

Exhibit No.:
Issues: Resale Issues
Witness: Thomas F. Hughes
Type of Exhibit: Direct Testimony
Sponsoring Party: Southwestern Bell Telephone Company
Case No: TO-2000-667

SOUTHWESTERN BELL TELEPHONE COMPANY

CASE NO. TO-2000-667

DIRECT TESTIMONY

OF

Thomas F. Hughes

Jefferson City, Missouri
October 2000

FILED
OCT 2 2000
Missouri Public
Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

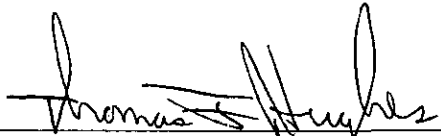
In the Matter of the Investigation into the)
Effective Availability for Resale of Southwestern Bell)
Telephone Company's Local Plus Service by) Case No. TO-2000-667
Interexchange Companies and Facilities-Based)
Competitive Local Exchange Companies.)

AFFIDAVIT OF THOMAS F. HUGHES

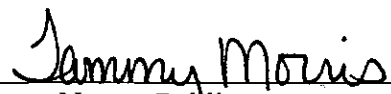
STATE OF MISSOURI)
) SS
COUNTY OF COLE)

I, Thomas F. Hughes, of lawful age, being duly sworn, depose and state:

1. My name is Thomas F. Hughes. I am presently Vice President – Regulatory for Southwestern Bell Telephone Company.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.


Thomas F. Hughes

Subscribed and sworn to before this 29th day of September 2000.


Notary Public

My Commission Expires: Apr. 4, 2004

TAMMY R MORRIS
NOTARY PUBLIC STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXP. APR. 4, 2004

1 can place unlimited local calls to all customers within the LATA. Local Plus calls are dialed
2 using a seven-digit or ten-digit local dialing pattern. Optional detail billing is available to
3 those customers who desire call detail.
4

5 **Q. WHAT ARE THE RECURRING RATES FOR LOCAL PLUS?**

6 A. The rates for Local Plus are \$30 per month per line for residence subscribers and \$60 per
7 month per line or trunk for business subscribers. Customers who subscribe to optional flat
8 rated Metropolitan Calling Area (MCA) service are able to subscribe to Local Plus for \$20
9 per month per line for residence subscribers and \$40 per month per line or trunk for business
10 customers.
11

12 **Q. WHAT IS THE LOCAL PLUS CALLING SCOPE?**

13 A. A person calling from a line subscribed to Local Plus will be able to call any other customer
14 in the same LATA.
15

16 **Q. WHEN DID LOCAL PLUS BECOME AVAILABLE IN MISSOURI?**

17 A. Local Plus was initially offered on December 21, 1998 in six exchanges where Community
18 Optional Service (COS) was eliminated. These exchanges are Argyle, Freeburg, Knob
19 Noster, Linn, Meta and Westphalia. Local Plus was implemented June 8, 1999 in the
20 remaining SWBT exchanges.
21

22 **II. AVAILABILITY OF LOCAL PLUS TO OTHER CARRIERS**

23 **Q. HAS SWBT MADE LOCAL PLUS AVAILABLE FOR RESALE BOTH TO CLECS**
24 **AND TO IXCS?**

1 A. Yes. Local Plus has been available for resale by both CLECs and IXC's since 1996, when the
2 Texas Public Utility Commission approved SWBT's Local Plus plan for the Dallas
3 metropolitan area. At that time, I was Area Manager-Resale and I personally directed the
4 efforts to put processes in place to handle requests from CLECs and IXC's to resell Local
5 Plus. These same processes apply in Missouri, where Local Plus has been available for
6 resale since the retail Local Plus tariff was implemented in December 1998.

7
8 **(a) Availability of Local Plus to CLECs**

9 **Q. DOES THE METHOD A CLEC CHOOSES TO PROVIDE SERVICE TO ITS CUSTOMERS**
10 **IMPACT HOW LOCAL PLUS IS AVAILABLE TO IT FROM SWBT?**

11 A. Yes. A CLEC can provide service either as a reseller of SWBT's telecommunications
12 services (i.e., it resells exactly what SWBT offers at retail, but under the CLEC's brand
13 name) or as a facilities-based provider. A CLEC that chooses to offer service as a facilities-
14 based provider can do so by using pieces of SWBT's network facilities purchased as
15 unbundled network elements (UNEs); by using a combination of its own facilities and
16 SWBT's facilities (e.g., a CLEC utilizing its own switch that purchases unbundled loops
17 from SWBT); or by using all of its own facilities (e.g., AT&T's use of cable TV facilities to
18 provide telecommunications services). This provisioning decision by the CLEC will
19 determine Local Plus' availability to it.

