

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of AT&T Communications)
of the Southwest. Inc.'s Petition for second)
Arbitration pursuant to Section 252(b))
of the Telecommunications Act of 1996) Case No. TO-98-115
to Establish an Interconnection Agreement)
with Southwestern Bell Telephone Company)

AFFIDAVIT OF WILLIAM C. BAILEY

I, William C. Bailey, of lawful age, being duly sworn, depose and state:

1. My name is William C. Bailey. I am presently Executive Director-Regulatory and Industry Relations for Southwestern Bell Telephone Company ("SWBT"). My business address is One Bell Center, Room 4202, St. Louis, Missouri 63101.

2. I have been involved in regulatory proceedings in Missouri since 1976, when I joined the cost studies organization at SWBT's general headquarters. In that department, I was responsible for the completion of cost studies and the development of cost methodologies for various products and services of SWBT. On February 1, 1986, I assumed the title of District Manager-Rate Administration in the Missouri organization, and had responsibility for reviewing cost studies and presenting rates based on those cost studies. In February 1997 I was appointed to my present position.

3. SWBT disagrees with Staff's service order clarifications regarding "As Is" conversion of Unbundled Network Elements (UNEs) on pages 8 and 9 of the Arbitration Advisory Staff's Costing & Pricing Report. Volume 2: filed July 24, 1998. SWBT cannot be required to perform "As Is" conversions of UNEs. The 8th Circuit Court decision states that the

Exhibit No. 4
Date 9-4-98 Case No. TO-98-115
Reporter KE

RBOCs cannot be required to combine UNEs. To require "As-is" conversion of UNEs is to require combining which is a violation of the 8th Circuit Court's decision.

4. Staff clarifications of rate applications on pages 8 and 9 (attached as schedule 1) ignore costs SWBT incurs when performing service order work. Schedule 2 demonstrates the correct application of service order and non-recurring rates.

5. In addition to ignoring costs incurred, Staff's proposed clarification ignores the reality of the application of Non-Recurring Charges (NRCs). Staff omissions are demonstrated in schedule 2. The errors pointed out below, if not corrected, would violate the Federal Telecommunications Act of 1996 by preventing SWBT from recovering legitimate costs.

a. Example 1 omits any non-recurring charges associated with the Loop and 2 necessary cross connects. The cross connects connect the loop to the collocation cage and the port to the collocation cage.

b. Example 2 omits a necessary cross connect that connects the port to the collocation cage.

c. Example 3 includes all necessary rate elements but Staff proposes rate levels that are ½ of SWBT's proposed rates. The justification for SWBT nonrecurring rates are contained in the affidavits of Barbara Smith and Barry Moore which have been submitted in the proceeding.

d. Example 5 omits 2 necessary cross connects both (recurring & non-recurring charges) and omits non-recurring charges for the Loop. The cross connects required are between the loop and the collocation cage and the port and the collocation cage.

e. Example 6 omits non-recurring charges for Dedicated Transport.

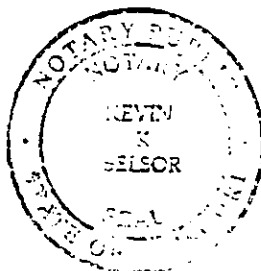
f. Example 7 omits a dedicated transport cross connect required to provide the service.

Further, affiant sayeth not.

William C. Bailey
William C. Bailey

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

Subscribed and sworn to before me this 24 day of August, 1998.



Kent Selso
Notary Public

KEVIN K. SELSOR
NOTARY PUBLIC STATE OF MISSOURI
ST. LOUIS COUNTY
MY COMMISSION EXP. JULY 6, 2000

Service Order Clarification

Staff believes it would be useful to the parties if the Commission clarified the application of service order charges. Staff offers the following scenarios as to how the service orders charges should apply.

