

FILED

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

APR 11 1997

MISSOURI
PUBLIC SERVICE COMMISSION

IN THE MATTER OF AN INVESTIGATION)
INTO THE PROVISION OF COMMUNITY)
OPTIONAL CALLING SERVICE IN MISSOURI)

CASE NO. TW-97-333

AFFIDAVIT OF LARRY R. LOVETT

STATE OF MISSOURI)

COUNTY OF COLE)

LARRY R. LOVETT, of lawful age, being first duly sworn
deposes and states:

1. My name is Larry R. Lovett. I am a State Regulatory
Manager, Missouri, and am testifying on behalf of AT&T
Communications of the Southwest, Inc.

2. Attached hereto and made a part hereof for all purposes
is my Direct Testimony including Schedules consisting of pages
1 through 7.

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.



Larry R. Lovett
Larry R. Lovett

Subscribed and sworn to this 11th day of April, 1997

Judith A. Reynolds
Notary Public

My Commission Expires:

JUDITH A. REYNOLDS
Notary Public, State of Missouri
Cole County
My Commission Expires 2/2/2000

Exhibit No:

Issue: Provision of COS

Witness: Lovett

Type of Exhibit : Direct Testimony

Sponsoring Party: AT&T Communications of
the Southwest, Inc.

Case No: TW-97-333

INVESTIGATION OF PROVISION OF
COMMUNITY OPTIONAL SERVICE

CASE NO.

TW-97-333

DIRECT TESTIMONY

OF

LARRY R. LOVETT

Jefferson City, Missouri
April 11, 1997

1 **AT&T COMMUNICATIONS OF THE SOUTHWEST, INC.**

2 **DIRECT TESTIMONY**

3 **OF**

4 **LARRY R. LOVETT**

5 **CASE NO. TW-97-333**

6

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

8 A. My name is Larry R. Lovett and my business address is 101 West McCarty, Suite
9 216, Jefferson City, Missouri, 65101.

10

11 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

12 A. I am employed by AT&T as State Regulatory Manager. My responsibilities
13 include the review and analysis of Local Exchange Company (LEC) intrastate
14 tariff filings in the state of Missouri.

15

16 **Q. WOULD YOU PLEASE DESCRIBE YOUR PREVIOUS WORK**
17 **EXPERIENCE?**

18 A. I was employed by AT&T in the Network Central Office Department in 1962.
19 From 1966 through 1980 I held various Marketing positions in Minneapolis,
20 Minnesota; Des Moines, Iowa and Kansas City, Missouri. In July of 1982 I
21 accepted a position in the Law and Government Affairs Group in Kansas City. I
22 was appointed to my present position in the Jefferson City Law and Government
23 Affairs Organization in May of 1988.

1
2 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY OR APPEARED AS AN**
3 **EXPERT WITNESS BEFORE A REGULATORY BODY?**

4 A. Yes, I appeared before the Missouri Public Service Commission in Case Number
5 TT-96-398 and TO-97-253. In addition, I appeared before the Commission in
6 Case Number TO-92-19 regarding Modernization and have participated in a wide
7 variety of Commission Dockets including TO-92-306 regarding Expanded Calling
8 Services.

9
10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
11 **PROCEEDING?**

12 A. The purpose of my testimony is to respond to the Missouri Public Service
13 Commission (Commission) "Straw COS Proposal" and corresponding
14 issues/questions as requested.

15
16 **Q. WOULD YOU CARE TO COMMENT ON ASSUMPTIONS?**

17 A. Yes, AT&T would urge the Commission to adopt the first alternate assumption,
18 i.e., one-way COS only. AT&T is concerned that identifying a specific service for
19 use in return calling (i.e., 800 service) would limit the potential for development
20 of preferable competitive alternatives in the future. Today, there are various
21 methods that may better meet specific customers needs. Use of AT&T 800
22 service for example, would present economic and technical barriers. The use of

1 advanced features in a non-standard configuration would be required to select
2 only the target exchange.

