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FILED³
JUL 26 2002

July 25, 2002

Missouri Public
Service Commission

Secretary of the Commission
Missouri Public Service Commission
200 Madison Street, Suite 100
P.O. Box 360
Jefferson City, Missouri 65102-0360

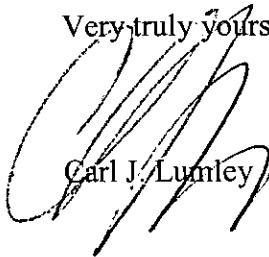
VIA FEDERAL EXPRESS
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Re: Case Nos. TT-2002-472 and TT-2002-473

Dear Secretary of the Commission:

Enclosed please find for filing with your office an original and nine (9) copies of Rebuttal Testimony of Don Price on behalf of MCI metro Access Transmission Services, LLC, Brooks Fiber Communications of Missouri, Inc. and MCI WorldCom Communications, Inc. Upon your receipt, please file stamp the extra copy received and return to the undersigned in the enclosed, self-addressed, stamped envelope. If you have any questions, please contact us.

Very truly yours,



Carl J. Lumley

CJL:dn

Enclosure

cc. Parties of Record (W/Enclosure)

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

FILED³

JUL 26 2002

Missouri Public
Service Commission

In the Matter of Southwestern Bell)
Telephone Company's Tariff to Initiate) Case No. TT-2002-472
Residential Customer Winback Promotion) Tariff No. 200200831

In the Matter of Southwestern Bell Telephone)
Company's Tariff Filing to Extend Business) Case No. TT-2002-473
Customer Winback Promotions.) Tariff No. 200200828

REBUTTAL TESTIMONY OF

DON PRICE

MCIMETRO ACCESS TRANSMISSION SERVICES, LLC
BROOKS FIBER COMMUNICATIONS OF MISSOURI, INC.
MCI WORLDCOM COMMUNICATIONS, INC.

JULY 26, 2002

DIRECT TESTIMONY OF DON PRICE
ON BEHALF OF
MCIMETRO ACCESS TRANSMISSION SERVICES, LLC
BROOKS FIBER COMMUNICATIONS OF MISSOURI, INC.
MCI WORLDCOM COMMUNICATIONS, INC.

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, TITLE AND**
2 **QUALIFICATIONS.**

3 **A.** My name is Don Price. My business address is 701 Brazos, Suite 600, Austin,
4 Texas 78701. I am employed by WorldCom, Inc., in the Western Region Public
5 Policy Group as Senior Manager -- Competition Policy. I have more than 20
6 years experience in telecommunications, most of which is in the area of public
7 policy. I have been in various public policy positions with WorldCom, through
8 the merger with MCI, for nearly 16 years. Prior to that, I was on the Staff of the
9 Public Utility Commission of Texas for three years during the period immediately
10 following divestiture. I began my career in telephony in 1979 with the GTE
11 operating company in Texas (General Telephone Company of the Southwest)
12 after receiving my Master of Arts degree from the University of Texas -
13 Arlington. During my five years with GTE, I worked in various positions of
14 increasing responsibility in the group whose function was the planning of central
15 office and outside plant facilities. In my present position, I have broad
16 responsibilities in developing and coordinating WorldCom's regulatory and
17 public policy initiatives, requiring that I work closely with many different
18 organizations in the company, including regulatory organizations, organizations
19 responsible for the company's network, and those who sell services to customers
20 across all market segments.

1 Over the past several years, my job responsibilities have brought me into
2 day-to-day contact with the business and policy issues arising out of the market-
3 opening provisions of the 1996 Telecommunications Act. As examples, I was
4 closely involved in negotiations of the first-generation interconnection agreement
5 between MCImetro and Southwestern Bell Telephone Company, and have
6 testified before various state commissions regarding various policy-related aspects
7 of interconnection, access to unbundled network elements, and the requirements
8 of §271 of the Act. My detailed qualifications, including all of the proceedings in
9 which I have filed testimony, are included in Attachment 1 to my testimony.

10
11 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE MISSOURI**
12 **PUBLIC SERVICE COMMISSION?**

13 **A.** Yes I have.

14
15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 **A.** The purpose of my testimony is to address the significant public policy
17 ramifications of the Southwestern Bell Telephone Company (SWBT) tariff filings
18 that have given rise to this proceeding. I will discuss how those ramifications are
19 of much greater significance than the simple question of SWBT providing
20 promotional discounts in certain circumstances. Indeed, this proceeding involves
21 fundamental questions of the extent of SWBT's market power and its ability to
22 abuse that market power absent strict oversight by this Commission. I will
23 discuss the likelihood that SWBT is making anticompetitive use of information –

1 disconnect information on its retail customers -- to which only it has access by
2 virtue of its historic monopoly and its role as an underlying carrier to the majority
3 of CLECs. The second form of abuse I will discuss involves SWBT's utilization
4 of that disconnect information to offer strategically targeted and anticompetitive
5 discounts, with harm to the competitive process. I will also discuss how SWBT's
6 proposed discounts cannot be justified on any rational basis. Indeed, SWBT's
7 proposed discounts would unreasonably discriminate among similarly situated
8 customers, thereby running afoul of sound public policy, Missouri statutes,
9 relevant case law, and prior Commission decisions.

10 **I. INTRODUCTION: FUNDAMENTAL POLICY QUESTIONS RAISED BY**
11 **SWBT'S PROPOSED TARIFFS**

12
13 **Q. YOU STATED ABOVE THAT THE ISSUES RAISED BY SWBT'S**
14 **TARIFF FILING ARE OF FAR GREATER SIGNIFICANCE THAN**
15 **MERELY OFFERING PROMOTIONAL DISCOUNTS. PLEASE**
16 **EXPLAIN WHAT YOU MEAN BY THAT STATEMENT.**

17 **A.** Quite simply, what I mean is that SWBT continues to possess significant market
18 power, and has the ability and the incentive to utilize its market power in ways
19 which are harmful to the competitive process and, over the long run, to Missouri
20 telecommunications users. The issues presented by SWBT's tariff filing go to the
21 very core of whether the Commission will take the necessary actions to ensure
22 that local telecommunications markets can become competitive, or whether
23 SWBT will be permitted to exercise its market power and effectively re-
24 monopolize telecommunications service markets.

1 Q. WHY DO YOU STATE THAT SWBT CONTINUES TO POSSESS
2 SIGNIFICANT MARKET POWER?

3 A. There are several reasons why SWBT possesses significant market power, all of
4 which flow from SWBT's historic legacy, comprised of more than 100 years of
5 operating as a protected legal monopoly in Missouri. Until only recently, SWBT
6 provided local telecommunications services to customers without fear of
7 competitive challenges, using a network financed by captive ratepayers at
8 virtually no risk to SWBT and its shareholders. When SWBT's legal monopoly
9 was abolished, SWBT inherited an existing, ubiquitous network with links to
10 every business and residential premises in its service territory.

11 The SWBT network represents an asset of enormous strategic value to the
12 company, representing a palpable competitive advantage. This was characterized
13 by the FCC in the following terms.

14 ... An incumbent LEC's existing infrastructure enables it to serve new
15 customers at a much lower incremental cost than a facilities-based
16 entrant that must install its own switches, trunking and loops to serve
17 its customers. [...] Because an incumbent LEC currently serves
18 virtually all subscribers in its local serving area, an incumbent LEC has
19 little economic incentive to assist new entrants in their efforts to secure
20 a greater share of that market. An incumbent LEC also has the ability
21 to act on its incentive to discourage entry and robust competition by not
22 interconnecting its network with the new entrant's network or by
23 insisting on supracompetitive prices or other unreasonable conditions
24 for terminating calls from the entrant's customers to the incumbent
25 LEC's subscribers.¹

¹ *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, First Report and Order in CC Docket No. 96-98, FCC Order No. 96-325, ("Local Competition Order") released August 8, 1996, at § 10.

1 Note particularly the phrase “has the ability to act on its incentive to discourage
2 entry and robust competition...,” a phrase that underscores the fundamental
3 question of this proceeding: whether SWBT will be permitted to exercise its
4 market power to the detriment of the competitive process in Missouri.

5 The above cited passage from the FCC’s Local Competition Order hardly
6 represents the only finding on the value of SWBT’s inherited, ubiquitous, and
7 fully funded network. In a recent Opinion by the United States Supreme Court,
8 the ILECs’ strategic advantage flowing from their inherited networks was
9 described in the following manner:

10 It is easy to see why a company that owns a local exchange (what the
11 Act calls an “incumbent local exchange carrier,” 47 U.S.C. §251(h)),
12 would have an almost insurmountable competitive advantage not only
13 in routing calls within the exchange, but, through its control of this
14 local market, in the markets for terminal equipment and long-distance
15 calling as well. A newcomer could not compete with the incumbent
16 carrier to provide local service without coming close to replicating the
17 incumbent’s entire existing network, the most costly and difficult part
18 of which would be laying down the “last mile” of feeder wire, the local
19 loop, to the thousands (or millions) of terminal points in individual
20 houses and businesses.²

21 The Court’s use of the phrase “an almost insurmountable competitive advantage”
22 confirms the validity of the FCC’s conclusion that SWBT has both the incentive
23 to deter competition, and more importantly, the ability to act on that incentive.
24 SWBT’s witnesses attempt to obscure this fact by diverting attention to minimal
25 losses in SWBT’s market share.³ But as the Supreme Court’s decision highlights,

² *Verizon v. FCC et al*, slip opinion at 18.

³ *See, e.g., Hughes Direct* at pp. 7-10.

