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August 11, 1997

Mr. Cecil I. Wright
Executive Secretary
Missouri Public Service Commission
301 West High Street, Floor 5A
Jefferson City, Missouri 65101

FILED
AUG 11 1997
MISSOURI PUBLIC SERVICE COMMISSION

Re: Case No. TO-97-523

Dear Mr. Wright:

Enclosed for filing with the Commission in the above-referenced case is an original and 14 copies of the Reply of Southwestern Bell Telephone Company.

Please stamp "Filed" on the extra copy and return the copy to me in the enclosed self-addressed, stamped envelope.

Thank you for bringing this matter to the attention of the Commission.

Very truly yours,

Tony Conroy /ky
Anthony K. Conroy

Enclosures

cc: Attorneys of Record

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

FILED
AUG 11 1997

Joint Application of Southwestern Bell)
Telephone Company and Ameritech Mobile)
Communications, Inc. for Approval of)
Interconnection Agreement Under the)
Telecommunications Act of 1996)

Case No. TO-97-523

REPLY OF SOUTHWESTERN BELL TELEPHONE COMPANY

COMES NOW Southwestern Bell Telephone Company ("SWBT") and files its Reply to the Comments recently submitted in this proceeding by the Small Telephone Company Group, Fidelity Telephone Company and Bourbeuse Telephone Company (collectively "STCG").

INTRODUCTION

SWBT agrees with STCG that under the applicable standard, the Missouri Public Service Commission ("Commission") may only reject the interconnection agreement between SWBT and Ameritech Mobile Communications, Inc. ("Ameritech") if it finds that

- (a) the agreement (or any portion thereof) discriminates against a telecommunications carrier not a party to the agreement; or
- (b) the implementation of such agreement or portion is not consistent with the public interest, convenience, and necessity;

Initially, SWBT points out that no party has sought Commission rejection of this Agreement. In fact, only STCG has sought to participate without intervention in this proceeding and even they do not ask the Commission to reject the interconnection agreement between SWBT and Ameritech. Rather, STCG requests that the Commission "carefully consider its approval of the interconnection agreement and whether it meets the standards for approval set out in Section 252(e) of the Act." SWBT believes that the Commission will "carefully consider"

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SWBT's and Ameritech's interconnection agreement and trusts that upon completion of its review, it will approve the agreement.

STCG's sole concern regarding the interconnection agreement between SWBT and Ameritech appears to be the provisions relating to the treatment, including compensation, of wireless traffic delivered by Ameritech to SWBT for transit to another telecommunications carrier's network for termination. In Case No. TO-96-112, United and other independent local exchange companies ("ILECs") complained that SWBT's wireless carrier interconnection service tariff provided a complete end to end service that would terminate a wireless carrier's calls anywhere in the LATA, including to ILEC exchanges. On this basis, the ILECs claimed that their networks were being used as a component of SWBT's service. They argued that SWBT was therefore their customer and owed them full access charges to terminate such calls. The ILECs also complained that the structure of SWBT's interconnection service disabled them from being able to negotiate terminating compensation arrangements directly with the ILECs.

The interconnection arrangement SWBT negotiated with Ameritech (and has negotiated with other wireless carriers) addresses the complaints and concerns the ILECs raised in the United case. First, it restructures the interconnection arrangement to make clear that on calls destined for a third party's network, SWBT is only providing a transiting function, i.e. it is only carrying the call across its own network. It is not terminating the call. This fact is also reflected in the much lower rate for transiting compared to that charged for actually terminating a call. Moreover, this agreement makes clear, in the strongest possible terms, Ameritech's responsibility to make arrangements directly with the carriers that will be terminating such calls. As reflected in this agreement, Ameritech has contractually committed to SWBT -- and in jointly

filing this agreement for approval, committed to this Commission -- that it will make these arrangements.

A. The Interconnection Agreement Between SWBT and Ameritech Does Not Discriminate Against Telecommunications Carriers Not a Party to the Agreement

STCG indicates that it has concerns but does not specifically state whether the agreement is discriminatory and if so, how it believes the agreement between SWBT and Ameritech may discriminate against other carriers not a party to the agreement. However, no portion of the agreement between SWBT and Ameritech, including the portions which STCG appears to question, discriminates against any carrier not a party to the agreement. If the agreement is approved by the Commission, the agreement will be available to all similarly situated wireless carriers. Clearly, the agreement between SWBT and Ameritech does not discriminate against any carrier not a party to the agreement.

B. The Interconnection Agreement Between SWBT and Ameritech is Consistent With the Public Interest, Convenience and Necessity

While STCG states that it has concerns, it again does not specifically state if the agreement is contrary to the public interest and if so how. However, the provisions of the interconnection agreement between SWBT and Ameritech with which STCG apparently has concerns are clearly consistent with the public interest, convenience, and necessity. These provisions create a strong incentive for wireless carriers such as Ameritech to enter into agreements with third parties (such as STCG's members) which terminate Ameritech's traffic, pursuant to which Ameritech will compensate the third party carrier for Ameritech's traffic which transits SWBT's network. The subject provisions are further consistent with the public

interest, convenience and necessity because in the event Ameritech does not have an agreement with a particular third party carrier, it leaves open a mechanism under which SWBT would continue to pass traffic under an indemnification arrangement until such an agreement is reached.

Customers stand to benefit the most from this arrangement. With these provisions in place, more calls originated by Ameritech's wireless customers will reach their intended destination, and more Missourians will be able to receive calls originated by Ameritech's wireless customers. At the same time, all carriers handling wireless originated traffic will be responsible and compensated for only their portion of the carriage.

Finally, SWBT would also point out that the few provisions in the interconnection agreement between SWBT and Ameritech with which STCG appear to have concerns are very similar to the provisions contained in the interconnection agreement between SWBT and AT&T Wireless Services, Inc. which the Commission approved under the same statutory standard of review. In addition, these provisions are substantially similar to provisions contained in every other Missouri interconnection agreement between SWBT and wireless carriers.

CONCLUSION

For the reasons stated herein and in its original Joint Application for Approval, SWBT respectfully requests that the Commission approve the entire interconnection agreement between SWBT and Ameritech.

Respectfully submitted,

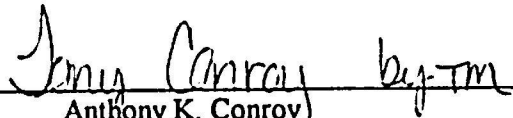
SOUTHWESTERN BELL TELEPHONE COMPANY

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing document were served to all parties on the Service List by first-class postage prepaid, U.S. Mail on August 11th 1997.



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