20
21 **Q. IS LOCAL PLUS AVAILABLE TO CLECS THAT PROVIDE SERVICE BY RESELLING**
22 **SWBT'S SERVICE?**

23 A. Yes.

24
25 **Q. HOW CAN A CLEC PROVIDING SERVICE VIA RESALE OBTAIN LOCAL PLUS?**

1 A. CLECs may use the standard ordering processes available to all CLECs who wish to resell
2 SWBT retail telecommunications services. CLECs may use a manual process by faxing
3 requests to the Local Service Center, or they may use electronic ordering systems to place
4 orders. These same ordering processes are available to CLECs in all SWBT states.

5
6 CLECs use the methods and procedures pursuant to the interconnection agreements and
7 reference materials provided by SWBT (such as the CLEC Handbook located on SBC's
8 CLEC website) to order Local Plus for resale purposes. These CLECs receive the avoided
9 cost discount contained in their Interconnection Agreement.

10
11 **Q. IS LOCAL PLUS AVAILABLE TO FACILITY-BASED CLECS THAT USE SWBT**
12 **SWITCHES (PURCHASED AS A UNE)?**

13 A. Yes.

14
15 **Q. HOW DOES SWBT INTEND TO MAKE LOCAL PLUS AVAILABLE TO THOSE**
16 **FACILITIES-BASED CLECS THAT USE SWBT'S SWITCHING UNE?**

17 A. When we re-filed the Local Plus tariff on October 30, 1998 with the changes the Commission
18 found necessary in its September 17, 1998 Report and Order in case No. TT-98-351, we
19 specifically explained how we planned to make Local Plus available for UNE providers. Our
20 filing letter stated:

21 The September 17, 1998 Report and Order makes reference to the availability of
22 unbundled network elements (UNEs) that would permit CLECs to offer a competing
23 service using SWBT facilities. This issue is more appropriately raised in the context of
24 negotiations under the Telecommunications Act of 1996, including the possibility of
25 arbitration. In order to be responsive to the Commission's concern however, SWBT is

1 willing to negotiate an interconnection agreement which would permit facility-based
2 CLECs to offer a similar service with dialing pattern functionality on an UNE basis when
3 the CLEC buys a switch port from SWBT, provided the CLEC supplies SWBT with
4 specific instructions on how it wants the line class codes associated with that switch port
5 designed and the CLEC pays SWBT an appropriate price for that work. SWBT,
6 however, does not believe it is necessary or appropriate to provide the "dialing pattern
7 functionality," whatever that may mean, to an IXC. SWBT is not by filing this tariff
8 waiving in any respect its ability to oppose any such requirement.

9
10 **Q. HAS SWBT RECEIVED ANY REQUESTS IN MISSOURI FROM CLECS**
11 **PROVIDING SERVICE VIA UNES FOR LOCAL PLUS?**

12 A. No. To date, SWBT has not received a request from any CLEC in Missouri to provide Local
13 Plus when a CLEC is purchasing an unbundled switch port.

14
15 **Q. DOES THIS SHOW THAT LOCAL PLUS IS NOT AVAILABLE TO CLECS USING**
16 **UNES TO PROVIDE LOCAL SERVICE?**

17 A. No. If the CLEC is using SWBT's unbundled local switching to provide service, it may
18 request SWBT to modify its switch to permit the CLEC to offer a service like Local Plus.
19 SWBT is willing to negotiate as part of an interconnection agreement (or a modification to an
20 existing interconnection agreement), an arrangement that would permit facilities-based
21 CLECs to offer a similar service on a UNE basis when the CLEC buys a switch port from
22 SWBT. Once a CLEC provides SWBT with a specific request, SWBT would develop a
23 price. Any price proposed by SWBT would be subject to negotiation with the CLEC under
24 the Telecommunications Act of 1996. If the price cannot be agreed to, it would be subject to
25 arbitration under the Act.

