ATTACHMENT MK-1

Southwestern Bell Communications Services, Inc.
d/b/a Southwestern Bell Long Distance
d/b/a Nevada Bell Long Distance
d/b/a Pacific Bell Long Distance
d/b/a SBC Long Distance
Bruce Ramsey, Vice President - General Counsel and Secretary
5850 W. Las Positas Blvd.
Pleasanton, California 94588

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Issued: July 7, 2000
Effective: July 10, 2000

SECTION 2 - RULES AND REGULATIONS

2.1 Application of the Tariff

2.1.1 This Tariff contains the descriptions, regulations, and rates applicable to intrastate InterLATA and intrastate IntraLATA telecommunications Service offered by SBCS with principal offices located at 5850 W. Las Positas Blvd., Pleasanton, California 94588. Service is furnished for communications that both originate and terminate at points within the State under terms of this Tariff. The Company operates as a reseller. Unless otherwise indicated in this Tariff, Service is available on a statewide basis.

2.1.2 The Company shall not be deemed to have waived or impaired any right, power, requirement or option reserved by this Tariff (including, without limitation, the right to demand exact compliance with every term and condition herein), by virtue of any custom or practice of the Company at variance with the terms hereof, or any failure, refusal or neglect of Company to exercise any right under this Tariff or to insist upon exact compliance with its terms, or any waiver, forbearance, delay, failure or omission by Company to exercise any right, power or option hereunder.

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SECTION 3 - DESCRIPTION OF SWITCHED SERVICES

3.4 Outbound Services-Switched Access

3.4.1 MTS

MTS is an intrastate long distance Service available to Customers seven (7) days per week, twenty-four (24) hours per day, 365 days per year. With MTS, calls are originated from other than a public or semipublic coin telephone. The desired telephone number is dialed, the call is completed without the assistance of a live or automated operator, and the call is not billed to a number other than the originating number. Calls originate on switched facilities provided by LECs, CLECs or authorized access providers. MTS is available to Residential Customers and Business Customers that presubscribe to the Company for long distance Service. If a Customer presubscribes to the Company for the provision of outbound long distance Service and does not select one of the Company's optional price plans, the Company will provision MTS Service on the Customer's initial order for Service. If a Residential Customer subscribes to the Company's interstate Automatic Savings Plan, the Company will provision MTS Service for intrastate calling. Charges are usage sensitive and vary by day-of-week and time-of-day. Calls are billed in one (1) minute increments, with a minimum call duration of one (1) minute. Peak and off peak rates apply. The peak rate period is 8:00 a.m. to but not including 5:00 p.m., Monday through Friday. The off-peak rate period is all other times. The off-peak rates apply on the following holidays: New Year's Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. With MTS, there is no minimum monthly billing. Calls billed under this Service offering will not qualify for promotional rates.

SECTION 3 - DESCRIPTION OF SWITCHED SERVICES

3.4 Outbound Services-Switched Access (continued)

3.4.3 Consumer Outbound Services (continued)

(C) Simple Solutions

.1 Simple Solutions is an outbound only, Flat Rate, long distance optional pricing plan. This optional calling plan is available to new and existing Residential Customers that (1) use Switched Access to reach the long distance network; (2) subscribe to local service associated with one of the Simple Solutions packages from an affiliated LEC or CLEC; (3) subscribe to the Company for the provision of Interstate InterLATA Service; and (4) request to be provisioned under this optional pricing plan.

.2 Customers or End Users can access the Company's long distance Service by dialing 1 + the area code + the called telephone number from their presubscribed telephone line.

.3 For all calls, the initial and additional periods are billed in increments of one (1) minute or a fraction thereof. This optional pricing plan is established at the BTN level. If a Customer selects a different price plan for specific WTN(s), the Customer is required to establish a separate BTN for each variation.

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SECTION 3 - DESCRIPTION OF SWITCHED SERVICES

3.4 Outbound Services-Switched Access (continued)

3.4.3 Consumer Outbound Services (continued)

(C) Simple Solutions (continued)

.4 Customers subscribing to Simple Solutions will be LEC-billed.

.5 If the Customer cancels the Simple Solutions service of an affiliated LEC, the Company will automatically move the Customer to the optional calling plan, Long Distance, which is described in Section 3.4.3 (A) of this Tariff. The rate change will take effect on the date the Service is moved to Long Distance.

.6 Customers subscribing to Simple Solutions may purchase an optional month-to-month 2,500 Block of Time. Customers subscribing to this Simple Solutions Block of Time option pay a monthly recurring charge for up to 2,500 of one plus (1+) Direct-Dialed outbound interstate and/or intrastate MOU that originate from a line presubscribed to the Company. Additional minutes are charged at the Simple Solutions per minute rate. Unused minutes may not be carried forward to future months.

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SECTION 3 - DESCRIPTION OF SWITCHED SERVICES

3.8 Custom Consumer Services

3.8.1 Block of Time: 300 Minutes

(A) Block of Time: 300 Minutes is a custom combination outbound and calling card long distance optional pricing plan. This optional calling plan is available to new and existing Residential Customers that use Switched Access to reach the long distance network and request to be provisioned under this optional pricing plan.

