

One Bell Center
Room 3516
St. Louis, MO 63101
Phone 314 235 6060
Fax 314 247 0014
anthony.conroy@sbc.com

Anthony K. Conroy
Senior Counsel

Southwestern Bell



September 3, 2002

The Honorable Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
Jefferson City, Missouri 65101

Re: Case No. TR-2001-65

Dear Judge Roberts:

Enclosed for filing with the Missouri Public Service Commission in the above-referenced case is an original and eight copies of Southwestern Bell Telephone Company's Position Statement.

Pursuant to the Missouri Public Service Commission's March 14, 2002, Order Adopting Procedural Schedule, Clarifying The Scope of This Proceeding, and Concerning Motion to Waive Service Requirement and Motion to Compel Discovery, Southwestern Bell Telephone Company hereby notifies parties not represented by counsel that it filed its Position Statement on September 3, 2002. This Position Statement describes Southwestern Bell's position on the issues previously identified in this case. Any unrepresented party may obtain a copy of the filed material upon request at no cost.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Anthony K. Conroy", written in a cursive style.

Anthony K. Conroy

Enclosures

cc: Attorneys of Record (with Testimony attached via electronic mail)
Unrepresented parties (cover letter only via U.S. mail)

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

In the Matter of an Investigation of the Actual Costs)	
Incurred in Providing Exchange Access Service and)	
The Access Rates to be Charged by Competitive Local)	Case No. TR-2001-65
Exchange Telecommunications Companies in the)	
State of Missouri.)	

**POSITION STATEMENT OF
SOUTHWESTERN BELL TELEPHONE COMPANY**

COMES NOW Southwestern Bell Telephone, L.P., d/b/a Southwestern Bell Telephone Company (Southwestern Bell), and for its Position Statement in this case, states as follows:

ISSUE 1:

What is the appropriate cost methodology (i.e., TSLRIC, LRIC, embedded, stand alone, etc.) to be used in determining the cost of switched access?

SWBT POSITION:

SWBT believes that LRIC (long run incremental cost) is the appropriate methodology for the Commission to use to investigate the cost of providing exchange access service, including particularly investigating competitive local exchange carriers' (CLECs') cost of providing exchange access service.

ISSUE 2:

Should the cost methodology (i.e., TSLRIC, LRIC, embedded, stand alone, etc.) for determining switched access costs be uniform and consistent for all Missouri LECs?

SWBT POSITION:

SWBT believes the same LRIC cost methodology should be used for investigating the costs of all Missouri LECs.

ISSUE 3:

Should loop costs be included in the determination of the cost of switched access and, if so, at what level?

SWBT POSITION:

SWBT does not believe any portion of the cost of the local loop should be included in the cost of providing switched access service. Local loop costs are not a direct incremental cost of providing switched access service, and including any portion of loop costs in an investigation into the cost of providing switched access service would be inconsistent with LRIC principles of economic cost causation.

ISSUE 4:

What are appropriate assumptions and/or values for the following inputs.

- a. Cost of capital.

SWBT's POSITION:

SWBT believes the appropriate value for cost of capital for SWBT is 12.19 percent.

- b. Switch discounts

SWBT's POSITION:

With respect to its switching costs, SWBT believes the appropriate value is either zero or is inapplicable. SWBT's relevant equipment agreements do not contain an explicit "discount." These agreements reflect "contracted" prices, to which no further discount is applicable.

- c. Depreciation

SWBT's POSITION:

SWBT believes the appropriate economic depreciation lives for the two plant accounts utilized in SWBT's cost study are the lives described at page 5 of David Barch's Rebuttal testimony. This information has been designated "Highly Confidential" pursuant to the protective order issued in this case.

d. Maintenance factors

SWBT does not agree with the maintenance factors utilized by Dr. Johnson, and does not believe these factors result in representative maintenance costs for SWBT.

SWBT believes that the maintenance factors it relied upon to develop its estimate of the LRIC of switched access are the most representative of its recurring maintenance costs.

e. Shared and common costs

SWBT's POSITION:

By definition, common costs, either in whole or in part, are not directly identifiable to a service or subset of services. Similarly, shared costs are not directly identifiable to an individual service. Therefore, it is appropriate that neither is included in LRIC/TSLRIC development of switched access. Additionally, SWBT identifies a portion of land and building related costs as direct costs rather than treating them exclusively as shared or common costs.

f. Fill Factors

SWBT's POSITION:

SWBT believes objective or available fill (as opposed to actual fill) should be used in switched access cost development. Spare capacity can be shared among services. Inasmuch as spare capacity is a shared cost among a group of services it is not a direct incremental cost to any one service. Therefore, since LRIC/TSLRIC identifies only

direct costs, spare capacity should not be included in a LRIC/TSLRIC-based cost that is used as a price floor.