1 SWBT will continue to possess market power until competitors “com[e] close to
2 replicating the incumbent’s entire existing network...” SWBT has presented no
3 evidence that any CLEC is even attempting such a massive effort. Indeed, no
4 such evidence exists. There should be no question that SWBT will continue to
5 possess the only ubiquitous network for some time to come, meaning that a key
6 source of SWBT’s market power will persist beyond the foreseeable future.

7
8 **Q. DO YOU HAVE OTHER EVIDENCE THAT SWBT’S LEGACY**
9 **NETWORK CONSTITUTES A SOURCE OF MARKET POWER?**

10 **A.** Yes. One example is provided by television ads that SWBT is running, including
11 in Missouri, where it points to the fact that “we have a network; our competitors
12 have marketing plans.” Such advertising makes obvious the fact that SWBT
13 views its network as a significant strategic asset.

14 That SWBT recognizes the strategic value of its network is likewise
15 demonstrated by information SWBT has placed on its website. In a portion of the
16 website labeled “Consumer Information: Competition,” we find the following
17 statement:

18 We care about quality service. Each year we invest more than \$2
19 billion to ensure the continued reliability of our network and to deliver
20 the most advanced technologies. With 16 million access lines, the
21 network handles approximately 200 million calls a day. [...] ⁴

22

⁴ <http://www.swbell.com/content/0,3854,57,00.html>, accessed by the author July 18, 2002. A copy of the page is provided as Attachment 2.

1 More evidence of SWBT's recognition that its legacy monopoly network
2 is a source of market power is found by examining SWBT's actions since the
3 passage of the Telecommunications Act of 1996.
4

5 **Q. WHAT ACTIONS BY SWBT BEAR ON THE QUESTION OF THE**
6 **INCUMBENT'S NETWORK AS A SOURCE OF MARKET POWER?**

7 **A.** Since 1996 when the Act was passed, SWBT had the same legal ability as any
8 other entity to enter new markets to provide local telecommunications services.
9 For example, California is far and away the largest telecommunications market in
10 the US. Rather than seeking to enter that market as a CLEC, however, SWBT's
11 parent company acquired Pacific Bell, the incumbent in California, in 1997.
12 Then, the incumbent in Connecticut, Southern New England Telephone (SNET),
13 was likewise acquired by SWBT's parent. Subsequently, in 1998, SWBT's parent
14 company proposed to acquire Ameritech, the ILEC serving the mid-western states
15 of Ohio, Indiana, Michigan, Illinois, and Wisconsin. Again, the decision to
16 acquire the historic monopoly companies was made in each case in spite of the
17 fact that SWBT and its parent possessed the same legal right as any other entity to
18 enter those markets as a CLEC.

19 In its review of the application by SWBT's parent company for approval
20 to acquire Ameritech, the FCC noted that the application raised a number of
21 difficult questions in terms of the potential harm to competition. This was stated
22 in the FCC's Order as follows:

1 Harms – The proposed merger of these RBOCs threatens to harm
2 consumers of telecommunications services in three distinct, but
3 interrelated, ways.

4 1) The merger will remove one of the most significant
5 potential participants in local telecommunications mass
6 markets both within and outside of each company’s region.

7 2) The merger will substantially reduce the Commission’s
8 ability to implement the market-opening requirements of
9 the 1996 Act by comparative practice oversight methods.
10 Contrary to the deregulatory, competitive purpose of the
11 1996 Act, this will, in turn, increase the duration of the
12 entrenched firms’ market power and raise the costs of
13 regulating them.

14 3) The merger will increase the incentive and ability of the
15 merged entity to discriminate against its rivals, particularly
16 with respect to the provision of advanced
17 telecommunications services. This is likely to frustrate the
18 Commission’s ability to foster advanced services as it is
19 directed to do by the 1996 Act.⁵

20
21 Although each of these harms is in some way relevant to the issues in this
22 proceeding, the latter two – “increas[ing] the duration of the entrenched firms’
23 market power,” and “increase[ing] the incentive and ability ... to discriminate
24 against its rivals” -- are of most significance.

25
26 **Q. DID THE FCC ATTEMPT TO CRAFT MEASURES THAT WOULD**
27 **RESOLVE THESE HARMS?**

⁵ *In re Applications of Ameritech Corp., Transferor, and SBC Communications Inc., Transferee, For Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95 and 101 of the Commission’s Rules*, FCC Order 99-279 in CC Docket No. 98-141, Memorandum Opinion and Order released October 8, 1999 (“Merger Order”), at ¶5.

1 A. Yes. Specifically as regards the concern that “significant potential participants in
2 local telecommunications mass markets [would be removed] both within and
3 outside of each company’s region,” the FCC conditioned its approval on specific
4 commitments made by SWBT’s parent company and Ameritech to compete
5 outside their regions. The FCC noted:

6 ... Applicants assert that the merger will enable them to implement
7 their out-of-region National-Local Strategy (in which the merged firm
8 will enter 30 out-of-region cities as a competitive LEC), which they
9 assert, in turn, will spark local exchange competition around the
10 country⁶

11 Further:

12 The Applicants maintain that the National-Local Strategy contemplates
13 a “smart build” strategy in constructing facilities that are most needed
14 and combining them with leased transport where available and with
15 UNEs where necessary. More specifically, the Applicants plan to
16 install initially over 60 switches for the large and mid-size business
17 segment in the 30 new markets. Subsequently, they plan to install over
18 80 additional switches for the small business and residential customer
19 segment, and to construct an intra-city fiber network of between 75 and
20 125 fiber miles in each of the 30 targeted markets, (along with leasing
21 intercity trunks from third parties). Applicants acknowledge that the
22 architecture of the network and the facilities used will vary from market
23 to market, and that they will build facilities, buy capacity, partner with
24 another competitive LEC, and/or use some combination of these
25 approaches. Although it is not clear from the record whether the
26 Applicants will buy or lease switches, nor whether they will lease or
27 construct their own fiber, it does appear that they intend to construct
28 some facilities.⁷

29 The FCC’s Order required the combined companies (i.e., SBC and Ameritech) to
30 enter “at least 30 major markets outside SBC’s and Ameritech’s incumbent
31 service area as a facilities-based provider of local telecommunications services to

⁶ Id., at ¶258.

⁷ Id., at ¶260.

1 business and residential customers” ... “within 30 months of the merger closing
2 date.”⁸

3
4 **Q. WHAT EVIDENCE IS THERE AS TO COMPLIANCE WITH THESE**
5 **“OUT OF REGION” OBLIGATIONS?**

6 A. Other than very sketchy filings with the FCC asserting that the obligations have
7 been met, not much evidence at all. In fact, as a competitor in each of the markets
8 the companies had committed to enter, WorldCom has seen virtually no evidence
9 of their entry. SBC itself stated it had “scaled back” its efforts as of March 2001.⁹

10 Further, in spite of the claims by SBC that its “out of region” efforts
11 would “spark local exchange competition around the country,” SBC appears to
12 have completely ignored its express commitment to the FCC in this regard. For
13 example, review of SBC’s website under “Products/Services” reveals that
14 someone interested in products and services can search either by “brand” or by
15 “location.”¹⁰ Interestingly, the only “locations” that appear on the page are those
16 corresponding to the service territories of the historic monopolies. Stated
17 otherwise, in touting its capabilities to provide services to customers, the SBC
18 website makes no mention whatsoever of its out-of-region operations. This is
19 demonstrated by another page on the SBC website, that proclaims:

20 SBC provides wireline service to customers in 13 states – covering
21 about one-third of the U.S. population. Nearly one half of the Fortune

⁸ *Id.*, at ¶398.

⁹ SBC 2001 Annual Report, p. 17.

¹⁰ http://www.sbc.com/products_services/brands_and_markets/0,5931,4,00.html; page entitled “SBC Products/Services,” accessed by the author July 24, 2002; a copy of the page is provided as Attachment 3.

1 500 are headquartered in states served by SBC. SBC's wireline
2 subsidiaries currently provide local service in Arkansas, California,
3 Connecticut, Illinois, Indiana, Kansas, Michigan, Missouri, Nevada,
4 Ohio, Oklahoma, Texas, and Wisconsin.¹¹

5 Given SBC's assertions to the FCC that its actions would "spark local exchange
6 competition around the country," one might reasonably wonder why the SBC
7 website appears to be completely silent on the issue.

8
9 **Q. WHAT IS THE TIME PERIOD WITHIN WHICH THE**
10 **SBC/AMERITECH COMPANIES WERE TO HAVE COMPLIED WITH**
11 **THEIR "OUT OF REGION" OBLIGATIONS?**

12 **A.** The merger was closed in October, 1999, meaning that the "30 months" period
13 was reached in April 2002.

14
15 **Q. WHAT IS THE SIGNIFICANCE OF THIS HISTORY TO THIS**
16 **PROCEEDING?**

17 **A.** The "omission" of the out-of-region strategy is no mere oversight, as it is clear
18 from the information that is contained on SBC's website that the company takes
19 great care to include information that it wishes the public to see. The obvious
20 explanation is that SWBT and its parent company fully recognize the market
21 power that flows from incumbency and, conversely, how difficult it is to compete
22 in telecommunications when not in the role of the incumbent. SBC's lack of
23 action to compete outside its legacy monopoly footprint – notwithstanding clear

¹¹ http://www.sbc.com/press_room/press_kit/0,5931,21,00.html, page entitled "SBC Press Room: Company Profile," accessed by the author July 18, 2002. A copy of the page is provided as Attachment 4.

1 commitments to the FCC -- represents further evidence of the market power that
2 results from incumbent control of an existing, ubiquitous network. It is that fact,
3 rather than statements by SWBT's witnesses that it has lost small amounts of
4 market share, that must be kept in mind in evaluating the tariff proposals at issue
5 in this proceeding.

