**
7 **COS?**

8 A. First, since such a service would require no calling usage studies, the Commission
9 would not have to deal with the difficulties of how such studies should be conducted in
10 a competitive environment. Future and pending COS routes could be stayed, especially
11 for those locations where the LATA-wide COS would be automatically available to
12 customers. In addition, the current route-specific COS could be modified to a one-way
13 only service, rather than a one-way reciprocally available service, and the Commission
14 would not have to deal with the question of how to resolve the reciprocal calling scope
15 for existing target COS exchanges. That is because these target exchange customers
16 could have the option of choosing LATA-wide COS (which would include all of their
17 petitioning exchanges). Since the LATA-wide service would also be available to cus-
18 tomers in the current COS petitioning exchanges, as well as the EAS points of target
19 exchanges, SWBT suggests that such EAS points could be excluded from the route-
20 specific COS calling scope. The petitioning exchanges did not pass the COS qualifying

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 criteria, and did not demonstrate a COS community-of-interest, for calling to those tar-
2 get EAS locations. LATA-wide COS could be available to petitioning exchange cus-
3 tomers, and to customers in the targets' EAS points, who wanted a broader expanded
4 calling scope.

5
6 Again, SWBT believes that many customers would be very interested in such a LATA-
7 wide service, and therefore the Commission should generally be faced with fewer cus-
8 tomer complaints concerning expanded calling scopes. Finally, SWBT believes that if
9 carriers such as SWBT are permitted to offer a LATA-wide COS, competition will be
10 generally increased and encouraged in Missouri. Other competitive carriers will be
11 more interested in offering similarly attractive options to customers, and customers in
12 general will be the beneficiaries of such increased competition and increased choices.

13
14 **Q. WHAT ARE THE CIRCUMSTANCES UNDER WHICH SWBT IS WILLING**
15 **TO CONSIDER OFFERING SUCH A LATA-WIDE SERVICE TO ITS OWN**
16 **CUSTOMERS?**

17 **A.** First, while SWBT acknowledges that such a service would be available for resale by
18 other LSPs pursuant to the Telecommunications Act of 1996, SWBT would only be
19 willing to consider offering the service with the tariff use limitation that it could not be
20 used to aggregate the calling of multiple end users. SWBT is only willing to consider

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 offering LATA-wide COS if that aggregation restriction would apply to resellers of the
2 service, as it would to SWBT. In order for the service to be attractive to individual
3 customers, SWBT would have to price the service based on individual customers' us-
4 age levels. SWBT would not be able to sustain such a price for individual customers if,
5 through resale, it was applied to the usage of multiple customers. The service would be
6 intended to meet the expanded calling needs of individual customers, and SWBT is
7 willing to consider offering and reselling the service on that basis; however, SWBT is
8 not willing to offer such a service if aggregation of multiple end users by resellers
9 would be permitted. If such aggregation would be permitted, it would cease to be a
10 service to address individual customers' desires for an expanded calling service, and it
11 would merely become a replacement for switched access charges for resellers. On an
12 originating basis, resellers could aggregate the intraLATA usage of multiple end users
13 on a smaller number of LATA-wide COS lines, terminate the calls anywhere in the
14 LATA, and pay the LEC the discounted LATA-wide COS rate instead of originating
15 switched access. If SWBT priced the service to address this aggregated use, the price
16 would be well above that which SWBT believes individual customers would be inter-
17 ested in paying. In addition, SWBT would be unwilling to offer this service unless all
18 other tariff use limitations that are found by the Commission to apply to resellers for
19 Local Exchange Service also apply to resellers for LATA-wide COS.

