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April 6, 2001

FILED²
APR 6 2001

Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, Missouri 65102

Re: Case No. TO-2000-667 (Local Plus)

Dear Mr. Roberts:

Enclosed for filing, please find an original and eight copies of the Reply Brief of the Small Telephone Company Group.

Please see that this filing is brought to the attention of the appropriate Commission personnel. A copy of the enclosed document is being provided to parties of record. I thank you in advance for your attention to and cooperation in this matter. If there are any questions regarding this matter, please direct them to me at the above number.

Sincerely,

Brian T. McCartney

Brian T. McCartney

BTM/da
Enclosure
cc: Parties of Record

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APR 6 2001

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)
Interexchange Companies and Facilities-Based)
Competitive Local Exchange Companies.)

CASE NO. TO-2000-667

REPLY BRIEF
OF THE SMALL TELEPHONE COMPANY GROUP

I. INTRODUCTION

The Small Telephone Company Group ("STCG") stands by the specific positions taken in its Initial Brief, and the STCG offers the following Reply Brief in response to several arguments in the Initial Brief of Southwestern Bell Telephone Company ("SWBT"). The fact that this Reply Brief does not address every argument in SWBT's Initial Brief does not indicate agreement with those arguments.

II. BUSINESS RELATIONSHIPS

SWBT argues that the small companies have no interest in reselling SWBT's Local Plus service, and SWBT is correct that the small companies have no *direct* interest in reselling Local Plus. However, the manner in which SWBT makes this service available for resale will directly impact the small companies' ability to be compensated for terminating Local Plus traffic.

Therefore, this issue is of critical interest to the STCG.

If a proper business relationship existed between the former Primary Toll Carriers ("PTCs") and the small companies, then the STCG would have little, if any, interest in this case because the small companies would not be forced to rely upon another company's traffic records.

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Under the proper business relationship, the small companies would be allowed to use their own records that they create at the terminating end. Thus, the small companies would not care who is reselling the service because the underlying carrier that established the connection with the small companies' end offices would be responsible for the traffic. This is the same business relationship used today by the traditional interexchange carriers ("IXCs") that resell their services, such as AT&T, MCI/WorldCom, and Sprint Long Distance.

III. THE ISSUES

1. **Is SWBT properly making Local Plus service available for resale to IXCs and CLECS?**

SWBT witness Hughes describes Local Plus as "a dialing pattern,"¹ and resale of Local Plus is a complicated matter because of its non-standard dialing pattern (i.e. dialing of interexchange traffic on a 7 or 10-digit basis without dialing "1+" first). Although the Local Plus dialing pattern requires a special switching function,² the Commission specifically contemplated that the Local Plus dialing pattern functionality be made available to both CLECs and IXCs:

*In order to enable customers to obtain this type of service by using the same dialing pattern, the dialing pattern functionality should be made available for purchase to IXCs and CLECs on both a resale and an unbundled network element basis."*³

¹ Tr. 135

² See SWBT's Initial Brief, p. 9

³ *In the Matter of Southwestern Bell Telephone Company's Tariff Revisions Designed to Introduce a LATA-wide Extended Area Service (EAS) Called Local Plus, and a One-Way COS Plan*, Case No. TT-98-351, *Report and Order*, issued Sept. 17, 1998, pp. 39-40.

Nevertheless, SWBT is not making the Local Plus dialing pattern functionality available for resale to: (1) facilities-based CLECs, including those who only purchase the switching unbundled network element ("UNE"); or (2) IXC's whose end user customer is not a "local" customer of SWBT.

SWBT's Initial Brief sets forth a number of "rules of resale" that SWBT believes apply to the resale of Local Plus.⁴ As a practical matter, however, SWBT manipulates the provision of Local Plus so that SWBT's "rules of resale" only apply to a very limited number of carriers (i.e. those who offer basic local service on a "pure" resale basis). For example, in a UNE environment, SWBT actually records the Local Plus traffic and creates the necessary originating records, but instead of passing the records to the small companies, SWBT passes them to the CLEC and washes its hands of any further responsibility. Under SWBT's position, the small companies would be forced to rely upon receiving records from CLECs with whom they have no direct business relationship. Thus, SWBT's failure to make Local Plus available for resale to facilities-based CLECs creates yet another situation where SWBT disclaims responsibility for traffic that SWBT actually delivers to the small companies for termination.