(B) Customers or End Users can access the Service by dialing 1 + the area code + the called telephone number. A Residential Customer may subscribe to Block of Time: 300 Minutes for the provision of both intrastate InterLATA and intrastate IntraLATA calling. The Customer may also subscribe to Block of Time: 300 Minutes for the provision of intrastate InterLATA calling and select another company for the provision of intrastate IntraLATA calling.

(C) For a specified monthly recurring charge, the Customer receives a specific amount (block) of time for placing (1) one plus (1+) Direct-Dialed outbound calls that originate from a line presubscribed to the Company and (2) fully automated calling card calls and billing those calls to the Proprietary Calling Card - Option 1. Operator Toll Assistance calls originating from presubscribed lines are not included in the block of time. Operator Toll Assistance calls, other than fully automated calls billed to the Proprietary Calling Card - Option 1, are not included in the block of time. The per call charges shown in Section 4.1.1 (B).2.a of this Tariff apply to all fully automated calling card calls billed to the Proprietary Calling Card - Option 1.

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SECTION 3 - DESCRIPTION OF SWITCHED SERVICES

3.8 Custom Consumer Services (continued)

3.8.1 Block of Time: 300 Minutes (continued)

(D) For a monthly recurring charge, the Customer receives a 300 MOU (block) of intrastate and/or interstate one plus (1+) Direct-Dialed calling and usage generated from fully automated calling card calls billed to the Proprietary Calling Card - Option 1. All usage in excess of the selected block of time will be billed at a fixed rate per minute. See Section 4.8.1 of this Tariff for the per minute rate after the block of time has been used. The Customer may only subscribe to one block of time per BTN. Any minutes not used in a billing cycle will not be carried over to the next billing cycle. No credits will be given for any unused minutes.

(E) For Customers also subscribing to Favorite Number, Favorite Number 2, and Favorite Number 3 pursuant to Section 3.4.3 (B) of this Tariff, all MOU applicable to the selected WTN(s) will not depiete (i.e., be accumulated in) the Customer's block of time.

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SECTION 4 - SWITCHED SERVICES RATES AND CHARGES

4.4 Outbound Services-Switched Access

4.4.1 MTS

Peak		Off-Peak	
Initial Period	Add'l Period	Initial Period	Add'l Period
\$0.25	\$0.25	\$0.15	\$0.15

4.4.2 Standard MTS

Initial Period	Add'l Period
\$0.25	\$0.25

000219

SECTION 4 - SWITCHED SERVICES RATES AND CHARGES

4.4 Outbound Services-Switched Access (continued)

4.4.3 Consumer Outbound Services

(A) Long Distance

The rate is $0.09 per minute.

(B) Favorite Number, Favorite Number 2, and Favorite Number 3

The monthly recurring charges are as follows:

No. of Telephone Numbers Per WTN	Monthly Recurring Charge
1	$17.95
2	$27.95
3	$37.95

(C) Simple Solutions

.1 The per minute rate is $0.06.

.2 The optional 2,500 Block of Time monthly recurring rate is $150.00.

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SECTION 4 - SWITCHED SERVICES RATES AND CHARGES

4.8 Custom Consumer Services

4.8.1 Block of Time: 300 Minutes

The monthly recurring charge is $18.00 per BTN for a 300 minute block of time for intrastate and interstate calling. The rate is $0.06 per minute for all outbound intrastate calls completed after the 300 minute block of time has been used. For fully automated calling card calls billed to the Proprietary Calling Card - Option 1 after the 300 minute block of time has been used the rate is $0.06 per minute.

4.8.2 Texas Unlimited

The monthly recurring charge is $39.95 per month.

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SECTION 11 - PROMOTIONS

11.2 Satisfaction Guarantee/90 Free Minutes Consumer Promotion #2 (continued)

11.2.3 If the Customer remains a subscriber of the Long Distance optional pricing plan for ninety (90) days following the start of service date, the Customer will receive ninety (90) free minutes of use. The Customer qualifies for the free usage beginning with the Customer's 4th billing cycle. For each month for three (3) consecutive months, Customers participating in this promotional offering will not be billed for the first thirty (30) one plus (1+) Direct-Dialed interstate and/or intrastate MOU. All WTNs under the BTN will accumulate towards the free minutes. The length of the initial and additional periods for the 1+ Direct-Dialed outbound calls is the same as Section 3.4.3 (A).3 of this Tariff. If the Customer fails to use thirty (30) minutes of one plus (1+) Direct-Dialed interstate and/or intrastate usage in a given monthly billing period, no credit is carried forward to the next monthly billing period.

11.2.4 If the Customer switches its optional calling plan before the benefit period expires, the Customer will no longer receive the benefits offered under this promotional offering. If a Customer cancels Service before the benefit period of this promotion expires, no promotional benefit will be given to the Customer on the Customer's final invoice.

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SECTION 11 - PROMOTIONS

11.11 Telemarketing Promotion: 60 Minutes Promotion #14

11.11.1 The sign up period for Promotion #14 is July 10, 2000 through August 31, 2000. This promotion is only available to Residential Customers located in the State of Texas who respond to a telemarketing campaign and request to participate in this promotional offering. Orders for the optional calling plan, Long Distance, must be activated by September 7, 2000.

