BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of a Commission Inquiry into the Possibility of Impairment without Unbundled Local Circuit Switching When Serving the Mass Market.

Case No. TO-2004-0207

SBC MISSOURI'S PHASE I POSITION STATEMENT

SBC Missouri,¹ pursuant to the Missouri Public Service Commission's ("Commission's")

December 1, 2003 Order Establishing Procedural Schedule, respectfully submits SBC Missouri's

position on the Phase I issues:

<u>Issue 1</u> For purposes of examining whether there is "non-impairment" in the provision of unbundled local switching to service mass market customers, what are the relevant geographic markets within the state of Missouri?

SBC Missouri Position: The Commission should use Metropolitan Statistical Areas

("MSAs") to define the geographic markets for the purpose of the mass market switching analysis.² MSAs best meet the FCC's criteria³ for a geographic market because the evidence demonstrates that CLECs are actually serving Missouri mass market customers throughout the MSA;⁴ there is little variation across the MSAs in factors that might substantively affect a competitor's ability to serve mass market customers;⁵ and where CLECs have entered an MSA using their own switches, they have the ability to use them to serve mass market customers in most, if not all, of the MSA if they choose.⁶

¹ Southwestern Bell Telephone, L.P. d/b/a SBC Missouri, will be referred to in this pleading as "SBC Missouri."

² Fleming Direct, pp. 5-10; Tardiff Direct, pp. 7-22, Rebuttal p. 7.

³ 47 CFR Section 51.319(d)(2)(i).

⁴ Fleming Direct, pp. 10-19.

⁵ Fleming Direct, pp. 20-24.

⁶ Fleming Direct, pp. 11-19, Rebuttal, pp. 42-43; Tardiff Direct, pp. 21-24.

Issue 2 For purposes of the 47 CFR 51.319(d)(2)(iii)(B)(3) Analysis, how many DS0 lines must be supplied to a multi-line DS0 customer before that customer is considered to be an enterprise customer rather than a mass market customer?

SBC Missouri Position: The Commission should adopt a DS0 cutoff of four DS0s, meaning that a customer with four or more DS0s at a location would be part of the enterprise market, while a customer with three or fewer DS0s would be in the mass market.⁷ This cutoff, which is the default cutoff the FCC uses for density Zone 1 in the top 50 MSAs, best satisfies the FCC's criteria,⁸ which requires the Commission to take into account the point at which the increased <u>revenue opportunity</u> at a single location is sufficient to overcome impairment and the point at which multi-lined end-users could be served in an economic fashion by higher capacity loops and a carrier's own switching.⁹ The parties that advocate a higher cutoff point make several errors in their analysis, including the failure to consider the increased revenue opportunities that come with providing service over a DS1 loop, which, under the FCC's rules, are a critical part of the analysis.¹⁰

Respectfully submitted,

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⁷ Fleming Direct, p. 27.

⁸ 47 CFR Section 51.319(d)(2)(iii)(B)(4).

⁹ Fleming Direct, pp. 27-34.

¹⁰ Fleming Rebuttal, pp. 3, 18-36.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing document was served to all parties by e-mail on January 20, 2004.

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