1. As is UNE conversion -- Loop and line side port combination only

	Recurring	NRC
2-wire analog Loop Recurring (Group A)	\$33.29	
Port Recurring	\$2.47	
As is conversion charge		\$5.00
Total	\$35.76	\$5.00

Local switching/tandem switching charges apply and are dependent upon MOU.

2. New service -- loop, line side port, and cross connect to CLEC collocated equipment with call waiting

	Recurring	NRC
2-wire analog Loop Recurring (Group C)	\$18.23	\$26.07
2-wire analog line side port Recurring	\$2.25	\$39.37
2-wire analog crossconnect w/o testing	\$0.31	\$19.96
Call Waiting		\$ 0.18
New Service Charge		\$ 2.11
Total	\$20.79	\$87.69

Local switching/tandem switching charges apply and are dependent upon MOU.

3. Customer currently has service through facilities and requests call waiting, caller ID, and call forwarding combination.

	Recurring	NRC
Feature activation charge for combination		\$0.18(Staff estimate)
Customer change charge		\$2.09
Total		\$2.27

4. Total Services Resale - residential - as-is conversion -- 19.2 percent discount

	Recurring	NRC
Rate Group A	\$6.11	
Conversion Charge		\$5.00
Total	\$6.11	\$5.00
 Rate Group D. MCA-2	 \$10.10	
Conversion Charge		\$5.00
Total	\$10.10	\$5.00

Under resale service, tariffed rates less the 19.2 percent discount apply.

5. As is UNE conversion -- Loop and line side port combination -- customer requests call waiting.

	Recurring	NRC
2-wire analog Loop Recurring (Group A)	\$33.29	
Port Recurring	\$2.47	
Feature Activation -- Call waiting		\$0.18
As is conversion charge		\$5.00

Total	\$35.76	\$5.18
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Local switching/tandem switching charges apply and are dependent upon MOU.

6. As is conversion -- 10 miles of DS-1 dedicated transport in Rate Group B

	Recurring	NRC
Dedicated transport, first mile	\$86.96	
Additional miles	9 * \$1.67	
Service Order charge		\$54.29

Total	\$101.99	\$54.29
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7. New service -- 10 miles of DS-1 dedicated transport in Rate Group B

	Recurring	NRC
Dedicated transport, first mile	\$86.96	\$184.84
Additional miles	9 * \$1.67	\$184 + 8*\$118.14
Service Order charge		\$105.20

Total	\$101.99	\$1,419.16
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SWBT Proposed Service Order Clarification

For all the scenarios offered by the Staff Service Order Charges (SOC) would apply. SOC's are charges associated with processing a service order. When ordering Unbundled Network Elements (UNEs) Non-Recurring Charges would be applied to recover one time costs associated with provisioning the UNE. Minute of Use (MOU) Charges would also apply for all originating and terminating calls involving a UNE switch port. The Term "Conversion" is only applicable in the resale environment and is not applicable for UNE services.

Example 1:

If a collocated Local Wholesale Customer wanted to order loops and port UNEs, SWBell would apply the following charges:

	<u>Monthly Recurring</u>	<u>Initial NonRecurring</u>
2-wire Analog Loop (Group A)	\$33.29	\$53.20
2-wire Analog Loop to Collocation Cross Connect	\$ 2.15	\$71.25
Analog Line Port	\$ 2.47	\$39.37
2-wire Analog Port to Collocation Cross Connect	\$ 2.15	\$71.25
Service Order Charge		
Simple Mechanized		\$ 5.00
Total	\$ 40.06	\$240.74

Note: this end-user will become a "new" UNE customer.