1

2 **Q. WHY CAN'T SWBT PROVIDE A PRICE NOW?**

3 A. SWBT has not had any requests in Missouri from CLECs to offer a Local Plus type service
4 using UNEs; therefore, we have not determined the cost. Additionally, the cost would
5 depend on the specifics of each CLEC's request and how it wants the service designed.
6 These costs would depend on a number of variables including the geographic location of the
7 switch, the proposed calling scope, and the type and number of switches involved.
8 Therefore, prices would likely vary between CLECs since these variables would likely differ.

9

10 **Q. IS LOCAL PLUS AVAILABLE FOR RESALE TO CLECS THAT PROVIDE**
11 **SERVICE USING ALL OF THEIR OWN FACILITIES (INCLUDING THEIR OWN**
12 **SWITCH)?**

13 A. No.

14

15 **Q. WHY CAN'T A FACILITIES-BASED CLEC USING ITS OWN SWITCH RESELL**
16 **LOCAL PLUS?**

17 A. It is simply not technically feasible for SWBT to offer Local Plus for resale when a facilities
18 based CLEC is providing the end user local service using its own switch. Because Local Plus
19 is provisioned by translations changes made in the local switch, resale of SWBT's Local Plus
20 by a CLEC or an IXC can only occur where SWBT provides the local switching to the end
21 user. SWBT cannot make the changes in the translations to offer Local Plus unless it
22 provides the local switching.

23

24 **Q. DOES THIS FACT PRECLUDE SUCH A FACILITIES-BASED CLEC FROM BEING**
25 **ABLE TO OFFER A SERVICE LIKE LOCAL PLUS?**

1 A. No. A facilities based provider using its own switch still can provide a service exactly like
2 Local Plus if it wishes to do so. All it would need to do is set up translations in its own
3 switch (just like SWBT does in its switches). This would allow the CLEC to provide
4 expanded calling plans like Local Plus (with any unique calling scope the CLEC may choose)
5 to its own end user customers.

6
7 **(b) Availability of Local Plus to IXCs**

8 **Q. DOES SWBT HAVE A PROCESS IN PLACE FOR IXCS TO ORDER LOCAL PLUS?**

9 A. Yes.

10
11 **Q. PLEASE EXPLAIN THIS PROCESS.**

12 A. SWBT has made Local Plus available for resale by IXCs through the Access Service Center
13 (formerly called the Interexchange Carrier Service Center), which is the traditional sales
14 channel SWBT uses to provide service to IXCs. This organization has been serving IXCs
15 since 1984. The Access Service Center (ASC) is dedicated to serving IXCs and personnel has
16 been trained to meet their needs, including handling requests for Local Plus.

17
18 To purchase Local Plus for resale, an IXC must first complete an IXC Local Plus Resale
19 Account Profile form (copy attached as SCHEDULE 2). SWBT uses this form to establish a
20 resale account and billing arrangements within its systems. Next, the IXC must sign a short
21 resale agreement (copy attached as SCHEDULE 3). Once these forms are completed and the
22 billing system is updated, the IXC can contact the ASC to order Local Plus for its customers.

23
24 **Q. WHY DOES SWBT NEED THE IXC LOCAL PLUS RESALE ACCOUNT PROFILE**
25 **FORM AND THE LOCAL PLUS RESALE AGREEMENT COMPLETED?**

1 A. These forms are necessary to establish a resale account and billing arrangements and to
2 determine the resale discount. These forms provide the information SWBT needs to set up
3 billing to the IXC.
4

5 **Q. HAS THE PROCESS BEEN TESTED?**

6 A. Yes. In December of 1999, AT&T submitted orders to test this ordering process. AT&T sent
7 SWBT orders to install Local Plus for AT&T customers (whom AT&T served solely as an
8 IXC) in SWBT states. The order placed for Missouri was provisioned thus demonstrating
9 that the process does work.
10

11 **Q. CAN AN IXC USE THE ELECTRONIC SYSTEMS AVAILABLE TO CLECS TO**
12 **ORDER LOCAL PLUS?**

13 A. No, it cannot. These systems were designed for use by CLECs who are the provider of record
14 for the dial tone access line.
15

