

Significantly, both state regulatory agencies that filed comments in this proceeding agree with the BOCs that the imposition of structural separation by the FCC would impose substantial additional costs without commensurate benefit. The Public Service Commission of Wisconsin (PSCW) states that "structural safeguards would require changes in service delivery, such as separate staffs, that would be both inconvenient and confusing to customers. Structural safeguards would also foreclose the opportunity to achieve economies of scale and scope which would ultimately benefit all consumers. In short, the PSCW believes the reimposition of structural separations would be a step backward in regulation and would impede achievement of market efficiency."<sup>30</sup>

The New York State Department of Public Service (NYDPS) also believes that "requiring separate subsidiaries may result in customer confusion or inconvenience associated with the loss of branding and one-stop shopping, a reduction of potential synergistic economic savings, and the creation of additional costs that are ultimately borne by the customer. Thus, the benefits of a flexible policy appear to outweigh the risks of cross-subsidization."<sup>31</sup>

#### **IV. CONCLUSION**

The record evidence has again shown that the benefits of BOC structural integration for enhanced services far outweigh the costs and usefulness of structural separation. As in the past

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<sup>30</sup> PSCW, p. 6.

<sup>31</sup> NYDPS, p. 2.

proceedings on the issue, not one party has produced any compelling evidence to contradict the fact that the current level of unbundling is sufficient to meet industry needs, nor that the application of non-structural safeguards has been highly effective in ensuring fair and open competition. Accordingly, the Commission should again conclude that BOCs should be allowed to continue to provide enhanced services on a structurally integrated basis under the existing non-structural safeguards and ONA plans.

Respectfully submitted,

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May 19, 1995

**CERTIFICATE OF SERVICE**

I, Katie M. Turner, hereby certify that the foregoing, "Reply Comments Of Southwestern Bell Telephone Company," In the Matter of CI-III Further Remand Proceedings: Bell Operating Co. Provision of Enhanced Services, in Docket No. 95-20 has been filed this 18 day of May, 1995 to the Parties of Record.

A handwritten signature in cursive script that reads "Katie M. Turner". The signature is written in black ink and is positioned above a solid horizontal line.

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