20

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 In addition, SWBT is willing to consider offering this service if it is provided as an
2 optional local service, available in the Local Exchange Tariff, provided with a local
3 dialing pattern (no 1+), and subject to local dialing parity requirements. If the Com-
4 mission is interested in discounted toll plans, SWBT already offers such LATA-wide
5 plans to its customers and the customers of its SCs in Missouri. In SWBT's toll tariff,
6 various discount and block-of-time 1+ SAVERsm options are available, as well as a flat-
7 rate Designated Number Optional Calling Plan for calling to a designated telephone
8 number in the LATA (additional designated numbers may be purchased for an addi-
9 tional flat-rate charge). In addition, other PTCs and IXC's in Missouri offer optional
10 toll calling plans. SWBT believes that the LATA-wide COS should be designed to ad-
11 dress customer needs of a slightly different nature; specifically, the needs of customers
12 who want an expanded local calling scope. Despite the number of discount toll offer-
13 ings available in Missouri, some customers still want an expanded calling option that
14 looks and feels like a local service; they want a flat-rate and local dialing.

15
16 SWBT is only willing to consider offering flat-rate LATA-wide COS to its own
17 customers in Missouri. SWBT is not willing to offer the service on an originating basis
18 to customers of SCs. Currently, the only services SWBT provides to customers of SCs
19 are offered pursuant to the PTC Plan. As Mr. Taylor discusses in his Direct Testimony,
20 SWBT believes the PTC Plan should be eliminated in Case No. TO-97-220. Therefore,

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 it is not appropriate to increase the number of services that are offered to SC customers
2 under the PTC Plan at this time. However, while SWBT is only willing to consider of-
3 fering this service to its own customers, SWBT recommends that the service should
4 have a LATA-wide terminating calling scope. Therefore, SWBT acknowledges that it
5 would pay other LECs and LSPs terminating compensation for calls that terminate to
6 customers of those other companies. Mr. Taylor's Direct Testimony addresses the
7 method of intercompany compensation under which SWBT would be willing to con-
8 sider offering LATA-wide COS.

9
10 Finally, SWBT believes that this service should not be subject to the imputation of
11 access charges. Again, SWBT recognizes that this service would be subject to resale by
12 LSPs pursuant to the Telecommunications Act of 1996. Therefore, if imputation were
13 required, the appropriate charge to impute would be the charge the LSP would pay
14 SWBT for the service, which would necessarily be equal to or lower than the retail
15 price. In a resale environment, SWBT believes the issue of access imputation is moot.
16 In its December 20, 1996 Order in Case No. TT-96-268, the Commission similarly
17 found that elimination of resale restrictions on flat-rated Designated Number Optional
18 Calling Plan resolved any concerns which may have existed regarding imputation.

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 **Q. IF SWBT WERE TO OFFER FLAT-RATE LATA-WIDE COS TO ITS OWN**
2 **CUSTOMERS, WHAT PRICE WOULD IT CONSIDER PROPOSING FOR**
3 **BUSINESS AND RESIDENCE CUSTOMERS?**

4 A. SWBT would consider proposing a price around \$30 per access line for residence
5 customers, and a price around \$60 per access line for business customers. In those
6 situations where the customers' service is arranged in such a way that SWBT could not
7 distinguish the usage from multiple different lines for billing purposes, the customers
8 would have to subscribe either all or none of their lines to the service. Again, SWBT's
9 willingness to consider offering such a service at these prices is dependent on the ap-
10 proval of an aggregation restriction that would apply to resellers of the service as it
11 would to SWBT.

12

13 **Q. SHOULD ALL OTHER LECs AND/OR COMPETITIVE CARRIERS BE**
14 **REQUIRED TO OFFER THE SAME LATA-WIDE FLAT-RATE COS THAT**
15 **SWBT IS WILLING TO CONSIDER OFFERING TO ITS OWN CUSTOMERS?**

16 A. No. Such other LECs, IXC's and LSPs should have the opportunity to determine their
17 own willingness to offer flat-rate LATA-wide expanded calling to their own customers
18 and to design that service as they wish. In fact, SWBT believes that competitive carri-
19 ers can and will design their own expanded calling services without a specific Com-
20 mission directive to do so, simply because competition and the market will drive such

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 offerings. While some companies might choose to offer the same service that SWBT is
2 willing to consider offering to its customers, others might not, and SWBT does not be-
3 lieve that any other company should be required to do so.
4