6
7 **Q. YOU NOTED ABOVE THAT THERE ARE SEVERAL REASONS WHY**
8 **SWBT CONTINUES TO POSSESS MARKET POWER. WHAT REASONS**
9 **EXIST OTHER THAN SWBT'S CONTROL OF AN EXISTING,**
10 **UBIQUITOUS NETWORK?**

11 **A.** Another significant source of market power is the market share that SWBT has
12 inherited by virtue of its history as a legally protected monopoly.
13 Notwithstanding the marginal gains that CLECs have made in eroding SWBT's
14 market share, SWBT retains an overwhelming majority of the potential customer
15 base for telecommunications services. Importantly, that market share was not
16 achieved by any competitive activities by SWBT, but rather has simply been
17 retained by the company by virtue of its historical monopoly. That market share
18 confers on SWBT a massive financial advantage relative to its CLEC competitors.
19 For example, in its 2001 ARMIS filing with the FCC, SWBT reported revenues
20 totaling nearly \$40 million per week in Missouri.¹²

21

¹² FCC ARMIS database, Report 43-01: Table 1, SWBT-MO, Row 1090 – Total Operating Revenues; accessed by the author on July 23, 2002. Because SWBT possesses an existing, ubiquitous network in its service territory, it is not faced with the CLECs' challenge of attempting to fund massive network construction.

1 **Q. PLEASE EXPLAIN HOW SWBT'S MARKET POWER IS RELEVANT TO**
2 **THE PROPOSED TARIFF PROVISIONS AT ISSUE IN THIS**
3 **PROCEEDING.**

4 A. The public policy question before the Commission is whether SWBT's proposed
5 tariff provisions represent merely a "competitive response" by SWBT, or rather,
6 whether the provisions would have the effect of permitting SWBT to exercise its
7 market power to the detriment of both the competitive process and the interests of
8 Missouri consumers of telecommunications services.

9

10 **II. APPROVAL OF SWBT'S TARIFF PROPOSALS WOULD LEGITIMIZE**
11 **ANTICOMPETITIVE AND UNREASONABLY DISCRIMINATORY**
12 **PRACTICES**

13

14 **Q. WHAT DO YOU MEAN THAT APPROVING SWBT'S PROPOSED**
15 **TARIFFS WOULD "LEGITIMIZE ANTICOMPETITIVE AND**
16 **UNREASONABLY DISCRIMINATORY PRACTICES?"**

17 A. As will be shown below, SWBT's tariffs are designed to foreclose the normal
18 operations of a competitive marketplace by allowing it to effectively stem market
19 share losses. Approval of the tariffs by the Commission would lend an air of
20 legitimacy to such practices, because those anticompetitive and unreasonably
21 discriminatory practices will have been sanctioned by the Commission.

22

23 **Q. WHAT IS THE BASIS FOR YOUR STATEMENT THAT SWBT'S**
24 **TARIFF PROPOSALS ARE ANTICOMPETITIVE?**

1 A. There are at least three reasons why this is true. First, SWBT's practices are
2 likely based on an anti-competitive abuse of information to which SWBT has
3 preferential access to by virtue of its historic monopoly. Second, because
4 SWBT's pricing proposals represent an exercise of market power by SWBT, such
5 promotions cannot be matched by any CLEC. Third, those pricing proposals
6 unreasonably discriminate between similarly situated customers, a result that
7 would be both bad public policy and a threat to the competitive process.

8

9 **Q. PLEASE EXPLAIN WHY YOU BELIEVE SWBT'S PRACTICES ARE**
10 **LIKELY BASED ON AN ANTICOMPETITIVE ABUSE OF**
11 **INFORMATION TO WHICH IT HAS PREFERENTIAL ACCESS.**

12 A. SWBT possesses extensive information – both current and historical -- on the vast
13 majority of telecommunications customers in Missouri. For example, SWBT
14 knows the services and features that have been purchased, the customer's
15 payment history, the volume of toll calls made by the customer (and the pattern of
16 that usage – i.e., whether largely interstate or intrastate, intraLATA, etc.), how
17 frequently the customer has added features, and so on, *for each and every*
18 *customer*. Such information is referred to as Customer Proprietary Network
19 Information, or CPNI. As previously noted, this type of information is not in
20 SWBT's possession because of any superior marketing or sales ability, but rather
21 is a legacy of its historic monopoly. Importantly, because SWBT's market share
22 is so much greater than any of its competitors – presumed by Mr. Regan to be

1 something in excess of 80%¹³ -- it possesses unmatched access to such detailed
2 customer information. Without question, such detailed data on the overwhelming
3 majority of customers represents a strategic advantage of enormous competitive
4 value to SWBT.

5
6 **Q. HAS THE FCC CONSIDERED QUESTIONS PERTAINING TO USE OF**
7 **SUCH CPNI?**

8 A. Yes, it has. The FCC rejected CLECs' requests that incumbents such as SWBT
9 be denied the right to use CPNI as part of winback campaigns. In the context of
10 retention activities, however, the FCC concluded:

11 *... that section 222 does not allow carriers to use CPNI to retain*
12 *soon-go-be former customers where the carrier gained notice of a*
13 *customer's imminent cancellation of service through the provision of*
14 *carrier-to-carrier service.*¹⁴

15 The FCC went on to note that "competition is harmed" by a carrier's use of such
16 "carrier-to-carrier information."¹⁵

17
18 **Q. DID THE FCC PERMIT ANY EXCEPTIONS TO THE USE OF SUCH**
19 **"CARRIER-TO-CARRIER" INFORMATION?**

¹³ This figure is used here merely for illustrative purposes, as the author has no independent knowledge of SWBT's local market share in Missouri.

¹⁴ *In the Matter of Telecommunications Carriers' Use of Customer Proprietary Network Information and Other Customer Information; Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, As Amended*, CC Dockets 96-115 and 96-149, Order on Reconsideration and Petitions for Forbearance, released September 3, 1999, FCC Order 99-223, at ¶76. (emphasis added)

¹⁵ *Id.*

1 A. Yes. The use of CPNI is not prohibited by the FCC's rules in the case where the
2 carrier "has independently learned from its retail operations that a customer is
3 switching to another carrier"¹⁶ As discussed below, however, there are
4 important questions with regard to SWBT's practices in dealing with such
5 information.

6
7 **Q. WHAT IS THE BASIS FOR YOUR COMMENT THAT SWBT IS LIKELY**
8 **TO ABUSE CUSTOMER INFORMATION?**

9 A. With respect to such information, only SWBT knows what its current and/or
10 planned practices are, and SWBT has refused to provide responses to discovery
11 WorldCom has propounded in this proceeding in an attempt to elicit such
12 information. Without such factual responses from the entity controlling such
13 information, I am unable to provide this Commission with the sort of direct
14 evidence that I believe exists as to SWBT's abuse of CPNI and carrier-to-carrier
15 information.

16 Based on experience in another SWBT state, however, it is possible to
17 draw inferences as to SWBT's existing and/or planned practices. For example,
18 upon being telemarketed by a CLEC on or about March 6, 2002, a Texas
19 consumer agreed to switch his local residential service from SWBT to the CLEC.
20 With the new service in place for approximately three days, on or about March
21 14, 2002, SWBT left a voice mail (the SWBT Voice Mail) at the consumer's non-
22 published home number. By March 15, SWBT sent to the customer a letter

¹⁶ Id., at ¶78.

1 questioning the changeover, offering to “re-establish” service, and touting “some
2 new offers.”¹⁷

3 The voice mail attempts to pass itself off as a public service to the
4 customer, containing a you-may-have-been-slammed message.¹⁸ Unlike the voice
5 mail, the letter blatantly states the intent to winback/retain the former customer.

6 Recalling the FCC’s conclusion that ILEC’s possess the “incentive to
7 discourage ... robust competition,” this real world example raises serious
8 questions regarding the internal flow of information within SWBT, particularly as
9 between its wholesale operations and its retail operations. And because the
10 FCC’s rules prohibit SWBT from using “carrier-to-carrier” information for
11 retention purposes, SWBT’s refusal to respond to WorldCom’s discovery means
12 this Commission is precluded from having a complete evidentiary record on
13 which to base a reasoned decision as to whether SWBT is able to engage in
14 winback attempts so fast because it is actually commencing such activity before
15 the customer actually has left (i.e. retention).

16
17 **Q. YOU HAVE STATED THAT SWBT’S PROPOSED RATES REPRESENT**
18 **AN EXERCISE OF MARKET POWER, AND THAT THE RATES**
19 **CANNOT BE MATCHED BY ANY CLEC. PLEASE EXPLAIN.**

¹⁷ A copy of the redacted March 15, 2002 letter is provided as Attachment 5.

¹⁸ The text of the Voice Mail is provided as Attachment 6.

1 A. SWBT's proposed pricing would allow it to waive non-recurring prices to a very
2 select group of customers. Review of the tariff provided as Hughes Schedule 6
3 reveals that SWBT will waive the "normally applicable non-recurring Service
4 Connection Charges ... on the primary and any additional access line," as well as
5 certain packages. But that offer is not generally available to all new customers.
6 Rather, the only entities who can qualify for this waiver of NRCs are those who:

7 ... have disconnected their local network access line service with
8 SWBT for the purpose of establishing service with another local
9 exchange carrier within the SWBT service area and who now wish to
10 return service with SWBT.¹⁹

11 The ability to limit the promotion only to customers that have left SWBT
12 demonstrates SWBT's market power. If the market for local telecommunications
13 services were one characterized by effective competition, SWBT would not
14 attempt to compete by limiting such a promotion to its "former" customers.
15 Rather, it would have every incentive to try to attract *any* new customer,
16 regardless of whether the customer was a former customer of SWBT or some
17 other carrier.