16 **Q. WHY DOES SWBT ONLY ALLOW ORDERS TO BE PLACED OVER ELECTRONIC**
17 **ORDERING SYSTEMS BY THE PROVIDER OF RECORD FOR THE DIAL TONE**
18 **ACCESS LINE?**

19 A. SWBT has this requirement to protect end user customers and their local service provider
20 against slamming and cramming. Accordingly, our electronic systems have been designed to
21 allow only the local service provider of record to make changes to the end user's account,
22 except for conversion orders. If IXCs had access to these electronic systems for ordering
23 purposes, they would have to ability to change an end user customer's chosen long distance
24 and local service provider without the end user's authorization. SWBT could not perform its
25 role under the FCC's and the Commission's rules covering slamming.

1
2 **III. LOCAL PLUS RECORDS**

3 **Q. THE MISSOURI INDEPENDENT TELEPHONE GROUP (MITG) HAS RAISED**
4 **SOME CONCERNS ABOUT THE RECORDING OF LOCAL PLUS TRAFFIC BASED**
5 **ON A RECORDS TEST CONDUCTED IN CASE TO-99-593. CAN YOU PROVIDE**
6 **ANY INFORMATION ON THIS ISSUE?**

7 A. Yes, I can.
8

9 **Q. HOW IS LOCAL PLUS TRAFFIC RECORDED?**

10 A. In Missouri all Local Plus usage is to be recorded at the originating central office switch. It is
11 assigned a call code 006, which is a toll record, with a Message Billing Index (MBI) number
12 13 which indicates a Local Plus call.
13

14 **Q. DOES THIS RECORDING METHOD ALSO APPLY TO USAGE TERMINATED TO**
15 **INCUMBENT LOCAL EXCHANGE CARRIERS(ILECs)?**

16 A. Yes. All Local Plus usage is recorded in this manner.
17

18 **Q. ARE YOU AWARE OF ANY PROBLEMS THAT SWBT HAS EXPERIENCED IN**
19 **RECORDING LOCAL PLUS USAGE?**

20 A. Yes.
21

22 **Q. WOULD YOU PLEASE EXPLAIN?**

23 A. Within the context of Missouri Public Service Commission (PSC) Case TO-99-593 ,
24 incumbent local exchange telephone companies (ILECs) agreed to conduct a test under the
25 guidance of the PSC Staff to determine if service providers and carriers were conforming to

proper record exchange procedures for traffic terminating over the LEC to LEC Feature Group (FG) C network. This test was conducted for a 48-hour period July 16 and 17, 2000 with ten terminating companies participating. Billing records generated by all originating carriers were to be reconciled against the terminating records recorded by the ten companies in the test. Any unmatched records were to be returned to the originating companies for reconciliation. During a preliminary reconciliation, SWBT discovered that Local Plus usage in some offices was not being recorded properly.

Q. WHAT, PRECISELY, DID SWBT FIND THAT WAS INCORRECT?

A. As a result of the industry test, we learned that Local Plus usage in our Ericsson switches in KnobNoster, Sedalia, Lamonte, Marshall and Slater in the Kansas City LATA was being recorded as a call code 001, with a MBI of 13, which for intercompany settlements is treated as a local call. The Local Plus usage should have been recorded as a call code 006 with a MBI of 13. We subsequently learned that we had a similar problem in the Ericsson switch at Mexico in the St. Louis LATA.

Q. WHAT EFFECT WOULD THIS RECORDING PROBLEM HAVE ON SETTLEMENTS WITH COMPANIES WHO TERMINATED SWBT'S LOCAL PLUS TRAFFIC?

A. In Missouri, the intercompany settlement system with ILECs does not create and include local records (call code 001) in the intercompany settlement process. Only LEC carried intraLATA toll (call code 006), 800 and OUTWATS records are created and processed by the settlement system for ILEC destined calls. Therefore, because of the generation of call code 001 for Local Plus traffic in these Ericsson switches, no compensation record was

created and forwarded to the terminating company. The terminating company then would not have a record from which it could bill SWBT terminating access.

Q. DID SWBT CORRECT THIS PROBLEM?

A. Yes. The translations for the Ericsson switches in the Kansas City LATA was corrected on a prospective basis on August 11, 2000 and the translations for the Ericsson switch in the St. Louis LATA was corrected on September 1, 2000.

