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November 4, 2002

Dale Hardy Roberts
Secretary of the Commission
Missouri Public Service Commission
PO Box 360
Jefferson City, MO 65101

FILED²
NOV 04 2002
Missouri Public
Service Commission

Re: Case No. TO-2001-438

Dear Mr. Secretary:

Attached for filing with the Commission, please find the original and eight (8) copies of AT&T Communications of the Southwest's Joint Sponsor's Response of SWBT's Compliance Cost Study Results.

I thank you in advance for your cooperation in bringing this to the attention of the Commission.

Very truly yours,

Kevin K. Zarling
Kevin K. Zarling

Attachment
cc: All Parties of Record

FILED²

NOV 04 2002

Missouri Public
Service Commission

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of the Determination of Prices,)
Terms, and Conditions of Certain Unbundled)
Network Elements.)

Case No. TO-2001-438

**JOINT SPONSORS' RESPONSE TO
SOUTHWESTERN BELL'S COMPLIANCE COST STUDY RESULTS**

Come Now AT&T Communications of the Southwest, Inc, MCImetro Access Transmission Services, LLC, Brooks Fiber Communications of Missouri, Inc., MCI WorldCom Communications, Inc., Birch Telecom of Missouri, Inc., XO Missouri, Inc., NuVox Communications of Missouri, Inc., McLeodUSA Telecommunications, Inc., TCG Kansas City, Inc., and TCG St. Louis, Inc. (collectively "Joint Sponsors"), and for their Response to SWBT's compliance cost study results, filed on September 20, 2002, respectfully state to the Commission:

1. The Commission's Report and Order in this case was issued on August 6, 2002, and it established November 4, 2002, as the deadline for parties to file "a response" to Southwestern Bell Telephone Company's ("SWBT") revised cost studies and resulting rates filed in compliance with the aforementioned Report and Order. No particular format for such a response was prescribed, and given the nature of the task at hand, and the number of issues involved, the Joint Sponsors have provided their comments in the Issues List/Position Statement, or "matrix", format that was used in this arbitration. The matrix format was the most practical way for the Joint Sponsors to organize their review of SWBT's compliance cost studies, since the Issues List matrix was organized on a cost study-by-cost study basis and obviously the Commission's Report and Order was organized in that fashion. In addition, presenting the Joint Sponsors' comments in this fashion should ensure the Commission that the Joint Sponsors have *thoroughly* reviewed

SWBT's compliance cost studies¹ inasmuch as the Joint Sponsors have indicated SWBT's compliance, or non-compliance,² with the Commission's decision on *each* issue from the original Issues List. Attachment 1 to this pleading is the Joint Sponsors' Comments in matrix format.³

2. A brief review of the Joint Sponsors' Comments matrix shows that on most issues the Joint Sponsors believe that SWBT has complied with the Commission's Report and Order. However, the Commission should be well aware that for many rate elements a single "cost element" can be the largest driver of the final cost (and the resulting rate). Therefore, each single issue where the Joint Sponsors have pointed out a SWBT error is important. Of course, for all recurring rate elements the appropriate cost factors are important, and for all non-recurring rate elements the appropriate labor rates are important. Because the Joint Sponsors have corrected errors to SWBT's calculation of cost factors and labor rates, the Joint Sponsors' calculation of final compliance rates differs from SWBT's calculation for virtually every rate element. Attachment 2 to this pleading is the Joint Sponsors' Results of Commission Ordered Changes to SWBT's Cost Studies ("Results"). This Results document shows both the costs that are produced by appropriate implementation of the Commission's Report and Order, as well as the corresponding rates that result from application of the shared and common cost factor. The Results document is being filed as both a Highly Confidential version, and as a

¹ In addition to their rate results, SWBT also provided the Joint Sponsors with their actual compliance cost studies and some supporting workpapers.

² In some instances, an issue has become moot, and this has been noted. For some issues, SWBT's compliance has been noted as "Partial" for reasons that should be made clear by the Joint Sponsors' corresponding comments (typically, SWBT will have correctly changed an input value in some, but not all, places where that input value is used in a cost study).

