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May 17, 2001

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Jefferson City, MO 65102

FILED²
MAY 17 2001
Missouri Public
Service Commission

RE: Case No. TO-2000-667

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of the **STAFF'S RESPONSE TO SOUTHWESTERN BELL TELEPHONE COMPANY'S APPLICATION FOR REHEARING.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Wm K Haas

William K. Haas
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WKH:sw
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²

MAY 17 2001

Missouri Public
Service Commission

In the Matter of the Investigation into the)
Effective Availability for Resale of)
Southwestern Bell Telephone Company's)
Local Plus Service by Interexchange)
Companies and Facilities-Based)
Competitive Local Exchange Companies.)

Case No. TO-2000-667

**STAFF'S RESPONSE TO SOUTHWESTERN BELL TELEPHONE COMPANY'S
APPLICATION FOR REHEARING**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its response states:

1. On May 1, 2001, the Missouri Public Service Commission issued its Report and Order directing Southwestern Bell Telephone Company (SWBT) to make its Local Plus service available for resale by a company providing service to its customers either through the purchase of switching from SWBT as an unbundled network element or through the use of the company's own switch.

2. On May 10, 2001, SWBT filed an Application for Rehearing.

3. Section 386.500 RSMo 2000 provides that the Commission shall grant and hold a rehearing if in its judgment sufficient reason therefor be made to appear.

4. The Staff opposes SWBT's Application for Rehearing.

In its first five numbered arguments, SWBT repeats its positions which the Commission addressed and rejected in its Report and Order.

In its sixth numbered argument, SWBT raises what at first blush appears to be a new issue when it argues, "The imputation test is the appropriate remedy to address competition pricing concerns." At second blush, however, SWBT is really questioning the Commission's decision in the earlier Local Plus proceeding, Case No. TT-98-351, and SWBT's acceptance of the benefits of that decision.

The Report and Order in Case No. TT-98-351 stated:

Since Local Plus has characteristics of both local and toll, i.e., is a hybrid, it is appropriate to use terminating access as a method of intercompany compensation. However, imputation of access charges would not be necessary if this type of service is available for resale at a whole discount to CLECs and IXC's. In order to enable customers to obtain this type of service by using the same dialing pattern, the dialing pattern functionality should be made available for purchase to IXC's and CLECs on both a resale and an unbundled network element basis... (pp. 39-40).

In other words, the Commission has already found that the obligation of resale was the appropriate remedy to address competitive pricing concerns. Based on the Commission's decision in Case No. TT-98-351, SWBT introduced Local Plus service without that service first passing an imputation test. If SWBT has priced Local Plus service below its cost, SWBT has done so with knowledge of the obligation to make the service available for purchase to IXC's and CLECs on both a resale and an unbundled network element basis.

WHEREFORE, the Staff requests the Commission to deny SWBT's Application for Rehearing because SWBT has failed to state sufficient reasons therefor.

Respectfully submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 17th day of May, 2001.

Wm K Haas

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Case No. TO-2000-667

Revised: May 17, 2001 (sw)

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