Example 2:

If a collocated Local Wholesale Customer wanted to order UNE elements including loops and a port with the call waiting vertical feature and did not require testing of its cross connects, SWBell would apply the following charges:

	<u>Monthly Recurring</u>	<u>Initial NonRecurring</u>
2-wire Analog Loop (Group C)	\$18.23	\$26.07
2-wire Analog Loop to Collocation Cross Connect (w/o test)	\$.31	\$19.96
Analog Line Port	\$ 2.25	\$39.37
2-wire Analog Port to Collocation Cross Connect (w/o test)	\$.31	\$19.96
Call Waiting		\$ 2.27
Service Order Charge		
Simple Mechanized New		\$ 5.00
Total	\$21.10	\$112.63

Example 3:

If a collocated Local Wholesale Customer wanted to add Analog Port vertical features to an existing UNE Analog Port (Call waiting, caller ID and Call forwarding), SWB would apply the following charges:

	<u>Monthly Recurring</u>	<u>Initial NonRecurring</u>
Call Waiting		\$ 2.27
Caller ID		\$ 2.27
Call Forwarding		\$ 2.27
Service Order Charge		
Simple Mechanized Change		\$ 5.00
Total	No additional Monthly Recurring Charges	\$11.81

Example 5:

This Example would be very similar to Example 2. If a collocated Local Wholesale Customer wanted to order UNE elements including loops and a port with the call waiting vertical feature for an end-user not currently receiving UNE services, SWB would apply the following charges:

	<u>Monthly Recurring</u>	<u>Initial NonRecurring</u>
2-wire Analog Loop (Group C)	\$33.29	\$53.20
2-wire Analog Loop to Collocation Cross Connect	\$ 2.15	\$71.25
Analog Line Port	\$ 2.47	\$39.37
2-wire Analog Port to Collocation Cross Connect	\$ 2.15	\$71.25
Call Waiting		\$ 2.27
Service Order Charge		
Simple Mechanized New		\$ 5.00
Total	\$40.06	\$ 242.74

Note: Local Wholesale Customer could provision their own cross connects to connect the loop to/from the MDF and the Port to/from the MDF.

Example 6:

If a collocated Local Wholesale Customer wanted to add 10 miles of DS1 Dedicated Transport (rate group B) to an end users existing UNE DS1 Entrance Facility, SWB would apply the following charges:

	<u>Monthly Recurring</u>	<u>Initial NonRecurring</u>
Dedicated Transport, first mile	\$ 86.96	\$309.00
Additional miles	\$15.03	
Dedicated Transport Cross Connect	\$ 12.00	\$ 99.00
Service Order Charge		
Complex Manual or Mechanized Change		\$136.00
Total	\$113.99	\$544.00

Example 7:

If a collocated Local Wholesale Customer wanted to provide to a new UNE customer 10 miles of DS1 Dedicated Transport (rate group B) UNE services that would be connected to the Local Wholesale Customers existing facilities, SWB would apply the following charges:

	<u>Monthly Recurring</u>	<u>Initial NonRecurring</u>
Dedicated Transport, first mile	\$ 86.96	\$184.84
Additional miles	\$15.03	\$ 1063.26
Dedicated Transport Cross Connect	\$ 12.00	\$ 9.41
Service Order Charge		
Complex Manual or Mechanized New		\$245.00
Total	\$113.99	\$1493.10

	SWBT PROPOSED <u>RATES</u> (Sched. 2)	STAFF PROPOSED <u>RATES</u> (Sched. 1)	<u>DIFFERENCE</u>
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Example 1

NONRECURRING	\$240.74	\$5.00	\$235.74
RECURRING	\$40.06	\$35.76	\$4.30

Example 2

NONRECURRING	\$112.63	\$87.69	\$24.94
RECURRING	\$21.10	\$20.79	\$0.31

Example 3

NONRECURRING	\$11.81	\$2.27	\$9.54
RECURRING	N/A	N/A	N/A

Example 5

NONRECURRING	\$242.74	\$5.18	\$237.56
RECURRING	\$40.06	\$35.76	\$4.30

Example 6

NONRECURRING	\$544	\$54.29	\$489.71
RECURRING	\$113.99	\$101.99	\$12.00

Example 7

NONRECURRING	\$1493.10	\$1419.16	\$73.94
RECURRING	\$113.99	\$101.99	\$12.00