18 SWBT's proposal reflects the overwhelming advantage SWBT has over
19 its competitors in terms of market share. It is highly likely that no CLEC
20 possesses more than one or two percent market share. As a consequence, CLECs
21 have neither the desire nor the ability to limit pricing promotions to only former
22 customers. The conclusion is clear. SWBT possesses market power, and is

¹⁹ Hughes Schedule 6, P.S.C. Mo.- No. 24, Local Exchange Tariff, APPENDIX, 3rd Revised Sheet 2. The tariff contains other language allowing SWBT to further limit the applicability of its promotion.

1 seeking this Commission's blessing to engage in anticompetitive behavior that no
2 CLEC could match.

3
4 **Q. HAS THIS COMMISSION PREVIOUSLY ADDRESSED A SIMILAR**
5 **REQUEST BY SWBT?**

6 A. Yes, in consolidated Cases TT-2002-108 and TT-2002-130. In its Report and
7 Order in that proceeding, dated December 28, 2001, the Commission concluded
8 that "the use of save and winback provisions by Southwestern Bell is
9 anticompetitive."²⁰

10 As part of its rationale in rejecting the winback provisions proposed by
11 SWBT in that proceeding, the Commission emphasized that it:

12 ... has a duty to regulate Missouri's telecommunications industry in
13 such a way as to promote the development of full and fair
14 competition.²¹

15
16 In considering the save and winback proposals at issue in that proceeding, the
17 Commission stated its concern "about protecting the viability of the overall
18 market for local exchange telecommunications services."²² And rejecting
19 SWBT's customer benefits argument, the Commission concluded "that
20 Southwestern Bell's offers are a threat to the long-term health of the competitive

²⁰ Report and Order at 13.

²¹ *Id.*, at 14.

²² *Id.*, at 16.

1 market for local phone service.”²³ Further, the Commission stated its
2 “obligat[ion] to protect the viability of the competitive market in order to protect
3 Missouri’s telecommunications customers from the threat of monopoly power in a
4 future without viable competition in the local telecommunications market.”²⁴
5 And responding to the SWBT argument that in supporting its 271 petition before
6 the FCC the Missouri PSC had concluded that the local telecommunications
7 market is “open to competition,” the Commission underscored that “[u]nless the
8 Commission acts to protect competition, the local exchange market may be open
9 to competition but have no surviving competitors.”²⁵

10 In short, SWBT’s proposed winback pricing represents an attempt to
11 exercise market power to the long-term detriment of the competitive process and
12 to consumers. The Commission has already clearly articulated its recognition of,
13 and agreement with, the need to prevent such exercises of market power by
14 SWBT.

15
16 **Q. IS IT YOUR UNDERSTANDING THAT THE MISSOURI**
17 **COMMISSION’S DECISION IS CONSISTENT WITH THE FCC’S**
18 **RULINGS IN THIS REGARD?**

19 **A.** Yes. In considering the CLECs’ arguments that the ILECs’ use of CPNI in
20 winback activities was anticompetitive, the FCC concluded as follows:

²³ Id.

²⁴ Id., at 17.

²⁵ Id., at 18.

1 Contrary to the commenters' suggestions, we believe such use of CPNI
2 is neither a *per se* violation of section 201 of the Communications Act,
3 as amended, nor the antitrust laws.²⁶

4 Importantly, the FCC went on to state in that same paragraph:

5 Assuming incumbent LECs have sufficient market power to engage in
6 predatory strategies, they are constrained in their ability to raise and
7 lower prices by our tariff rules and non-discrimination requirements.

8 In other words, the FCC concluded that the use of CPNI was not, intrinsically,
9 unlawful.²⁷ Rather, it would look at specific examples within the context of its
10 tariff rules and non-discrimination requirements to determine whether the ILEC
11 was attempting to engage in predatory strategies.²⁸

12 That is precisely what this Commission did in Dockets TT-2002-108 and
13 TT-2002-130, and in that context, concluded that SWBT's discriminatory
14 retention and winback tariffs should be rejected based on the threat posed to a
15 healthy competitive telecommunications market in Missouri.

16
17 **Q. YOU MENTIONED THE FCC'S "NON-DISCRIMINATION**
18 **REQUIREMENTS" ABOVE. DID SIMILAR NON-DISCRIMINATION**
19 **REQUIREMENTS FORM PART OF THE BASIS FOR THIS**

²⁶ CPNI Order at ¶70. (emphasis in original)

²⁷ The Random House Dictionary of the English Language, Second Edition, Unabridged contains the following definition of "per se:" by, of, for, or in itself; intrinsically.

²⁸ As noted above, the example from the other SWBT state, combined with SWBT's refusal to respond to discovery as to its practices, raises serious questions as to whether SWBT's use of such information does, in fact, constitute an anti-competitive and/or predatory practice. Unfortunately, SWBT's refusal to provide the information requested by WorldCom precludes the Commission from examining the issue.

1 **COMMISSION'S REJECTION OF SWBT'S PREVIOUSLY PROPOSED**
2 **RETENTION AND WINBACK TARIFFS?**

3 A. Yes.

4

5 **Q. WHAT ARE THE RELEVANT PROVISIONS OF THE MISSOURI**
6 **STATUTES?**

7 A. It is my understanding that those provisions are Sections 392.200.2 and
8 392.200.3. Those sections state as follows:

9 No telecommunications company shall directly or indirectly or by any
10 special rate, rebate, drawback or other device or method charge,
11 demand, collect or receive from any person or corporation a greater or
12 less compensation for any service rendered or to be rendered with
13 respect to telecommunications or in connection therewith, except as
14 authorized in this chapter, than it charges, demands, collects or receives
15 from any other person or corporation for doing a like and
16 contemporaneous service with respect to telecommunications under the
17 same or substantially the same circumstances and conditions.
18 Promotional programs for telecommunications services may be offered
19 by telecommunications companies for periods of time so long as the
20 offer is otherwise consistent with the provisions of this chapter and
21 approved by the commission. Neither this subsection nor subsection 3
22 of this section shall be construed to prohibit an economy rate telephone
23 service offering. This section and section 392.220 to the contrary
24 notwithstanding, the commission is authorized to approve tariffs filed
25 by local exchange telecommunications companies which elect to
26 provide reduced charges for residential telecommunications connection
27 services pursuant to the lifeline connection assistance plan as
28 promulgated by the federal communications commission. Eligible
29 subscribers for such connection services shall be those as defined by
30 participating local exchange telecommunications company tariffs.
31 (392.200.2)

32 No telecommunications company shall make or give any undue or
33 unreasonable preference or advantage to any person, corporation or
34 locality, or subject any particular person, corporation or locality to any
35 undue or unreasonable prejudice or disadvantage in any respect
36 whatsoever except that telecommunications messages may be classified

1 into such classes as are just and reasonable, and different rates may be
2 charged for the different classes of messages. (392.200.3)

3
4 **Q. CAN YOU EXPLAIN THE PUBLIC POLICY SIGNIFICANCE OF THESE**
5 **PROVISIONS?**

6 **A.** Yes, although I am not an attorney, the public policy rationale underlying these
7 provisions are relatively straightforward. The premise of 392.200.2 is to prevent
8 unreasonable discrimination between or among customers. What I mean by that
9 is that the language “under the same or substantially the same circumstances and
10 conditions” is intended to ensure that any differentiation in rates paid by
11 customers has a rational and legitimate basis. For example, all residential
12 customers within SWBT’s Kansas City exchange pay the same rate for their
13 service, and the basis for that is the service is provided by SWBT “under the same
14 or substantially the same circumstances and conditions.” Different rates from
15 those paid in Kansas City, however, are paid by residential customers in smaller
16 exchanges served by SWBT. The policy justification for the rate differential is
17 that the end users in the smaller exchanges are in different “circumstances and
18 conditions” than customers in Kansas City. Similarly, SWBT cannot charge
19 different rates to residential users next door to each other in the same exchange,
20 because service in both instances is provided “under the same or substantially the
21 same circumstances and conditions.”

22 The other public policy implication of the language in this portion of the
23 statute involves the phrase “a like and contemporaneous service.” This provision
24 has been interpreted to enable regulated carriers to charge different local service

1 rates for residential service than to companies for service classified as a “business
2 service,” even though both are provided using the same network facilities. As in
3 our Kansas City example, a residential customer would pay a different rate than a
4 business customer located nearby, because the two services are not considered a
5 “like and contemporaneous service.”

6 It is my understanding that the courts in Missouri have considered the
7 meaning of the above-referenced phrases, and in one case concluded that
8 variations in customers’ rates must “be based upon a reasonable and fair
9 difference in conditions which equitably and logically justify a different rate....”²⁹

10 This appears consistent with my discussion of the public policy implications of
11 the language in 392.200.2.

12
13 **Q. DO THE TARIFF PROPOSALS BY SWBT IN THIS PROCEEDING**
14 **REPRESENT RATES THAT ARE COMPLIANT WITH THE POLICIES**
15 **YOU HAVE DESCRIBED?**

16 **A.** No. As I noted above, one test involves the question of whether the service is
17 provided under “the same or substantially the same circumstances and
18 conditions.” The following example demonstrates why SWBT’s proposed
19 discounts fail this test.

20

²⁹ *State ex rel. DePaul Hospital School of Nursing v. Public Service Commission*, 464 S.W.2d 737, 738 (Mo. App. 1970).