3
4 **Q. PLEASE RESPOND TO THE COMMISSION QUESTIONS SET OUT IN**
5 **THE ORDER ESTABLISHING DOCKET.**

6 A. The Commission's questions and AT&T's responses are as follows:

7
8 1. IS THE APPROPRIATE PRICING MECHANISM FOR ONE-
9 WAY COS WITH RECIPROCAL SERVICE THE SAME AS
10 SET OUT BY THE STAFF IN CASE NO. TT-96-398? IF NOT,
11 SO INDICATE AND SUBSTANTIATE AN ALTERNATIVE
12 PROPOSAL.

13
14 For the immediate need and in order to implement intraLATA
15 presubscription at the earliest possible date, Staff's solution would
16 seem to be appropriate. For the longer term, COS rates should be
17 adjusted to reflect actual costs so that competitive alternatives will
18 become a possible replacement for COS.

19
20 2 SHALL ALL COMPETITIVE LECS BE REQUIRED TO OFFER
21 THIS SERVICE?

22 No. In fact, AT&T prefers that no LEC or IXC be required to
23 provide COS. AT&T believes that reduction of access charges to

1 cost would eliminate the need for mandated services. IXC's and
2 LEC's will be forced to bring their like service prices down in order
3 to compete for valuable customers.

4
5 AT&T believes that in order to compete for these local customers,
6 competitive LEC's must be able to provide COS, an alternative
7 service or total package of services whichever they prefer. This
8 would make mandatory requirements for competitive LEC's
9 unnecessary and undesirable. AT&T, however, cannot justify
10 alternative treatment for competitive LEC's in this case.

11
12 COS is not only a problem for LEC's and CLEC's, but IXC's are
13 also affected because potentially high volume customers are
14 encouraged to take a subsidized anticompetitive alternative.

15
16 In order to compete for these customers, IXC's in an IntraLATA
17 presubscription environment must develop COS like or preferable
18 total service plans as well.

19
20 3. WHAT, IF ANY, CHANGE MUST BE MADE IN THE
21 PRIMARY TOLL CARRIER (PTC) PLAN TO

1 ACCOMMODATE OR ACCOMPLISH THE PROPOSED COS
2 CHANGES HEREIN?

3 AT&T recognizes that there are various issues involving the PTC
4 plan that need to be addressed. These problems are not technical
5 in nature and do not involve the feasibility of changing the manner
6 in which COS is provided.

7
8 AT&T is interested in the resolution of PTC plan conflicts in as
9 much as AT&T wants to be assured that revisions to the plan are
10 competitively neutral.

11
12 4. SHALL THE COMMISSION STAY ALL PENDING AND
13 FUTURE COS APPLICATIONS?

14 Yes, pending and future COS applications should be suspended.
15 The revision of COS is certainly going to be painful for those
16 customers who are dedicated to its present form, or dedicated to the
17 anticipating implementation of COS in its present form.

18
19 It would not seem to be in the best interest of customers to plan for
20 and become accustomed to COS as they would expect it to be
21 provisioned, only to be introduced to the modified COS at a later
22 date.

1
2 5. WHAT IS THE PARTICIPANTS' PROPOSAL FOR
3 EDUCATING THE PUBLIC?

4 AT&T believes that a two part plan is needed.

5 Current customers and customers with pending COS requests need
6 to be addressed in as direct and personal a method as possible,
7 recognizing that some of them may be extremely sensitive.

8 Because these customers for COS are LEC customers today,
9 AT&T recognizes the legitimate right and obligation the LECs
10 have in determining how best to deal with these issues.

11 Potential modified COS customers need to be aware of the new
12 service, in the way they are made aware of the service today. IXC
13 and LEC competition will assist in ensuring that customers are
14 aware that modified COS or a suggested alternative is available.

15
16 6. LATA-WIDE OR STATEWIDE FLAT RATE SERVICES.

17 AT&T opposes mandatory expansion of LATA wide or flat rated
18 services. There are many services available today which meet
19 these needs for customers. Although not flat rated, WATS, 800
20 and many other rate plans are tailored to meet specific customer
21 needs in this regard.
22

1 In addition, any determination of a mandatory flat rate would put
2 those IXC's who must pay today's inflated access rates at an
3 insurmountable competitive disadvantage with those competitors
4 who merely impute their own access charges in determining price.

5

6 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

7 **A. Yes.**