5 **Q. COULD FLAT-RATE LATA-WIDE COS REPLACE ALL EXISTING ROUTE-**
6 **SPECIFIC COS?**

7 A. SWBT believes that the Commission could eliminate existing COS in those locations
8 where a LATA-wide flat-rate expanded calling service was made available. Again,
9 however, SWBT does not believe that the Commission should require all companies to
10 offer the same LATA-wide flat-rate service. In those exchanges where no carrier has
11 chosen to provide such a LATA-wide service, existing COS could be modified and re-
12 main available as a one-way only, local service offered by the originating exchange
13 LEC. If existing COS was generally modified to a one-way only, local service pro-
14 vided by the originating exchange LEC, SWBT would not be opposed to grandfathering
15 existing route-specific COS to existing locations, even if SWBT were also to offer a
16 LATA-wide flat-rate COS.
17

18 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

19 A. SWBT recommends that COS should be modified to a one-way only, locally dialed and
20 tariffed service, offered by the originating exchange LEC. In the alternative, COS

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 should be modified to a one-way reciprocally available service, again offered on a local
2 basis by the originating exchange LEC. If the Commission adopts the one-way recip-
3 rocal COS proposal, SWBT recommends that customers in exchanges that are targets
4 on multiple COS routes should only have the option of subscribing to COS to all peti-
5 tioning exchanges associated with that target, at a higher COS price. Also, SWBT rec-
6 ommends that the reciprocal COS option should not be offered to customers in the EAS
7 points of the target exchanges, and that now is the time to remove those EAS points
8 from the COS calling scope for petitioning exchange customers.

9
10 If the Commission adopts the 800-number COS proposal, SWBT recommends that
11 such a modification should not be implemented until such time that toll-free telephone
12 numbers in the 877 NPA are available for assignment. In addition, SWBT recommends
13 that the implementation schedule should accommodate the concerns that 800 service
14 providers currently have a finite allotment of toll-free numbers, and that companies'
15 entire allotments should not have to be used to migrate current COS to the 800-number
16 methodology.

17
18 On Issue No. 1 posed by the Commission in its Order establishing this docket, SWBT
19 believes that COS prices should be set on a company-specific basis and should exceed
20 the costs of providing the service. On Issue No. 2, SWBT believes that no company

1 should be required to offer COS. If the Commission finds that COS provisioning will
2 continue to be mandated, all competitive LECs should be required to offer the service
3 only if its revenue is less than the costs to provide it. On Issue No. 4, SWBT recom-
4 mends that the Commission stay all pending and future COS petitions. On Issue No. 5,
5 SWBT recommends that existing petitioning exchange COS subscribers and all target
6 exchange customers should be notified of any modifications to COS. Petitioning ex-
7 change COS subscribers should be notified via a direct mail letter, separate from the
8 bill. If the Commission adopts the one-way reciprocally available COS alternative, tar-
9 get exchange customers should also be notified via a direct mail letter. If the Commis-
10 sion adopts the one-way only or the 800-number COS alternatives, target exchange
11 customers should be notified via a bill message.

12
13 Finally, on Issue No. 6, SWBT believes that flat-rate LATA-wide COS is a viable
14 option if it is a one-way only service. For SWBT, a statewide offering is not feasible at
15 this time because SWBT currently does not have interLATA authority. SWBT is will-
16 ing to consider offering such a LATA-wide flat-rate COS under the following circum-
17 stances: 1) if aggregation of usage of multiple end users is prohibited, both for resellers
18 and SWBT, 2) if the service is made available as a local service in the Local Exchange
19 Tariff, and is subject to local dialing parity requirements, 3) if the service has a local
20 dialing pattern, 4) if SWBT is only required to offer the service to its own customers,

Direct Testimony
Debbie J. Bourneuf
Case No. TW-97-333

1 not to customers of SCs, and 5) if the intercompany compensation arrangement for
2 terminating compensation is as described in the Direct Testimony of Mr. Taylor. Under
3 these conditions, SWBT is willing to consider offering a LATA-wide flat-rate COS to
4 its customers at rates around \$30 per line for residence customers, and \$60 per line for
5 business customers. SWBT does not believe that all competitive LECs should be re-
6 quired to offer the same, or any, flat-rate LATA-wide calling service.

