

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Determination of Prices,	)	
Terms, and Conditions of Certain Unbundled	)	Case No. TO-2001-438
Network Elements.	)	

**SOUTHWESTERN BELL TELEPHONE COMPANY'S  
REPLY TO THE JOINT SPONSORS' AND STAFF' COMMENTS  
CONCERNING SWBT'S REVISED COST STUDIES**

Southwestern Bell Telephone Company,<sup>1</sup> respectfully submits this Reply to the Comments filed by Joint Sponsors and Staff of the Missouri Public Service Commission concerning the revised cost studies Southwestern Bell submitted on September 22, 2002.

In preparing this Reply, Southwestern Bell followed the matrix format that was used by all parties to organize the issues in this proceeding. Southwestern Bell's Reply to the Joint Sponsors' Comments are set out in the matrix appended as Attachments 1HC and 1NP; and Southwestern Bell's Reply to Staff's Comments are set out in the matrix appended as Attachment 2.

Southwestern Bell's revised cost studies, with the corrections noted in the attached matrices, fully comply with the directives contained in the Missouri Public Service Commission's August 6, 2002 Report and Order ("Order"). In preparing its revised cost studies, Southwestern Bell worked diligently to incorporate the Commission's determinations into its studies. The process of analyzing the Commission's Order and revising the studies was a considerable effort, and Southwestern Bell's cost analysts endeavored to carefully follow the Commission's directives. However, upon review of other parties' comments, Southwestern Bell found that it had made some inadvertent mistakes in revising certain elements of its cost studies.

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<sup>1</sup> Southwestern Bell Telephone, L.P., d/b/a Southwestern Bell Telephone Company, will be referred to in this pleading as "Southwestern Bell" or "SWBT."


In its Reply matrices, Southwestern Bell candidly acknowledges these errors and indicates that it will correct them in developing final rates. On a few other issues, other parties' comments and further study has led Southwestern Bell to concur that some of the revisions proposed by those parties would be appropriate. In such cases, Southwestern Bell's attached matrices indicate its concurrence with those specific changes and that it will incorporate those changes into the final rates developed in this proceeding.

But for the most part, the Comments raised by the Joint Sponsors and Staff should be rejected. As explained in the attached Reply matrices, the initial changes they propose reflect (1) a misunderstanding of the cost models, (2) an incorrect interpretation of the Commission's Order; or (3) an attempt to introduce new positions that were neither previously raised nor supported by any evidence in the record. Such proposed adjustments should be rejected by the Commission.

WHEREFORE, Southwestern Bell respectfully requests the Commission to accept Southwestern Bell's revised cost studies, subject to the corrections noted in this Reply, as compliant with the Commission's August 6, 2002 Report and Order.

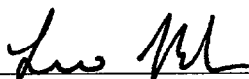
Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing document were served to all parties by e-mail on November 22, 2002

  
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