Q. WERE THE AFFECTED COMPANIES NOTIFIED OF THIS PROBLEM?

A. Yes. On August 17, 2000 an e-mail letter was sent by Joyce Dunlap, SWBT's Area Manager Industry Relations, notifying them of this problem and its correction. On September 8, 2000 an e-mail letter was sent by Joyce Dunlap to the companies in both the St. Louis and Kansas City LATAs. A copy of those letters is attached as SCHEDULE 4.

Q. IS SWBT WILLING TO ADJUST SETTLEMENTS FOR LOCAL PLUS USAGE FOR WHICH THE MISSOURI ILECS NEVER RECEIVED RECORDS AND THEREFORE NEVER RECEIVED COMPENSATION?

A. Yes. SWBT is willing to make those adjustments. In our September 8, 2000 letter we told all of the companies in the Kansas City and St. Louis LATAs we would be making a retroactive adjustment and proposed we wait to make that adjustment based on actual usage.

On August 29, 2000 we made an initial preliminary settlement to Mid-Missouri Telephone Company because of its location to the affected switches and the fact that three of the affected exchanges had been part of former high volume COS routes. In addition, in our September 8, 2000 letter we advised all of the companies in the Kansas City and St. Louis

1 LATAs that if they felt they were similarly impacted because of their location or other factors
2 to contact us to discuss an initial preliminary adjustment. As yet, no other company has
3 requested an initial preliminary adjustment.

4

5 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

6 A. Yes it does.

SUMMARY OF EDUCATION AND WORK EXPERIENCE

Q: WHAT IS YOUR EDUCATIONAL BACKGROUND?

A: I graduated with a BS in Engineering Management from the University of Missouri - Rolla in 1991. I earned a Master of Business Administration from St. Louis University in 1995.

Q: PLEASE OUTLINE YOUR WORK EXPERIENCE.

A: I began my career with Southwestern Bell in 1991 as a Manager Installation/Repair. After assignments in Finance and with Southwestern Bell's Payphone division, I began working in the St. Louis Market Area. There I held positions as Manager Business Office Support and Area Manager Installation and Repair. In 1995, I helped form SBC's Wholesale Marketing Organization. Over the course of 3 years, I held various positions with responsibilities including Resale, SBC's CLEC training and the CLEC website. In 1998, I was appointed Director of the AT&T local account team. I served in that capacity until accepting my current position in October of 1999.

Q: HAVE YOU PREVIOUSLY APPEARED AS A WITNESS BEFORE THE MISSOURI PSC?

A: Yes. I appeared before the PSC in Rulemaking TX-2000-160 –snap back procedures for CLECs. I also appeared before the PSC in TO-2000-258 – Local Plus Promotion for SWBT business customers. I have also testified in TO-99-483 – investigation for the purpose of clarifying and determining certain aspects surrounding the provisioning of Metropolitan Calling Area Service and TC-2000-325 et al, Southwestern Bell Telephone Company's Complaint Against Mid-Missouri Telephone Company for Blocking Southwestern Bell's Maximizer 800sm Traffic and Request for an Order Requiring Mid-Missouri to Restore the Connection. I also testified in Rulemaking TX-2000-708 – Rulemaking Surety Bond.

**INTEREXCHANGE CARRIER (IXC) AREA WIDE CALLING/
LOCAL PLUS® RESALE ACCOUNT PROFILE**

MUST Check One:

New IXC Profile (dated _____)

Updated IXC Profile (updated on _____ replaces previous Profile dated _____)

Re-send of existing Profile (with No Changes)

SECTION 1 - IXC LOCAL PLUS ACCOUNT TEAM IDENTIFICATION

This section is to be completed by the SWBT Account Manager for the IXC Local Plus Reseller.

IXC LOCAL PLUS RESELLER ACCOUNT MANAGER

ACCOUNT MANAGER ADDRESS:

ACCOUNT MANAGER TELEPHONE NUMBER: FAX NUMBER:

SECTION 2 - IXC LOCAL PLUS RESELLER IDENTIFICATION

(Please provide the following information to identify your company.)

IXC CARRIER IDENTIFICATION CODE (CIC) - Provide CIC in the space below for each state in which IXC will be reselling Local Plus.