7

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

9 A. Yes, it does.

1 SUMMARY OF EDUCATION AND WORK EXPERIENCE

2
3 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

4 A. I graduated from Pennsylvania State University in University Park, Pennsylvania in
5 1978 with a Bachelor of Science degree in Economics. I earned a Master of Arts de-
6 gree in Economics from Temple University in Philadelphia, Pennsylvania in 1984.

7
8 **Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.**

9 A. I was employed by Bell of Pennsylvania from 1979 to 1985. During that period, I held
10 various management positions. Initially, I was responsible for development of support
11 for Bell of Pennsylvania's estimated revenue impacts for various services in rate case
12 proceedings. I next was assigned responsibility for development of revenue objectives
13 for the field sales force. In 1981, I was given responsibility for the development of cor-
14 porate revenue forecasts and revenue objectives. From mid-1984 to early 1985, I su-
15 pervised the company's revenue forecasting, demand analysis, competitive analysis and
16 usage studies groups.

17
18 I became employed by Southwestern Bell in 1985. In my first position, I was respon-
19 sible for development of econometric demand models for intraLATA Long Distance
20 Message Telecommunications Service (MTS). In 1987, I was moved to the position of
21 Area Manager-Rates in the Headquarters organization, and was responsible for devel-

1 opment of pricing recommendations and analyses relating to intraLATA MTS and Op-
2 tional Calling Plans (OCPs) for the five states served by Southwestern Bell. In 1991, I
3 was assigned to my current position, where I have responsibility for rate and tariff
4 matters relating to MTS, OCPs and Extended Area Service (EAS) for Missouri. In
5 1995, rate and tariff responsibilities for Wide Area Telecommunications Service and
6 800 Services were added to my current position.

7
8 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY REGULATORY**
9 **PROCEEDING?**

10 A. Yes, I testified in Missouri in Case No. TT-96-268, Case No. TT-96-398 and Case No.
11 TO-97-253. I submitted written Rebuttal Testimony in Missouri in Case No. TO-97-
12 254. I also testified in Missouri in Case No. TO-92-306 under the name of Debbie J.
13 Halpin. In addition, I submitted written Direct Testimony in Missouri in Case No. TR-
14 95-241 under the name of Debbie J. McClung.



Alliance for Telecommunications
Industry Solutions



Ordering and Billing
Forum

SMS/800 NUMBER ADMINISTRATION COMMITTEE ("SNAC")

PRESENTATION OF THE 877 IMPLEMENTATION PLAN

**before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.**

MARCH 12, 1997

Prepared By:

Don Werner
AT&T
131 Morristown Road
Basking Ridge, N.J. 07920
(908) 204-2348
email:werner@att.com

Susan M. Miller, Esq.
Alliance for Telecommunications
Industry Solutions, Inc.
1200 G Street, N.W., Suite 500
Washington, D.C. 20005
(202) 434-8834
email:smiller@atis.org



Ordering and Billing
Forum

SMS/800 NUMBER ADMINISTRATION COMMITTEE ("SNAC")

PRESENTATION OF THE 877 IMPLEMENTATION PLAN

TABLE OF CONTENTS

	<u>Page</u>
I. Who Is The SMS/800 Number Administration Committee? ("SNAC").....	1
II. SNAC has been "monitoring" toll free number utilization to ensure timely implementation of 877 as the next resource.....	2
III. SNAC Proposals.....	3
IV. SNAC proposed changes to "Industry Guidelines For Toll Free Number Administration".....	3
V. LEC 877 CONSIDERATIONS (As outlined in "The National LEC "8XX" Planning Document", Issue 1, August 1996).....	4 - 5
VI. Industry Notification.....	5
VII. Concerns outside the scope of SNAC.....	6
VIII. 866 deployment projected for sometime after the year 2000.....	6

SCHEDULE 2-2

ATTACHMENTS



Ordering and Billing
Forum

I. Who Is The SMS/800 Number Administration Committee? ("SNAC")

MISSION: The SNAC identifies, develops and implements the resolution of issues focused on the support of the 800/Service Management System (SMS).