1 In this example, we will assume a fictional customer, John Smith, who
2 runs a small business in Kansas City with offices in the 1500 block of Elm street.
3 We will assume a second fictional would-be customer, Joan Jones, who is about
4 to start a small business in Kansas City and has just leased office space in the
5 1600 block of Elm street. According to SWBT's proposed tariffs, if John Smith
6 had previously left SWBT and obtained telecommunications services from a
7 CLEC, he could have new service provided by SWBT without paying any one-
8 time charges for service installation. SWBT's proposed tariffs, on the other hand,
9 would require Joan Jones to pay all applicable one-time charges to obtain
10 SWBT's service to her offices. In both instances, SWBT is providing new
11 service, and both instances are in the same vicinity in SWBT's Kansas City
12 exchange.

13
14 **Q. HAS THIS COMMISSION PREVIOUSLY ADDRESSED THE POLICIES**
15 **YOU DISCUSSED ABOVE?**

16 **A.** Yes. In its Report and Order in Dockets TT-2002-108 and TT-2002-130, the
17 Commission stated with reference to Sections 392. 200.2 and 392.200.3, that the
18 provisions:

19 ... [have] been interpreted to "forbid discrimination in charges for
20 doing a like or contemporaneous service with respect to communication
21 by telephone under the same or substantially the same circumstances
22 and conditions." Rate differences are permitted only if there is any
23 "reasonable and fair difference in condition which equitably and
24 logically justifies a different rate."³⁰

³⁰ Report and Order at 15.

1 **Q. WHAT INFERENCE CAN BE DRAWN GIVEN THIS STATUTORY**
2 **INTERPRETATION BY THE COMMISSION WITH REFERENCE TO**
3 **THE TARIFFS AT ISSUE IN THIS PROCEEDING?**

4 **A.** As the above example shows, the promotional tariffs proposed by SWBT would
5 result in customers in “the same or substantially the same circumstances and
6 conditions” paying different rates. Furthermore, SWBT has failed to provide any
7 basis “which equitably and logically justifies a different rate” being charged to
8 Joan Jones in the example, compared to the waiver of the one-time charges that
9 John Smith would enjoy.

10

11 **IV. CONCLUSION**

12

13 **Q. PLEASE SUMMARIZE THE RELIEF WORLDCOM IS REQUESTING**
14 **OF THE COMMISSION IN THIS PROCEEDING.**

15 **A.** As the Commission found in Dockets TT-2002-108 and TT-2002-130, SWBT’s
16 proposed winback tariffs represent a threat to the health of the competitive
17 telecommunications marketplace in Missouri. Because SWBT still possesses
18 enormous market power in Missouri by virtue of its inherited, ubiquitous network
19 and its massive market share in the local exchange markets, it is appropriate for
20 the Commission to once again reject SWBT’s efforts to engage in anticompetitive
21 and unreasonably discriminatory behavior in an effort to retain its monopoly
22 market share. For all the reasons discussed herein, the Commission should reject
23 the tariffs at issue in this proceeding, and should initiate a investigation into

1 SWBT's practices involving its use of CPNI and carrier-to-carrier information to
2 ensure that such practices do not constitute yet another threat to the emergence of
3 a healthy competitive marketplace for telecommunications services in Missouri.

4

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

6 **A.** Yes, it does.

**DON PRICE
ACADEMIC AND PROFESSIONAL QUALIFICATIONS, AND
TESTIMONY PRESENTED BEFORE
REGULATORY AGENCIES**

Academic Background:

My academic background is in the social sciences. I received my Bachelor of Arts degree in Sociology from the University of Texas at Arlington May of 1977 and was awarded a Master of Arts degree in Sociology by the University of Texas at Arlington in December, 1978.

Professional Qualifications:

From January, 1979 until October, 1983, I was employed by the Southwest telephone operating company of GTE where I held several positions of increasing responsibility in Economic Planning. In those positions I became quite familiar with such local exchange telephone company functions as the workings and design of the local exchange network (including both switching and outside plant), the network planning process, the operation of a business office, and the design and operation of large billing systems.

From November 1983 until October 1986, I was employed by the Public Utility Commission of Texas. I provided analysis and expert testimony on a variety of policy and rate setting issues. In 1986 I was promoted to Manager of Rates and Tariffs, and was directly responsible for staff analyses of rate design and tariff policy issues in all telecommunications proceedings before the PUC.

I have been with WorldCom (MCI Telecommunications Corporation, prior to the merger with WorldCom) for nearly sixteen years. This part of my career has focused entirely on public policy issues relating to competition in telecommunications markets. Beginning with MCI's acquisition of Western Union Access Transmission Services in 1993, the focus of my activities has been in areas relating to local competition. I have been involved with contract negotiations both before and subsequent to passage of the 1996 Telecommunications Act, and have presented testimony on the company's policy positions

in numerous state arbitrations. In my present position as Senior Regional Manager, Competition Policy, I have broad responsibilities in developing and coordinating WorldCom's regulatory and public policy initiatives for the western portion of the company's domestic operations. My responsibilities require that I work closely with WorldCom's regulatory teams in both the state and federal arenas, as well as with the Company's sales forces, network planning and operations groups, and others involved in the Company's day-to-day operations.

I have been invited to appear as a panelist before various professional and trade associations and public seminars during my professional career, including the Texas Society of CPAs, the University of Texas Department of Electrical and Computer Engineering Telecommunications Conference, the Alabama Telephone Association, the Arkansas Telephone Association, and the National Association of Regulatory Utility Attorneys.

I have testified before a number of commissions, including the Federal Communications Commission, the Arizona Corporation Commission, the Public Service Commission of Arkansas, the California Public Utilities Commission, the Public Service Commission of Florida, the Georgia Public Service Commission, the Kansas Corporation Commission, the Public Service Commission of Kentucky, the Louisiana Public Service Commission, the Minnesota Public Utilities Commission, the Missouri Public Service Commission, the Public Utilities Commission of Nevada, the North Carolina Utilities Commission, the Corporation Commission of the State of Oklahoma, the Public Utility Commission of Oregon, the Public Service Commission of South Carolina, the Tennessee Regulatory Authority, the Public Utility Commission of Texas, and the Washington Utilities and Transportation Commission. A list of those proceedings in which I have furnished testimony is provided below.

Testimony Presented:

FCC

CC Docket No. 00-4: In the Matter of Application by SBC Communications, Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Texas

Arkansas

Docket No. 91-051-U: IN RE IMPLEMENTATION OF TITLE IV OF THE AMERICANS WITH DISABILITIES ACT OF 1990

Docket No. 92-079-R: IN THE MATTER OF A PROCEEDING FOR THE DEVELOPMENT OF RULES AND POLICIES CONCERNING OPERATOR SERVICE PROVIDERS

Arizona

Docket No. T-00000A-97-238: IN THE MATTER OF U S WEST COMMUNICATIONS, INC.'S COMPLIANCE WITH SECTION 271 OF THE TELECOMMUNICATIONS ACT OF 1996

Docket No. T-00000D-00-0672: IN THE MATTER OF INVESTIGATION OF THE COST OF TELECOMMUNICATIONS ACCESS

California

APPLICATION 01-01-010: APPLICATION BY PACIFIC BELL TELEPHONE COMPANY (U 1001 C) FOR ARBITRATION OF AN INTERCONNECTION AGREEMENT WITH MCIMETRO ACCESS TRANSMISSION SERVICES, L.L.C. (U 5253 C) PURSUANT TO SECTION 252(B) OF THE TELECOMMUNICATIONS ACT OF 1996

RULEMAKING R.93-04-003, INVESTIGATION I.93-04-002: ON THE COMMISSION'S OWN MOTION TO GOVERN OPEN ACCESS TO BOTTLENECK SERVICES AND ESTABLISH A FRAMEWORK FOR NETWORK ARCHITECTURE DEVELOPMENT OF DOMINANT CARRIER NETWORKS; INVESTIGATION ON THE COMMISSION'S OWN MOTION INTO OPEN ACCESS AND NETWORK ARCHITECTURE DEVELOPMENT OF DOMINANT CARRIER NETWORKS

Florida

Docket No. 941272-TL: IN RE: SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY'S PETITION FOR APPROVAL OF NUMBERING PLAN AREA RELIEF FOR 305 AREA CODE

Docket No.950696-TP: IN RE: DETERMINATION OF FUNDING FOR UNIVERSAL SERVICE AND CARRIER OF LAST RESORT RESPONSIBILITIES.

Docket No. 950737-TP: IN RE: INVESTIGATION INTO TEMPORARY LOCAL TELEPHONE NUMBER PORTABILITY SOLUTION TO IMPLEMENT COMPETITION IN LOCAL EXCHANGE TELEPHONE MARKETS.

Docket No. 950984-TP: IN RE: RESOLUTION OF PETITION(S) TO ESTABLISH NON-DISCRIMINATORY RATES, TERMS, AND CONDITIONS FOR RESALE INVOLVING LOCAL EXCHANGE COMPANIES AND ALTERNATIVE LOCAL EXCHANGE COMPANIES PURSUANT TO SECTION 364.162, FLORIDA STATUTES.

Docket No. 950985-TP: IN RE: RESOLUTION OF PETITION(S) TO ESTABLISH NON-DISCRIMINATORY RATES, TERMS, AND CONDITIONS FOR INTERCONNECTION INVOLVING LOCAL EXCHANGE COMPANIES AND ALTERNATIVE LOCAL EXCHANGE COMPANIES PURSUANT TO SECTION 364.162, FLORIDA STATUTES.

Docket No. 000649-TP: IN RE: PETITION OF MCIMETRO ACCESS TRANSMISSION SERVICES, LLC AND MCI WORLDCOM COMMUNICATIONS, INC. FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED AGREEMENT WITH BELLSOUTH TELECOMMUNICATIONS, INC. CONCERNING INTERCONNECTION AND RESALE UNDER THE TELECOMMUNICATIONS ACT OF 1996.