RESALE LOCAL PLUS:

MISSOURI
OKLAHOMA
TEXAS

IXC NAME/BILLING NAME:

(This is the legal name of the IXC reselling Local Plus for resale.)

REFERRAL NAME:

(This is the IXC company name you would like SWBT to give out to your Local Plus end users, if they call SWBT in error.)

BILLING ADDRESS:

BILLING CONTACT NAME:

BILLING CONTACT TELEPHONE NUMBER:

IXC PRIMARY POINT OF CONTACT:

CONTACT ADDRESS:

1 of 4

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

Revised 1-24-00

SCHEDULE 2

**INTEREXCHANGE CARRIER (IXC) AREA WIDE CALLING/
LOCAL PLUS® RESALE ACCOUNT PROFILE**

CONTACT TEL. NUMBER: _____ **FAX NUMBER:** _____

2 of 4

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Revised 1-24-00

**INTEREXCHANGE CARRIER (IXC) AREA WIDE CALLING/
LOCAL PLUS® RESALE ACCOUNT PROFILE**

SECTION 3 - IXC TELEPHONE NUMBERS

(Please complete the following section with the telephone numbers for each of the items listed.)

IXC LOCAL PLUS END USER REFERRAL NUMBERS:

- TROUBLE REPORTING/MAINTENANCE/REPAIR (1-800#)
(IXC 1 -800 + NPA-NXX for end-user referrals on misdirected calls concerning calls for IXC resold Local Plus services.)
Hours of Operations - (M-F) (SAT) (SUN) (HOLIDAYS)
- SALES/SERVICE (1-800#)
Hours of Operations - (M-F) (SAT) (SUN) (HOLIDAYS)

IXC NUMBERS FOR COORDINATING SERVICE WITH SWBT:

- BUSINESS OFFICE (1-800#) TELEPHONE NO. FAX NUMBER
- INSTALLATION/REPAIR (1-800#)

Closed Trouble Reports

Do you require a list of closed trouble reports for resold IXC Local Plus service from the previous day?

 Yes No

If yes, please provide your InterNet Email address where an ASCII text file can be sent daily with the closed reports from the previous day.

If Internet Email is not available, provide a 1/800 fax number for delivery of the report. (Please note that due to inherent problems with faxes and fax machines, delivery of this report via this medium cannot be guaranteed.)

SECTION 4 - IXC DOCUMENTS

TAX EXEMPTION FORMS (State & Federal) TAX ID NUMBER: Federal
MO
OK
TX

SECTION 5 - STATE SPECIFIC IXC OPERATIONS/FORECAST

FORECAST

RESIDENCE: _____ Estimated number of Local Plus subscribers sold per month
BUSINESS: _____ Estimated number of Local Plus subscribers resold per month

**INTEREXCHANGE CARRIER (IXC) AREA WIDE CALLING/
LOCAL PLUS® RESALE ACCOUNT PROFILE**

SECTION 6 – IXC RESALE OF AREA WIDE CALLING PLAN CREDIT PROFILE

PLEASE PROVIDE THE FOLLOWING AS IT APPLIES:

Corporation

- **Date & State Incorporated**

- **Charter Number**

- **Officers- Name, title and residence telephone number or can be reached number**

- **Provide the telephone number, including area code, of other business service if in the same name**

- **Contact name and telephone number, including area code, for the person we should contact regarding billing questions**

Partnership

- **Name of Partners and their residence telephone number or can be reached number**

- **Provide the telephone number, including area code, of other business service if in the same name**

Individual

- **Name and residence telephone number including area code**

4 of 4

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Revised 1-24-00

**INTEREXCHANGE CARRIER (IXC) AREA WIDE CALLING/
LOCAL PLUS® RESALE ACCOUNT PROFILE**

- Please provide the telephone number, including area code, of any other business service you have

 - Contact name and telephone number, including area code, for the person we should contact regarding
for billing questions

-

SECTION 7 - MISCELLANEOUS/OTHER

REMARKS:

IXC Account Profile completed by:

name

date

5 of 4

PROPRIETARY

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agreement.**

Revised 1-24-00

Service Agreement Between Southwestern Bell Telephone Company and _____ for Local Plus

This Agreement is between Southwestern Bell Telephone Company, a Missouri corporation (SWBT) and _____, a _____ corporation, a certificated Interexchange Carrier (IXC), (collectively, "the Parties") entered into this _____ day of _____, 1999.