ISSUE 5:

Is the current capping mechanism for intrastate CLEC access rates appropriate and in the public interest?

SWBT POSITION:

While SWBT believes the most appropriate resolution is to cap CLECs' switched access rates at the level of SWBT's switched access rates, SWBT can support the current capping mechanism (adopted in Case No. TO-99-596) for CLECs' intrastate switched access rates as appropriate and in the public interest.

ISSUE 6:

Are there circumstances where a CLEC should not be bound by the cap on switched access rates?

SWBT POSITION

SWBT does not believe that there has been any evidence presented in this investigation case which would suggest that there are circumstances where a CLEC should not be bound by a cap on its intrastate switched access rates, assuming the CLEC wishes to remain classified as a competitive telecommunications company pursuant to Section 392.361.4 RSMo. 2000.

ISSUE 7:

What if any course of action can or should be taken by the Commission with respect to switched access as a result of this proceeding?

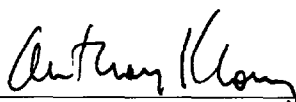
SWBT POSITION:

The Commission should make permanent the capping mechanism applicable to CLEC intrastate switched access rates which it adopted on an interim basis in Case No.

TO-99-596. Given the fact that high switched access rates impact the services offered to customers of other telecommunications carriers, the Commission should also consider whether the intrastate access rates of the small incumbent LECs should be investigated further. The Commission has no authority to reduce the intrastate switched access rates of any LEC subject to price cap regulation under section 392.245 RSMo. 2000, and may not do so in this case investigating the cost of providing switched access and CLECs' intrastate switched access rates.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE, L.P.

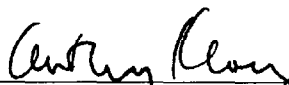
By: 

PAUL G. LANE	#27011
LEO J. BUB	#34326
ANTHONY K. CONROY	#35199
MIMI B. MACDONALD	#37606

Attorneys for Southwestern Bell Telephone, L.P.
One SBC Center, Room 3516
St. Louis, Missouri 63101
314-235-6060 (Telephone)
314-247-0014 (Facsimile)
anthony.conroy@sbc.com

CERTIFICATE OF SERVICE

Copies of this document were served on the following parties by e-mail or first-class, postage prepaid, U.S. Mail or via hand-delivery on September 3, 2002.



Anthony K. Conroy

VIA E-MAIL

**THOMAS R. PARKER
GTE/dba VERIZON MIDWEST
601 MONROE STREET, SUITE 304
JEFFERSON CITY, MO 65101**

**MARY ANN (GARR) YOUNG
P.O. BOX 104595
JEFFERSON CITY, MO 65110**

**JAMES M. FISCHER, ESQ.
LARRY W. DORITY, ESQ.
FISCHER & DORITY, P.C.
101 MADISON STREET, SUITE 400
JEFFERSON CITY, MO 65101**

**CARL J. LUMLEY
LELAND B. CURTIS
CURTIS, OETTING, HEINZ, GARRETT &
SOULE, P.C.
130 S. BEMISTON, SUITE 200
ST. LOUIS, MO 63105**

**CAROL KEITH
GABRIEL COMMUNICATIONS, INC.
16090 SWINGLEY RIDGE ROAD, SUITE 500
CHESTERFIELD, MO 63017**

**LISA CREIGHTON HENDRICKS
SPRINT
6450 SPRINT PARKWAY, BLDG. 14
MAIL STOP: KSOPHN0212-2A253
OVERLAND PARK, KS 66251**

**CRAIG S. JOHNSON
ANDERECK/EVANS/MILNE/PEACE &
JOHNSON LLC
700 EAST CAPITOL AVENUE
JEFFERSON CITY, MO 65102**

**SHELDON K. STOCK
GREENSFELDER, HEMKER & GALE, P.C.
10 SOUTH BROADWAY, STE. 2000
ST. LOUIS, MO 63102**

**STEPHEN F. MORRIS
MCI TELECOMMUNICATIONS
CORPORATION
701 BRAZOS, SUITE 600
AUSTIN, TX 78701**

**PAUL H. GARDNER
GOLLER, GARDNER & FEATHER
131 EAST HIGH STREET
JEFFERSON CITY, MO 65101**

VIA E-MAIL

**REBECCA B. DECOOK
AT&T COMMUNICATIONS OF THE
SOUTHWEST, INC.
1875 LAWRENCE STREET, STE. 1575
DENVER, CO 80202**

**STEVE WEBER
AT&T COMMUNICATIONS OF THE
SOUTHWEST, INC.
101 WEST MCCARTY, SUITE 216
JEFFERSON CITY, MO 65101**

**BRIAN T. MCCARTNEY/W.R. ENGLAND, III
BRYDON, SWEARENGEN & ENGLAND P.C.
312 EAST CAPITOL AVE.
P. O. BOX 456
JEFFERSON CITY, MO 65102-0456**