Georgia

Docket No. 5548-U: IN RE: INVESTIGATION INTO THE FUNDING OF UNIVERSAL SERVICE.

Docket No. 6537-U: IN THE MATTER OF: MCIMETRO PETITION TO ESTABLISH NONDISCRIMINATORY RATES, TERMS AND CONDITIONS FOR UNBUNDLING AND RESALE OF LOCAL LOOPS.

Georgia (continued)

Docket No. 11901-U: IN RE: PETITION OF MCIMETRO ACCESS TRANSMISSION SERVICES, LLC AND MCI WORLDCOM COMMUNICATIONS, INC. FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED AGREEMENT WITH BELLSOUTH TELECOMMUNICATIONS, INC. CONCERNING INTERCONNECTION AND RESALE UNDER THE TELECOMMUNICATIONS ACT OF 1996.

Kansas

Docket No. 190,492-U: IN THE MATTER OF A GENERAL INVESTIGATION INTO COMPETITION WITHIN THE TELECOMMUNICATIONS INDUSTRY IN THE STATE OF KANSAS

Louisiana

Docket No. U-17957: IN RE: INVESTIGATION OF OPERATING PRACTICES OF ALTERNATIVE OPERATOR SERVICES PROVIDERS TO INCLUDE RATES AND CHARGES.

Docket No. U-19806: IN RE: PETITION OF AT&T COMMUNICATIONS OF THE SOUTH CENTRAL STATES, INC., FOR REDUCED REGULATION OF INTRASTATE OPERATIONS.

Docket No. U-20237: IN RE: OBJECTIONS TO THE FILING OF REDUCED WATS SAVER SERVICE RATES, INTRALATA, STATE OF LOUISIANA.

Docket No. U-20710: IN RE: GENERIC HEARING TO CLARIFY THE PRICING/IMPUTATION STANDARD SET FORTH IN COMMISSION ORDER NO. U- 17949-N ON A PROSPECTIVE BASIS ONLY, AS THE STANDARD RELATES TO LEC COMPETITIVE TOLL OFFERINGS.

Docket No. U-20883: IN RE: THE DEVELOPMENT OF RULES AND REGULATIONS APPLICABLE TO THE ENTRY AND OPERATIONS OF, AND THE PROVIDING OF SERVICES BY, COMPETITIVE AND ALTERNATE ACCESS PROVIDERS IN THE LOCAL, INTRASTATE AND/OR INTEREXCHANGE TELECOMMUNICATIONS MARKET IN LOUISIANA. SUBDOCKET A: UNIVERSAL SERVICE.

Louisiana (continued)

Docket No. U-25350: IN RE: PETITION OF MCIMETRO ACCESS TRANSMISSION SERVICES, LLC FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED AGREEMENT WITH BELLSOUTH TELECOMMUNICATIONS, INC. CONCERNING INTERCONNECTION AND RESALE UNDER THE TELECOMMUNICATIONS ACT OF 1996.

Minnesota

Docket No. P-421/CI-01-1371: IN THE MATTER OF A COMMISSION INVESTIGATION INTO QWEST'S COMPLIANCE WITH SECTION 271(c)(2)(B) OF THE TELECOMMUNICATIONS ACT OF 1996; CHECKLIST ITEMS 1, 2, 4, 5, 6, 11, 13, AND 14

Missouri

Case No. TO-87-42: IN THE MATTER OF SOUTHWESTERN BELL TELEPHONE COMPANY FILING ACCESS SERVICES TARIFF REVISIONS AND WIDE AREA TELECOMMUNICATIONS SERVICE (WATS) TARIFF, INDEX, 6th REVISED SHEET, ORIGINAL SHEET 16.01.

Case No. TO-95-289, ET AL: IN THE MATTER OF AN INVESTIGATION INTO THE EXHAUSTION OF TELEPHONE NUMBERS IN THE 314 NUMBERING PLAN AREA.

CASE NO. TC-2000-225, ET AL.: MCI WORLDCOM COMMUNICATIONS, INC., BROOKS FIBER COMMUNICATIONS OF MISSOURI, INC., BROADSPAN COMMUNICATIONS, INC., D/B/A PRIMARY NETWORK COMMUNICATIONS, INC., COMPLAINANTS, VS. SOUTHWESTERN BELL TELEPHONE COMPANY, RESPONDENT.

CASE NO. TO-2001-467: IN THE MATTER OF THE INVESTIGATION OF THE STATE OF COMPETITION IN THE EXCHANGES OF SOUTHWESTERN BELL TELEPHONE COMPANY.

CASE No. TO-2002-222: PETITION OF MCImetro ACCESS TRANSMISSION SERVICES LLC, BROOKS FIBER COMMUNICATIONS OF MISSOURI, INC. AND MCI WORLDCOM COMMUNICATIONS, INC. FOR ARBITRATION OF AN INTERCONNECTION AGREEMENT WITH SOUTHWESTERN BELL TELEPHONE COMPANY UNDER THE TELECOMMUNICATIONS ACT OF 1996

Nevada

CASE NO. 01-12047: IN RE: APPLICATION OF CENTRAL TELEPHONE COMPANY - NEVADA d/b/a SPRINT OF NEVADA TO CONTINUE PARTICIPATION IN THE PLAN OF ALTERNATIVE REGULATION, INCLUDING A REQUEST TO INCREASE PRICES

North Carolina

Docket No. P-100, SUB 119: IN THE MATTER OF: ASSIGNMENT OF N11 DIALING CODES.

Docket No. P-141, SUB 29: IN THE MATTER OF: PETITION OF MCI TELECOMMUNICATIONS CORPORATION FOR ARBITRATION OF INTERCONNECTION WITH BELLSOUTH TELECOMMUNICATIONS, INC.

Docket No. P-474, SUB 10: IN RE: PETITION OF MCIMETRO ACCESS TRANSMISSION SERVICES, LLC FOR ARBITRATION OF CERTAIN TERMS AND CONDITIONS OF PROPOSED AGREEMENT WITH BELLSOUTH TELECOMMUNICATIONS, INC. CONCERNING INTERCONNECTION AND RESALE UNDER THE TELECOMMUNICATIONS ACT OF 1996.

Oklahoma

Consolidated Dockets PUD NO. 000237: IN THE MATTER OF THE APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY FOR AN ORDER APPROVING PROPOSED CHANGES AND ADDITIONS IN APPLICANTS' WIDE AREA TELECOMMUNICATIONS SERVICE PLAN TARIFF; and,

PUD NO. 000254: IN THE MATTER OF THE APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY FOR AN ORDER APPROVING PROPOSED ADDITIONS AND CHANGES IN APPLICANTS' ACCESS SERVICE TARIFF AND WIDE AREA TELECOMMUNICATIONS SERVICE PLAN TARIFF

Consolidated Dockets PUD NO.920001335: IN THE MATTER OF THE APPLICATION OF THE OKLAHOMA RURAL TELEPHONE COALITION, GTE SOUTHWEST, INC., ALLTEL OKLAHOMA, INC., AND OKLAHOMA ALLTEL, INC. FOR AN ORDER ADOPTING THE OKLAHOMA ALTERNATIVE SETTLEMENT PLAN; and

PUD NO.920001213: IN THE MATTER OF THE APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY FOR AN ORDER IMPLEMENTING TERMINATING ACCESS CHARGES IN LIEU OF INTRALATA TOLL AND SURCHARGE POOLS; and

PUD NO.940000051: IN RE: INQUIRY OF THE OKLAHOMA CORPORATION COMMISSION REGARDING WHETHER THE INTRALATA TOLL POOL AND SURCHARGE POOL SHOULD CONTINUE TO EXIST IN THE STATE OF OKLAHOMA

Oregon

Docket UN 1038: IN THE MATTER OF AN INVESTIGATION INTO ISSUES RELATED TO THE COMMISSION POLICY OF POSTING SERVICE QUALITY REPORTS TO ITS WEBSITE, PURSUANT TO ORS 756.510

South Carolina

Docket No. 92-606-C: IN RE: N11 SERVICE CODES.

Tennessee

Docket No.93-07799: IN RE: SHOW CAUSE PROCEEDING AGAINST CERTIFIED IXCS AND LECS TO PROVIDE TOLL FREE, COUNTY-WIDE CALLING.

Docket No.93-08793: IN RE: APPLICATION OF MCI METRO ACCESS TRANSMISSION SERVICES, INC. FOR AUTHORITY TO OFFER LOCAL EXCHANGE SERVICES WITHIN TENNESSEE.

Docket No.94-00184: INQUIRY FOR TELECOMMUNICATIONS RULEMAKING REGARDING COMPETITION IN THE LOCAL EXCHANGE.

Docket No.95-02499: UNIVERSAL SERVICE PROCEEDING, PART 1 - COST OF UNIVERSAL SERVICE AND CURRENT SOURCES OF UNIVERSAL SERVICE SUPPORT, AND PART 2 - ALTERNATIVE UNIVERSAL SERVICE SUPPORT MECHANISMS.

Docket No. 00-00309: PETITION OF MCIMETRO ACCESS SERVICES, LLC AND BROOKS FIBER COMMUNICATIONS OF TENNESSEE, INC. FOR ARBITRATION UNDER THE TELECOMMUNICATIONS ACT OF 1996

Texas

Docket 4992: APPLICATION OF GENERAL TELEPHONE COMPANY OF THE SOUTHWEST FOR A RATE/TARIFF REVISION.