³ Attachment 1 is being filed in both Highly Confidential and Public versions - - although the Joint Sponsors endeavored to limit their comments, and limit any references to potentially HC materials, in a

Public version with the "cost" columns redacted, similar to SWBT's treatment of its results sheet shown as Attachment 1 to SWBT's September 20, 2002 compliance filing. The Joint Sponsors do not believe this cost information should be treated as Highly Confidential or Proprietary as to SWBT, particularly in light of SWBT's arguments that such costs are not reflective of SWBT's TELRIC costs. However, rather than potentially provoke an unnecessary debate with SWBT over the matter at this time, the Joint Sponsors have elected for this filing to treat the cost data in the same manner SWBT did for its compliance filing.

3. In addition, attached as Attachment 3 is the Joint Sponsors' Comparative Results rate sheet ("Comparative Results"). The Comparative Results document places the Joint Sponsors' proposed compliance rates alongside SWBT's proposed compliance rates as they were reflected in SWBT's September 20, 2002 compliance filing.

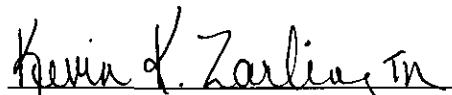
4. Finally, the Joint Sponsors' note that the next step in this proceeding is unclear. The Commission's Report and Order did not request additional responsive pleadings. Consequently, the nature and extent of any further pleadings by SWBT and/or Staff that *may* be permitted is also unclear. The Joint Sponsors have attempted to be concise and clear in their comments on the changes they have made to SWBT's compliance cost studies; in some instances such comments have been less helpful than would have been, for example, elaborate testimony. However, the Joint Sponsors have tried to strike a balance between providing reasonable comments that will hopefully taper the volume of paper in the case to a logical end, and proffering what would effectively be another round

very few instances the Joint Sponsors believe a concise explanation of SWBT's error in a compliance cost study requires a reference to data that SWBT may potentially consider HC.

of prefiled evidence.⁴ Therefore, should either SWBT or the Staff file responsive pleadings then the Joint Sponsors' must also reserve the right to further respond.⁵

In conclusion, the Joint Sponsors respectfully request that the Commission find the Joint Sponsors' comments on SWBT's compliance cost studies reflect a proper application of TELRIC principles and the Commission's Report and Order, and adopt the Joint Sponsors' proposed changes to SWBT's compliance cost studies, and adopt the Joint Sponsors' proposed rates resulting from such changes.

Respectfully Submitted,



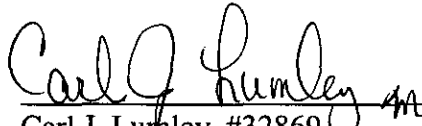
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⁴ Both SWBT and the Staff have been provided with some advance notice of the Joint Sponsors' view of errors in SWBT's compliance cost studies, and both SWBT and the Staff will be provided with electronic copies of the Joint Sponsors' restatements of SWBT's compliance cost studies, i.e., revised cost studies.

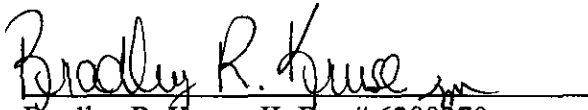
⁵ Because the Joint Sponsors' Comments will effectively narrow the debate by focusing on a discrete number of issues, other parties may feel it is appropriate to be more elaborate in their response than the Joint Sponsors were in these initial comments. This places the Joint Sponsors at a disadvantage inasmuch as in the time allowed for review of SWBT's compliance studies the Joint Sponsors had to focus on all 356 issues -- it did not necessarily take less time to determine that SWBT had complied with the Commission's decision on one issue than it did to determine that SWBT had made an error in its compliance on another issue.

CURTIS, OETTING, HEINZ,
GARRETT & O'KEEFE, P.C.



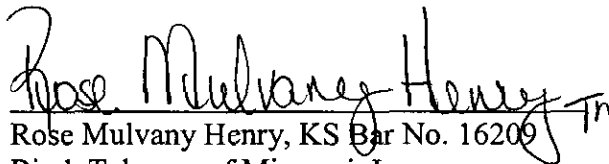
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CERTIFICATE OF SERVICE

A true and correct copy of the foregoing document was mailed this 4th day of November, 2002, to the persons listed on the attached service list, by U.S. Mail postage paid.

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