**CATHLEEN A. MARTIN
NEWMAN, COMLEY AND RUTH
601 MONROE ST., STE. 301
JEFFERSON CITY, MO 65102**

VIA U. S. MAIL

**GE Capital Communications Services
d/b/a GE Exchange
6540 Powers Ferry Road
Atlanta, GA 30339**

**Fairpoint Communications Solutions Corp.
6324 Fairview Rd., Ste 400
Charlotte, NC 28210**

**RSL Com USA
f/k/a LDM Systems, Inc.
49 W. 37th St., Fl. 13
New York, NY 10018-0178**

**JATO Operating Corporation
303 E 17th Ave., Ste. 930
Denver, CO 80203-1262**

**Maxcess, Inc.
100 W. Lucerne Circle, Suite 200
Orlando, FL 32801**

**Supra Telecommunications & Info. Systems, Inc.
2620 S.W. 27th Ave.
Miami, FL 33133**

**Metro Connection
d/b/a Transamerican Telephone
209 E. University
Danton, TX 76201**

**Onfiber Carrier Services, Inc.
11921 N. MO PAC Expwy. Ste. 100
Austin, TX 78759**

**Pathnet, Inc.
11720 Sunrise Valley Drive
Reston, VA 20191**

**Excel Telecommunication Systems, Inc.
8750 N. Central Expressway, Ste. 2000
Dallas, TX 75231**

VIA U. S. MAIL

**Group Long Distance, Inc.
400 E. Atlantic Blvd.
Pompano Beach, FL 33060-6200**

**Focal Communications Corp. of Missouri
200 N. LaSalle Street, Suite 800
Chicago, IL 60601**

**HJN Telecom, Inc.
3235 Satellite Blvd.
Bldg. 400, Ste. 300
Duluth, GA 30096**

**MVX.com Communications, Inc.
100 Rowland Way, Suite 145
Novato, CA 94945**

**Local Line America, Inc.
P. O. Box 4551
Akron, OH 44310**

**Onsite Access Local, LLC
1372 Broadway, 2nd Floor
New York, NY 10018**

**Navigator Telecommunications, LLC
P.O. Box 13860
North Little Rock, AR 72113-0860**

**Payroll Advance, Inc.
808 S. Baker
Mountain Home, AR 72643**

**NOW Communications, Inc.
713 Country Place Drive
Jackson, MS 39208**

**Rocky Mountain Internet
7100 E. Belleview Ave., Ste. 201
Greenwood Village, CO 80111-1635**

VIA U. S. MAIL

**The Pager Company
3030 East Truman Road
Kansas City, MO 64127**

**Tel-Save Inc. of Pennsylvania
6805 Route 202
New Hope, PA 18938**

**QCC, Inc.
8829 Bond Street
Overland Park, KS 66124**

**Quintelco, Inc.
1 Blue Hill Plaza
Pearl River, NY 10965**

**Tel-Link, LLC
1001 Third Ave., West, Suite 354
Bradenton, FL 34205**

**Ren-Tel Communications, Inc.
1734 Highway 113 N.
Carrollton, GA 30117**

**Teligent, Inc.
8065 Leesburg Pike, Ste. 400
Vienna, VA 22182**

**Snappy Phone of Texas, Inc.
d/b/a Snappy Phone
P.O. Box 29620
6901 W. 70th St.
Shreveport, LA 71129**

**The Cube
(Tin Can Communications Company)
1400 W. Sam Houston Parkway North
Suite 140
Houston, TX 77042**

**Suretel, Inc.
5 N. McCormick
Oklahoma City, OK 73127**

VIA U. S. MAIL

**Tel Com Plus
(U.S. Telecommunications, Inc.)
525 110th Ave., North
Suite 118
Clearwater, FL 33760-4837**

**Afford A Phone
(Quick-Tel Communications, Inc.)
P.O. Box 1220
1703 16th Street
Bridgeport, TX 76426**

**BellSouthBSE, Inc.
32 Perimeter Center East
Atlanta, GA 30346**

**SouthWest TeleConnect
(Reitz Rentals, Inc.)
P.O. Box 200606
Austin, TX 78720-0606**

**Broadband Office Inc.
P.O. Box 37
Springfield, VA 22150-0037**

**1-800-Reconex, Inc.
(U.S. Telco, Inc.)
P.O. Box 40
2500 Industrial Avenue
Hubbard, OR 97032**

**Connect
(CCCMO, Inc.)
124 W. Capitol, Suite 250
Little Rock, AR 72203**

**Advanced Telcom Group, Inc.
110 Stony Point Road, 2nd Floor
Santa Rosa, CA 95401**

**U.S. Telepacific Corp.
d/b/a TelePacific Communications
515 S. Flower Street, 49th Floor
Los Angeles, CA 90071**

**Atlas Communications, Ltd.
482 Norristown Rd., Suite 200
Blue Bell, PA 19422**

VIA U. S. MAIL

Connectsouth Communications of Missouri, Inc.
PMB 413
4815 W. Braker Ln., Ste. 502
Austin, TX 78759-5618