Docket 5113: PETITION OF PUBLIC UTILITY COMMISSION FOR AN INQUIRY CONCERNING THE EFFECTS OF THE MODIFIED FINAL JUDGMENT AND THE ACCESS CHARGE ORDER UPON SW BELL AND THE INDEPENDENT TELEPHONE COMPANIES OF TEXAS (Phase II).

Docket 5610: APPLICATION OF GENERAL TELEPHONE COMPANY OF THE SOUTHWEST FOR A RATE INCREASE.

Docket 5800: APPLICATION OF AT&T COMMUNICATIONS FOR AUTHORITY TO IMPLEMENT "REACH OUT TEXAS."

Docket 5898; APPLICATION OF SAN ANGELO FOR REMOVAL OF THE EXTENDED AREA SERVICE CHARGE FROM GENERAL TELEPHONE COMPANY OF THE SOUTHWEST'S RATES IN SAN ANGELO, TEXAS.

Texas (continued)

Docket 5926: APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY TO ESTABLISH FEATURE GROUP "E" (FGE) ACCESS SERVICE FOR RADIO AND CELLULAR COMMON CARRIERS.

Docket 5954: INQUIRY OF THE PUBLIC UTILITY COMMISSION OF TEXAS INTO OFFERING EXTENDED AREA SERVICE IN THE CITY OF ROCKWALL.

Docket 6095: APPLICATION OF AT&T COMMUNICATION FOR A RATE INCREASE.

Docket 6200: PETITION OF SOUTHWESTERN BELL TELEPHONE COMPANY FOR AUTHORITY TO CHANGE RATES.

Docket 6264: PETITION OF THE GENERAL COUNSEL FOR INITIATION OF AN EVIDENTIARY PROCEEDING TO ESTABLISH TELECOMMUNICATIONS SUBMARKETS.

Docket 6501: APPLICATION OF VALLEY VIEW TELEPHONE COMPANY FOR AN AMENDMENT TO CERTIFICATE OF CONVENIENCE AND NECESSITY.

Docket 6635: APPLICATION OF MUSTANG TELEPHONE COMPANY FOR AUTHORITY TO CHANGE RATES.

Docket 6740: APPLICATION OF SOUTHWEST TEXAS TELEPHONE COMPANY FOR RATE INCREASE.

Docket 6935: APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY TO INTRODUCE MICROLINK II- PACKET SWITCHING DIGITAL SERVICE.

Docket 8730: INQUIRY OF THE GENERAL COUNSEL INTO THE MEET-POINT BILLING PRACTICES OF GTE SOUTHWEST, INC.

Texas (continued)

Docket 8218: INQUIRY OF THE GENERAL COUNSEL INTO THE WATS PRORATE CREDIT.

Docket 8585: INQUIRY OF THE GENERAL COUNSEL INTO THE REASONABLENESS OF THE RATES AND SERVICES OF SOUTHWESTERN BELL TELEPHONE COMPANY.

Docket 10127: APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY TO REVISE SECTION 2 OF ITS INTRASTATE ACCESS SERVICE TARIFF.

Docket 11441: PETITIONS OF INFODIAL, INC., AND OTHERS FOR ASSIGNMENT OF ABBREVIATED NII DIALING CODES.

Docket 11840: JOINT PETITION OF SOUTHWESTERN BELL TELEPHONE COMPANY AND GTE SOUTHWEST, INC. TO PROVIDE EXTENDED AREA SERVICE TO CERTAIN COMMUNITIES IN THE LOWER RIO GRANDE VALLEY.

Docket 14447: PETITION OF MCI TELECOMMUNICATIONS CORPORATION FOR AN INVESTIGATION OF THE PRACTICES OF SOUTHWESTERN BELL TELEPHONE COMPANY REGARDING THE EXHAUSTION OF TELEPHONE NUMBERS IN THE 214 NUMBERING PLAN AREA AND REQUEST FOR A CEASE AND DESIST ORDER AGAINST SOUTHWESTERN BELL TELEPHONE COMPANY.

Dockets 14940 and 14943: APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY FOR INTERIM NUMBER PORTABILITY PURSUANT TO '3.455 OF THE PUBLIC UTILITY REGULATORY ACT; AND APPLICATION OF GTE SOUTHWEST, INC. AND CONTEL OF TEXAS, INC. FOR INTERIM NUMBER PORTABILITY PURSUANT TO '3.455 OF THE PUBLIC UTILITY REGULATORY ACT.

Docket 16251: INVESTIGATION OF SOUTHWESTERN BELL TELEPHONE COMPANY'S ENTRY INTO THE INTERLATA TELECOMMUNICATIONS MARKET.

Docket 16285: PETITION OF MCI TELECOMMUNICATIONS CORPORATION AND ITS AFFILIATE MCIMETRO ACCESS TRANSMISSION SERVICES, INC. FOR ARBITRATION AND REQUEST FOR MEDIATION UNDER THE FEDERAL TELECOMMUNICATIONS ACT OF 1996.

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Docket 18117: COMPLAINT OF MCI TELECOMMUNICATIONS CORPORATION AND MCIMETRO ACCESS TRANSMISSION SERVICE, INC. AGAINST SWBT FOR VIOLATION OF COMMISSION ORDER IN DOCKET NOS. 16285 AND 17587 REGARDING PROVISIONING OF UNBUNDLED DEDICATED TRANSPORT.

Docket 19075: PETITION OF MCI TELECOMMUNICATIONS CORPORATION FOR ARBITRATION OF DIRECTORY ASSISTANCE LISTINGS ISSUES UNDER FEDERAL TELECOMMUNICATIONS ACT OF 1996.

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Docket 21982: PROCEEDING TO EXAMINE RECIPROCAL COMPENSATION PURSUANT TO SECTION 252 OF THE FEDERAL TELECOMMUNICATIONS ACT OF 1996.

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Docket 24542: PETITION OF MCIMETRO ACCESS TRANSMISSION SERVICES LLC FOR ARBITRATION OF AN INTERCONNECTION AGREEMENT WITH SOUTHWESTERN BELL TELEPHONE COMPANY UNDER THE TELECOMMUNICATIONS ACT OF 1996

Washington

Docket No. UT-003022: IN THE MATTER OF THE INVESTIGATION INTO U S WEST COMMUNICATIONS, INC.'S COMPLIANCE WITH SECTION 271 OF THE TELECOMMUNICATIONS ACT OF 1996

DOCKET NO. UT-003013, Part D: IN THE MATTER OF THE CONTINUED COSTING AND PRICING OF UNBUNDLED NETWORK ELEMENTS, TRANSPORT, AND TERMINATION

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Consumer Information

Competition

There have been significant changes in telecommunications service providing customers with more choices and more options. We want to help you better understand how these changes might affect you.

Background

Before You Switch

If You Switch

Why Stay With Southwestern Bell?

Background

In 1984, divestiture in the telecommunications industry allowed competition in the long distance business. The Federal Telecommunications Act of 1996 then allowed competition in the local telephone market. This means your basic phone service (which includes local and local toll calls, optional services such as Call Waiting, directory listings, and access to 911, 611 and 411 numbers) can now be provided either by us or one of over 200 other companies that provide local phone service.

Before You Switch

If you're seriously considering a switch to another provider's service, be sure you ask the following questions:

- Are the company's rates permanent or are the offers promotional?
- What will the rate be when the promotion ends?
- Are the company's calling discounts limited to specific areas, time periods, or number of customers?
- Is there a minimum or monthly charge required to get the special deal?
- What are the company's billing increments for each call?
- What are the company's calling card rates and surcharges?
- What about the company's operator-assisted call rates?
- Does the company have services for people with special needs?

If You Switch

You can continue to receive one bill for both your local service and your long distance service. If you decide to go with another provider for your local service, you may receive two or more bills (one for local, one for long distance, and others for some enhanced services such as internet service). Customers who choose to receive one bill, are encouraged to ask their long distance provider whether they will incur an additional charge for continuing to receive one bill.

Why Stay With Southwestern Bell?

We've handled local toll calls for our customers for many years, and offer a variety of local toll savings plans that are simple and provide good value. Our

1+Saver plans, for instance, provide blocks of time at special discounts. In addition, in many areas Southwestern Bell offers Local Plus, which expands "local calling" and allows customers to make unlimited calls within a large calling area for a flat monthly fee. With increased competition, you may receive offers and incentives to switch your telephone service provider. Before deciding whether to switch, we urge you to carefully review your calling habits and the full details of any new offer to ensure that you fully understand how your bill may be impacted.

We care about quality service. Each year we invest more than \$2 billion to ensure the continued reliability of our network and to deliver the most advanced technologies. With 16 million access lines, the network handles approximately 200 million calls a day. We plan to offer total telecommunications solutions with high-speed data and long distance services upon regulatory approval.

In addition to local, Internet, voice messaging, and wireless services, we also offer 24-hour directory assistance, emergency 911 service, and 611-repair service in addition to a free listing in the local White Pages.

We care about the communities we serve. Last year the SBC family of companies contributed more than \$30 million dollars to national and regional nonprofit organizations. More than 63,000 of our employees and retirees annually volunteer their time and talents to many community and charitable causes. At Southwest Bell, we employ 56,000 people in Texas, Oklahoma, Missouri, Arkansas, and Kansas.



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Products/Services

■ Brand and Markets

SBC Communications Inc. serves 20 of the largest U.S. markets and has telecommunications investments in 28 countries. Under the [SBC Southwestern Bell](#), [SBC Ameritech](#), [SBC Pacific Bell](#), [SBC Nevada Bell](#), [SBC SNET](#), [Sterling Commerce](#), and [Prodigy](#) brands, SBC provides a full range of voice, data, networking and e-business services. SBC also has a 60 percent equity interest in [Cingular Wireless](#), its joint venture with BellSouth, which serves more than 21 million wireless customers.