Although UNEs may not be services, Local Plus as a "service" involves a critical function (i.e. switching) which cannot be divorced from the service. Resale of Local Plus unavoidably involves the dialing pattern functionality (i.e. the switching function), and the Commission specifically ordered that "*dialing pattern functionality should be made available for purchase*

⁴ SWBT's Initial Brief, pp. 20-21.

*to IXC's and CLEC's on both a resale and an unbundled network element basis."*⁵ In this case, however, SWBT's manipulation of the Commission's directive would allow SWBT to prevent resale of its Local Plus service to anyone other than a "pure" reseller CLEC. Under SWBT's position, a facility-based CLEC (as defined by SWBT) cannot resell (as defined by SWBT) Local Plus (as defined by SWBT). The Commission should reject the Catch-22 created by SWBT and reaffirm its clear language quoted above.

2. Who should be responsible for paying terminating access charges to third-party LECs when:

a. Local Plus is being offered through pure resale of SWBT's retail Local Plus offering?

All of the parties appear to agree that SWBT is responsible for the payment of terminating access charges to third-party LECs when Local Plus is offered through pure resale.

b. Local Plus is being offered through a facility-based carrier's purchase of unbundled switching from SWBT?

Staff, Public Counsel, ALLTEL, the MITG, and the STCG all agree that when a CLEC chooses to provide local service through UNEs but chooses to resell Local Plus, SWBT should be responsible for the terminating access to third party LECs. The STCG concurs with Staff's explanation:

⁵ *In the Matter of Southwestern Bell Telephone Company's Tariff Revisions Designed to Introduce a LATA-wide Extended Area Service (EAS) Called Local Plus, and a One-Way COS Plan*, Case No. TT-98-351, *Report and Order*, issued Sept. 17, 1998, pp. 39-40.

Where a CLEC chooses to provide local service through UNEs but chooses to resell Local Plus, SWBT should be responsible for the terminating access to third party LECs. In resale situations, the wholesale purchaser has paid the discounted rate for the Local Plus service offering.⁶

c. Local Plus is being offered through a facility-based carrier's own switch?

The STCG agrees with Staff's position that "[w]here a CLEC chooses to provide basic local service through its own facilities and chooses to provide Local Plus through resale, SWBT should be responsible for paying terminating access to third party LEC because it has received the wholesale rate as compensation for handling and terminating these calls."⁷ This application of the Commission's directive allows resale to the broadest range of carriers (i.e. pure resellers and facilities-based carriers) on terms that are not discriminatory or anti-competitive.

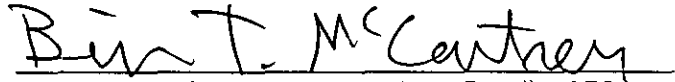
V. CONCLUSION

The Commission should make clear that SWBT must resell Local Plus service to all CLECs, regardless of whether the CLEC provides local service through its own facilities, through UNEs purchased from SWBT, or through resale of SWBTs' local service. Likewise, the Commission should make clear that SWBT is fully responsible for compensating the small companies for all of the resold Local Plus traffic that terminates to the small companies' exchanges. Alternatively, the Commission may address the small companies' concerns in this case by adopting the business relationship proposed by the small companies in Case No. TO-99-593.

⁶ Staff's Initial Brief, p. 5

⁷ Staff's Initial Brief, p. 6

Respectfully submitted,



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Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was mailed or hand-delivered, this 6th day of April, 2001 to:

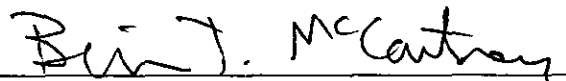
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