Cox Missouri Telecom LLC
231 E. 4th Street
P.O. Box 696
Carthage, MO 64836

Winstar Wireless, Inc.
1615 L Street, NW, Suite 1250
Washington, DC 20036

Dial & Save of Missouri, Inc.
8750 N. Central Expressway, Suite 1500
Dallas, TX 75231

American Fiber Network, Inc.
9401 Indian Creek Parkway, Suite 140
Overland Park, KS 66210

Digital Teleport, Inc.
8112 Maryland Ave., 4th Floor
St. Louis, MO 63105

Bluestar Networks, Inc.
801 Crescent Center Drive #600
Franklin, TN 37064

Eagle Communications Missouri, Inc.
60 E. 56th Street
New York, NY 10022

dPi- Telconnect, LLC
2997 LBJ Freeway, Suite 225
Dallas, TX 75234

Missouri Telecom, Inc.
P.O. Box 419
515 Cleveland, Suite C
Monett, MO 65708

VIA U. S. MAIL

**ACSI Local Switched Services, Inc.
131 National Business Parkway, Suite 100
Annapolis, MD 20701**

**USLD Communications, Inc.
4250 N. Fairfax Drive, Suite 12W002
Arlington, VA 22203**

**Allegiance Telecom of Missouri, Inc.
1950 Stemmons Freeway, Suite 3026
Dallas, TX 75207**

**CapRock Telecommunications Corp.
15601 N. Dallas Parkway, Suite 700
Addison, TX 75001**

**Adelphia Business Solutions Operations
121 Champion Way
Canonsburg, PA 15317**

**2nd Century Communications, Inc.
7702 Woodland Center
Suite 50
Tampa, FL 33614**

**Central Missouri Telecommunications, Inc.
P.O. Box 596
Osage Beach, MO 65065**

**Compass Telecommunications, Inc.
7001 Scottsdale Road, Suite 2000
Scottsdale, AZ 85250**

**IG2, Inc.
(Computer Business Sciences, Inc.)
80-02 Kew Gardens Rd, Suite 5000
Kew Gardens, NY 11415**

**Convergent Communications Services, Inc.
P.O. Box 746237
Arvada, CO 80006-6237**

VIA U. S. MAIL

**DMJ Communications, Inc.
2525 N. Grandview, Ste. 900
Odessa, TX 79761**

**Cypress Communications Operating Co.
15 Piedmont Center, Suite 100
Atlanta, GA 30305**

**Global Crossing Local Services, Inc.
(Frontier Local Services)
2710 Executive Dr.
Green Bay, WI 54307**

**American Comm. Services of Kansas City, Inc.
131 National Business Parkway, Ste 100
Annapolis Junction, MD 20701**

**Mark Twain Communications Co.
P.O. Box 128
Hurdland, MO 63547**

**BarTel Communications, Inc.
333 Leffingwell Ave., Suite 101
St. Louis, MO 63122-6400**

**Camarato Distributing, Inc.
900 Camarato Drive
Herrin, IL 63948**

**BroadStream Corporation
4513 Pin Oak Court
Sioux Falls, SD 57103**

**Missouri Comm South, Inc.
(Comm S. Companies, Inc.)
P.O. Box 821269
6830 Walling Lane
Dallas, TX 75382**

**AccuTel of Texas, Inc.
7900 John W. Carpenter Freeway
Dallas, TX 75247**

VIA U. S. MAIL

Z-Tel Communications, Inc.
601 S. Harbour Island Blvd., Suite 220
Tampa, FL 33602

BTI
(Business Telecom, Inc.)
4300 Six Forks Rd., Ste. 400
Raleigh, NC 27609

Max-Tel Communications, Inc.
P.O. Box 280
102 W. Franklin
Alvord, TX 76225

Buy-Tel Communications, Inc.
P.O. Box 1170
6409 Colleyville Blvd.
Colleyville, TX 76034

Smoke Signal Communications
(Choctaw Communications, L.C.)
8700 South Gessner
Houston, TX 77074

Ciera Network Systems, Inc.
1250 Wood Branch Park Dr.
Houston, TX 77079

Delta Phones, Inc.
P.O. Box 784
245 Illinois St.
Delhi, LA 71232

EZ Talk Communications, L.L.C.
4727 S. Main
Stafford, TX 74777

Level 3 Communications, LLC
1025 Eldorado Blvd.
Broomfield, CO 80021-8869

Intermedia Communications, Inc.
1 Intermedia Way
MCFLTHQ3
Tampa, FL 33647-1752