In the 2001 J.D. Power national customer satisfaction survey of local telephone customers, SBC SNET ranked No. 2 for residential local service in 2001. In addition, SBC Southwestern Bell ranked No. 2 and SBC SNET ranked No. 3 for residential long-distance service.

To find out more about our products and services, search by geographic location or by brand.

Brand	Location
SBC Southwestern Bell	South Central United States
SBC Ameritech	Upper Midwest
SBC PacificBell	California
SBC Nevada Bell	Nevada
SBC SNET	Connecticut
Sterling Commerce	
Cingular	
Prodigy	

SBC Southwestern Bell

In the South Central United States, SBC provides telecommunications services under the SBC Southwestern Bell brand to millions of business and residential customers throughout Texas, Missouri, Oklahoma, Arkansas and Kansas. Products and services provided in our five-state territory include: local and long distance service, data communications and e-business services, DSL Internet and dial-up Internet access, and advertising and directory services.

[top](#)

SBC Ameritech

In the Upper Midwest, SBC provides a wide array of communications services to customers in Illinois, Indiana, Michigan, Ohio, and Wisconsin under the SBC Ameritech brand. Products and services include local telephone and data services, directories and DSL and dial-up Internet access.

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SBC Pacific Bell

Special Features

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SBC Power Up Sweepstakes

Sign up now for your chance to win! Enter for fast, free access to news, tips & promotions.

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For more than 100 years, SBC Pacific Bell has provided telecommunications services, today totaling more than 17 million access lines. Our product portfolio includes data communications and e-business services, DSL and dial-up Internet access, and directory services.

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SBC Nevada Bell

Our SBC Nevada Bell brand serves roughly 30 percent of the access lines in the state of Nevada, including the Reno/Sparks metropolitan area and widespread rural territories. With 100 percent digital switching for our more than 350,000 access lines, SBC Nevada Bell provides residential and business customers with one of the nation's most advanced public networks.

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SBC SNET

SBC SNET is a leading information and communications provider in Connecticut, offering a full range of wireline products including local and long-distance wireline service, data communications and e-business services, dial-up and DSL Internet access and directory services.

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Sterling Commerce

Sterling Commerce, a wholly owned subsidiary of SBC, is a worldwide leader in business-to-business integration -- providing a wide range of integration software, business enabling and online services. With more than 25 years of experience in a range of industries, Sterling Commerce offers expertise, as well as the breadth of integration software and services required, to facilitate, manage and support the electronic exchange of information within a business, as well as with its diverse community.

[top](#)

Cingular

Cingular Wireless is a joint venture between the wireless divisions of SBC and BellSouth. SBC has a 60 percent equity interest in Cingular Wireless, which serves more than 21 million wireless customers.

[top](#)

Prodigy

Prodigy Communications, a subsidiary of SBC Communications, offers a reliable, high-quality dial-up network that covers more than 850 locations in all 50 states with local call access from 90 percent of the country.

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Company Profile

The Global Company

SBC Communications Inc. (www.sbc.com) is one of the world's leading data, voice and Internet service providers. Through its affiliated companies, SBC provides a full range of data, voice, networking and e-business services, including local and long-distance voice, high-speed Internet access and data transport, voice and data network integration, wireless service, software and process integration, Web site and application hosting, e-marketplace development, paging and messaging, and directory advertising and publishing. The San Antonio, Texas-based company is America's leading provider of DSL high-speed Internet service and one of the nation's leading Internet service providers.

Since the enactment of the Telecommunications Act in February 1996, SBC has completed several acquisitions to establish itself as a national provider with nearly 200,000 employees: Ameritech (1999), Southern New England Telecommunications (SNET, 1998), and Pacific Telesis Group (1997). SBC had revenues of \$45.9 billion in 2001 and was ranked No. 27 on the 2002 Fortune 500 list.

Through its subsidiaries' trusted brands — SBC Southwestern Bell, SBC Ameritech, SBC Pacific Bell, SBC Nevada Bell, SBC SNET and Sterling Commerce — and world-class network, SBC provides communications services to customers across the United States. The company currently has more than 60 million access lines. SBC owns 60 percent of Cingular Wireless, which serves more than 22 million wireless customers and is the second largest wireless company in the United States.

SBC provides wireline service to customers in 13 states — covering about one-third of the U.S. population. Nearly one half of the Fortune 500 are headquartered in states served by SBC. SBC's wireline subsidiaries currently provide local service in Arkansas, California, Connecticut, Illinois, Indiana, Kansas, Michigan, Missouri, Nevada, Ohio, Oklahoma, Texas, and Wisconsin. SBC's portfolio of international investments, encompassing companies with operations in 25 countries, includes major full-service providers as well as leading wireless operators.

Going the Distance

SBC provides long-distance services to more than 5.3 million access lines in Texas, Connecticut, Kansas, Oklahoma, Missouri, and Arkansas. In addition, SBC is applying for authority to offer long distance to its customers in California and Michigan.

A Record of Service and Responsibility

For the fifth consecutive year, SBC has been named the World's Most Admired Telecommunications Company by Fortune Magazine. SBC companies have been providing reliable and innovative telecommunication services for more than 100 years. This expertise has enabled SBC to compete successfully in major markets across

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the nation and around the world while continuing to create long-term value for shareowners.

In addition, SBC's supplier diversity efforts have been recognized by *Fortune* and *Working Woman* magazines, along with the Women's Business Enterprise National Council, the National Minority Business Council, and the National Minority Supplier Development Council. SBC received the only presidential award for corporate leadership, the Ron Brown Award, in recognition of its supplier diversity program. In 2001, SBC spent \$2.8 billion — or 23.5 percent of all spending — with minority, women-owned, and disabled veteran-owned suppliers.



March 15, 2002

\$27.95

Get Your
Telephone Line,
Caller ID,
Call Waiting,
CallNotes® Plus
and a
Guaranteed
Low Long
Distance Rate!

Come Back Home

Dear

We understand that your telephone account has been disconnected from SBC Southwestern Bell Telephone Company. As employees who value your business, we want to be sure that this information is correct.

If you did not intend to cancel your service with SBC Southwestern Bell, please contact us, toll free, at 1-888-483-9340 and we will update our records immediately and re-establish your service.

If you intended to cancel your service, please reconsider and come back home! We realize there are many choices for local telephone service. But, you may also find out what others have told us....

Experience Counts!

SBC Southwestern Bell Telephone Company has provided reliable local service for over 100 years. Friendly customer service, a reliable network and outstanding products like CallNotes® and DSL Internet bring our customers back home. And all on one simple bill!

A marketing survey indicates a majority of our customers return to SBC Southwestern Bell Telephone Company for our service, products and price.

Plus, we also have some new offers! For only \$27.95 per month you can have your telephone line, Caller ID, Call Waiting and CallNotes® Plus! Ask about our other great plans when you call.

LONG DISTANCE PACKAGES: SBC Southwestern Bell Long Distance offers a variety of packages, with rates as low as 5¢ per minute! Plus SBC Southwestern Bell Long Distance has international plans as well. All are designed to save you money!

INTERNET SPECIAL: Sign up for Prodigy® Dial-Up Internet Service and you'll receive unlimited time on the internet at a discounted rate of only \$15.95 per month!

DSL INTERNET: Faster, easier, smarter-that's what you get by ordering SBC Southwestern Bell DSL High-Speed Internet Access Service. You can *Surf the Web up to 25 times faster than a 56K modem and Download CD-quality music in seconds!* Call to find out what special offers are available.

Please call us today! We want you back!

1-888-483-9340

I look forward to hearing from you.

Lynn Lehew

Director Consumer Winback - SBC Southwestern Bell

Offers for new subscribers only. Some services not available in all areas. SBC Southwestern Bell Long Distance provides this domestic direct-dialed service, where necessary billing arrangements exist with local providers, in the SBC Southwestern Bell Telephone Company service area. Plan requires \$24.95 a month for up to 500 minutes per month. Calls over 500 minutes billed at 7¢ per minute. Excludes taxes, fees, and state and federal universal service funds. Reconnection fees may apply. Monthly rates vary by area and are subject to change. SBC Long Distance calling card calls are not billed at the same rates. SBC Southwestern Bell is a registered trademark of SBC Communications Inc. ©2002 SBC Southwestern Bell Telephone, L.P. All rights reserved. * DSL Internet access service billing begins when your service is activated. Actual throughput speed will vary. DSL Internet access service provided by SBC Southwestern Bell Internet Service, Inc. DSL Internet access service is an information service that combines DSL transport with Internet Access. * Dial-up Internet services provided by Prodigy Communications, L.P. Visit www.sbc.com for conditions. Prodigy® is a registered trademark of Prodigy Communications L.P. Compatible display equipment required for Caller ID. When you call CallNotes® Plus from outside your local calling area to pick up your messages, you will incur toll or long distance charges for the call. If you have Measured Rate Service, you will incur usage charges for every call CallNotes® Plus takes, as well as usage charges for every call you make from home to pick up your messages. CallNotes® is a registered service mark of, and is provided by, SBC Southwestern Bell Messaging Services, Inc.

Message 4. 12:51 p.m. March 14.

[Unintelligible]

Please contact a customer service representative for assistance toll free at 1-866-877-1091 Monday through Friday 8 a.m. to 7 p.m. or Saturday 9 a.m. to 6 p.m.

Thank you from Southwestern Bell.

This is Southwestern Bell Telephone calling with an important message regarding your service.

Your local service has been changed from Southwestern Bell to another local service provider.

If you requested the change, no action is required.

If the change was made without your knowledge, you may have been slammed.

Please contact a customer service representative for assistance toll free at 1-866-877-1

BEEP.