WHEREAS, pursuant to the Missouri Public Service Commission's ("Commission") Report No. TT-98-35 (September 17, 1998), (Order) the Parties wish to establish terms for the purchase by IXC of SWBT's Local Plus Service (Service) for resale

- I. In accordance with said Order, IXC shall be permitted to offer Local Plus for resale to its individual retail end users, in accordance with all terms, rules and regulations governing the Service, as found in SWBT's General Exchange Tariff in Missouri, including, but not limited to restrictions against aggregation set out in the tariff and the Order.
- II. SWBT agrees to provide Local Plus to IXC at the tariffed rates for the service in effect at the time the service is provisioned less a wholesale discount of 19.2%. The Parties acknowledge that this discount rate is subject to appeals in Case Nos. _____ currently pending before the U.S. District Court for the Western District of Missouri and any further proceedings before the Commission, and will be adjusted to conform to the final outcome of those proceedings. On the effective date of such proceeding outcome, any new rate will become effective and replace the 19.2% rate contained herein.
- III. SWBT shall provide the Services to IXC for resale with the same dialing patterns SWBT provides to itself when it provisions such service to its own end users.
- IV. SWBT will consider IXC SWBT's customer pursuant to the Local Exchange and Long Distance Message Telecommunications Service Tariffs. IXC assumes responsibility for all initial service orders, adds, moves, changes, and notice of disconnection of service, including providing notification to SWBT when the IXC end user billing will terminate.
- IV. IXC certifies that it does not have an effective Local Interconnection Agreement with SWBT in the state of Missouri. In the event that IXC enters an Interconnection Agreement with SWBT, subsequent to entering such Agreement, as a Competitive Local Exchange Carrier (CLEC) in the state of Missouri, then the Terms and Conditions of such Interconnection Agreement, when effective, will supersede this Agreement.

- VI. The Parties to this Agreement anticipate and recognize that they will exchange or come into possession of, data about each other's end users and each other's business as a result of this Agreement which will be designated as confidential by a Party.(DATA). Each Party agrees (1) to treat all Data as strictly confidential and (2) to use Data only for purposes of performance under this Agreement. Each Party agrees not to disclose Data to any person without first securing the written consent of the other Party. The foregoing shall not apply to information which is in the public domain.
- VII. The initial term of this Agreement shall be for a minimum period of thirty (30) days from the later of the last Party's signature contained herein, or October 15, 1999, pursuant to the Orders. Either Party may terminate this Agreement prior to the expiration date by providing written notice to the other Party thirty (30) days in advance of termination.

IXC Southwestern Bell Telephone Company

Signature

Printed Name

Title Title

Date Date

Signature

Printed Name

August 17, 2000

TO: Ed Dunvant - Alltel
Oral Glasco - Alma
Ken Matzdorff - Cass County/Spectra
Bill Biere - Chariton Valley
Kathie Munson - Citizens
Jerry James - Craw-Kan
Steve Gann - Green Hills
Bruce Copsey - Holway
Kathy Faircloth - Iamo
Bill Rohde - MarkTwain
David Jones - Mid-Missouri
Don Stowell - MoKan Dial
Gary Godfery Northeast MO Rural/Modern
Ruth Nelson - GTE
Bob Williams - Oregon Farmers
Phil Johnson - Grand River Mutual/Lathrop
Raymond Henagan - Rock Port
Don Edwards - Sprint

FROM: Joyce L. Dunlap
Area Manager-Industry Relations
One Bell Center, Room 31-P-5
St. Louis, Missouri 63101
314-235-6155

As a result of some preliminary analysis that we have been doing to prepare for the reconciliation part of the Missouri Records Test, Southwestern Bell Telephone discovered on August 4, 2000 that we may have been incorrectly recording Local Plus calls in our Ericsson switches in KnobNoster, Sedalia, Lamonte, Marshall and Slater. It appeared that these calls were being recorded as call code 001 (local) instead of call code 006 (toll). In Missouri, these local 001 records are not pulled into the settlement system therefore no settlement records would be created. After we verified that this problem existed, we immediately took steps to correct it. We can now report that this problem was corrected on a go forward basis August 11, 2000.