Responsibilities:

- SMS/800 Process Enhancements
- Customer/RESP ORG Requirements
- Provider/RESP ORG Requirements
- Technical/Operational Issues
- SMS/800-888 Documentation Requirements
- NASC (Number Administration Service Center)/RESP ORG Support Processes

Additional responsibilities include maintenance of certain documents to support the database administration process, which outline:

- RESP ORG Responsibilities
- 10-Digit Toll Free Number Administration
- Coordinated Conversion of 800 Database Services
- NASC Responsibilities Support Processes

SCHEDULE 2-3

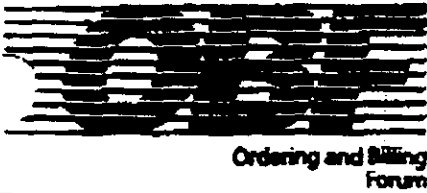


Ordering and Billing
Forum

II. SNAC has been "monitoring" toll free number utilization to ensure timely implementation of 877 as the next resource.

- 888 Implemented March 1996 (Approx 50% of resource in use).
- Issue 1300 Initiated By SNAC August 1996 to begin implementation planning for 877.
- Projecting future exhaust of existing resource involves analysis of three key elements:
 - Current utilization reports (Provided by DSMI).
 - "Toll Free Resource Exhaust Relief Planning Guidelines" developed by Industry Numbering Committee (INC 96-0802-014, Issued August 2, 1996).
 - ⇒ FCC designated 888 allocation (633,251 monthly).
- Based on number utilization, exhaust of current toll free resources is projected:
 - ⇒ Based on FCC allocation - as early as November 1997.
 - Projected on current utilization - approximately November 1998.

SCHEDULE 2-4



III. SNAC PROPOSALS:

- Implementation of 877 - Saturday, April 4, 1998
- Start 877 reservations - Saturday, April 4, 1998
- First customer in service - Saturday, April 4, 1998
- No replication set aside (All numbers available)

IV. SNAC proposed changes to "Industry Guidelines For Toll Free Number Administration."

- Reservation limit change
- Outline process for conservation measures
- Disconnect timeframes for customized referrals



Ordering and Billing
Forum

V. LEC 877 CONSIDERATIONS (As outlined in "The National LEC "8XX" Planning Document", Issue 1, August 1996).

- SMS/800 Readiness - June, 1997¹
- Switches - 877 Incorporated with 888
- STPs - Supports all 8XX codes
- SCPs - Software supports 8XX
 - ➔ 877 testing required
 - ➔ Capacity upgrade required
 - ➔ Expected completion 3rd Quarter 1997
- ① Regulatory Issues
 - ➔ Concerns on CC Docket No. 95-155
 - ➔ Industry identification/implementation of new code prior to exhaust
 - ➔ Impacts finalization of network plan



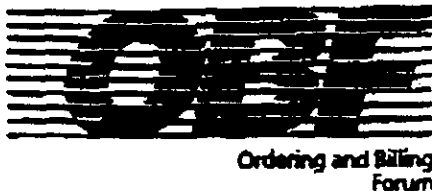
Ordering and Billing
Forum

V. LEC 877 CONSIDERATIONS (As outlined in "The National LEC "8XX" Planning Document", Issue 1, August 1996). - Continued

- Industry issues - recognizes roles of:
 - SNAC
 - INC
 - NIIF/NIM Committee (formerly NOF)
(Issue accepted September 9, 1996)

VI. Industry Notification

- Client Service Bulletins through SMS/800 to all RESPORGS
- SNAC Participants/Mailing List
- This Presentation
- ATIS developed news releases



VII. Concerns outside the scope of SNAC:

- “Customer/Consumer Education”
 - ➔ Responsibility of 800 Service Providers
- Payphone readiness (some still not handling 888)
- PBX readiness
- Allocation
- 888 “Y” Factor

VIII. 866 deployment projected for sometime after the year 2000:

- ① Considerations:
 - ➔ May require AIN deployment
 - ➔ Some switches will require software upgrades
 - ➔ SCP upgrades will be required