To the extent that our Local Plus customers in these exchanges originated calls for termination to one of your exchanges, your company did not receive a settlement record for that traffic. We are currently in the process of determining when this problem started and are verifying that Local Plus is being recorded correctly in our other exchanges throughout the state. At this point, we believe the problem was limited to the Ericsson switches mentioned above. In addition, we are checking to see if there are records that can be provided to your company for billing, or in the alternative working on an estimated retroactive adjustment for this traffic.

SCHEDULE 4

At the current time we do not know the magnitude of this correction but believe it will to some extent help narrow the difference between terminating to billing records. As we all move through the reconciliation process we should have a better feel for that amount. We wanted to bring this correction to your attention quickly in case it might aid you in the record analysis you are now doing.

On a go forward basis, you should be seeing additional records as a result of this correction beginning with your September data. It would be helpful if after these records are processed your company could let us know what percentage change you are seeing in your total terminating to billing records.

If you have questions, I can be reached on 314-235-6155.

CC: Bob Schoonmaker – GVNW
Phyllis Callahan – Warinner, Gesinger & Assoc.

September 8, 2000

TO: Ed Dunvant – Alltel
Oral Glasco – Alma
Ken Matzdorff – Cass County/Spectra
Charlie Crow – Farber
Bill Biere – Chariton Valley
Kathie Munson – Citizens
Jarry James – Craw-Kan
Steve Gann – Green Hills
Bruce Copsey – Holway
Kathy Faircloth – Iamo
Bill Rohde – Mark Twain
David Jones – Mid-Missouri
Don Stowell – MoKan Dail
Gary Godfery – Northeast MO Rural/Modern
Ruth Nelson – GTE
Bob Williams – Oregon Farmers
Phil Johnson – Grand River Mutual/Lathrop
Raymond Henagan – Rock Port
Don Edwards – Sprint
Lisa Winberry – BPS
Dee McCormack – Ellington
Dave Beier – Fidelity
Randy Boyd – Kingdom
Jim Simon – New Florence
Patty Epperson – New London/Orchard Farm
Don Santhuff – Steelville

FROM: Joyce L. Dunlap
Area Manager – Industry Relations
One Bell Center, Room 31-P-5
St. Louis, Missouri 63101
314-235-6155

As some companies may be aware from my previous letter of August 17, 2000 (copy attached) Southwestern Bell Telephone (SWBT) experienced a problem in the recording of Local Plus traffic in our five Ericsson switches in the Kansas City LATA. That problem was corrected August 11, 2000. Subsequently we learned that we had a similar problem in the Ericsson switch at Mexico. That problem was corrected September 1, 2000. We believe that this problem was limited to the Ericsson switches. But to make sure, we are now in the process of examining all of our other switches in the state to verify that Local Plus recordings are being correctly made.

If your company is in the Kansas City LATA you should see additional Local Plus records with your September data. If your company is in the St. Louis LATA you should see additional Local Plus records with your October data.

We would like to propose that we wait until we see actual data for your company to develop an adjustment based on that data. The adjustment would cover the period 6-1-99 through 8-11-00 or 9-1-00 depending on which LATA your company is in and take into account the Local Plus start up period. Prior to making the adjustment for your company we would forward to you the calculations used to develop this adjustment for your review. Hopefully we would then be in the position to forward an agreed upon settlement amount to your company by late October or November 2000.

We have made a preliminary partial settlement with Mid-Missouri because of the disproportionate impact on it due to the fact that the affected SWBT exchanges of KnobNoster, Sedalia, Lamonte, Marshall and Slater are adjacent to the Mid-Missouri exchanges. Furthermore three of these exchanges were previously part of higher volume former COS routes.

Should your company feel that it has been as similarly impacted because of its location to the affected exchanges or other factors, please contact me. We will work with your company to develop a preliminary partial settlement that would be subject to being trued up to an agreed upon settlement amount.

If you would like to discuss the above or discuss a preliminary partial settlement amount, I can be reached on 314-235-6155.

CC: Bob Schoonmaker
Phyllis Callahan

CERTIFICATE OF SERVICE

Copies of this document were served on the following parties by first-class, postage prepaid, U.S. Mail on October 2, 2000.

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Leo J. Bub

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