11.11.2 Residential Customers or Applicants subscribing to Long Distance during the sign-up period will be automatically given sixty (60) free minutes of use as a sign-up bonus. For each BAN, new Applicants will not be billed for the first 60 qualified interstate and intrastate MOU in their first full bill cycle after subscribing to Long Distance. Qualified MOU include outbound (1+) Direct-Dialed MOU from presubscribed lines. For existing Customers subscribing to Long Distance in the middle of a billing cycle, the promotion begins on the day the order is processed. The Customer may receive up to sixty (60) free minutes for the partial billing month. Up to sixty (60) free minutes are applied to the next full billing cycle. All WTNs under the BAN will accumulate towards the free minutes. If the Customer fails to use the sixty (60) free minutes in a given monthly billing period, no credit is carried forward to the next monthly billing period. This promotion cannot be combined with any other domestic promotional offering.

11.11.3 If the Customer switches or cancels its optional calling plan before the end of the first full bill cycle, the Customer will only receive the portion of the free minutes that have been used up to the date the optional calling plan is cancelled or changed.

11.11.4 If the Customer cancels Service before the first full bill cycle starts, no free minutes will be given to the Customer on the Customer's final invoice.

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the matter of		
Application by SBC Communications Inc.,	**)**	
Southwestern Bell Telephone Company, And	**)**	
Southwestern Bell Communications Services, Inc.	**)**	**CC Docket No. 01-88**
d/b/a/ Southwestern Bell Long Distance For Provision	**)**	
of In-Region, InterLATA Services In Missouri	**)**	

REPLY DECLARATION OF

MICHAEL R. BARANOWSKI

ON BEHALF OF

AT&T CORP.

Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of

	)	
Application by SBC Communications Inc.,	)	
Southwestern Bell Telephone Company,	)	**CC Docket No. 01-88**
And Southwestern Bell Communications	)	
Services, Inc. d/b/a/ Southwestern Bell	)	
Long Distance For Provision of In-Region,	)	
InterLATA Services In Missouri	)	
	)	

REPLY DECLARATION OF MICHAEL R. BARANOWSKI
ON BEHALF OF AT&T CORP.

Based on my personal knowledge and on information learned in the course of my duties, I, Michael R. Baranowski, declare as follows:

1. My name is Michael R. Baranowski. I am Executive Vice President of FTI/Klick, Kent & Allen, Inc., a subsidiary of FTI Consulting, Inc. ("FTI/KKA"). FTI/KKA is an economic and financial consulting firm with offices at 66 Canal Center Plaza, Suite 670, Alexandria VA, 22314. A full description of my qualifications and experience is included in my declaration filed with AT&T's initial comments in this proceeding.

2. In that initial declaration, I demonstrated that SWBT's Missouri UNE rates do not comply with TELRIC principles. In particular, I showed that (1) SWBT's cost studies largely implement an impermissible "reproduction" approach to network design rather than the forward-looking "replacement" approach to network design required by the Commission's TELRIC rules,

and (2) SWBT's costs studies fail to comply with numerous other basic TELRIC principles. Those TELRIC violations significantly inflate SWBT's Missouri UNE rates.

3. The purpose of my supplemental testimony is three-fold. First, at the time that I prepared my initial testimony in this proceeding, SWBT had not made electronic versions of its cost models available to third parties. Since then, SWBT has provided certain files that it purports to have relied upon in computing its Missouri UNE rates. However, as I explain below, that information is incomplete, overly aggregated, and internally inconsistent. Second, I demonstrate that neither SWBT's common cost factor nor SWBT's conduit sharing rate are remotely TELRIC-compliant. Third, in reviewing my initial testimony, I found minor typographical errors in Table 2 and the description of the table that accompanied it. These minor errors had no effect on my conclusions, but nevertheless should be corrected on the record.

I. SWBT Has Failed To Provide Complete, Dissaggregated And Accurate Data And Cost Models To Allow Interested Parties To Replicate And To Correct SWBT's Cost Studies.

4. SWBT has effectively prevented commenters from calculating the potentially enormous impact of these TELRIC violations on its UNE prices by refusing to produce the relevant electronic versions of its cost studies despite specific requests for them. *See* WorldCom at 4-6. What little data SWBT has disclosed create more questions than answers. Those data and spreadsheets are incomplete and are, in some cases, inconsistent.

5. *First*, the spreadsheets and document files provided by SWBT include no underlying data to show how switching and other non-loop related costs were developed. Consequently, like other parties in this proceeding, I was unable to replicate any of SWBT's non-loop cost studies or to determine the extent to which errors in those cost studies inflate

SWBT's recurring UNE rates. For instance, SWBT's switching cost studies include investment additives for additional switch hardware that the Missouri Public Service Commission Staff criticized on the grounds that those additives are already included in SWBT's Switch Cost Information System/Model Office or elsewhere in SWBT's cost studies. *See* Baranowski Decl. ¶ 42. The impact of those plain errors cannot be fully assessed without full access to SWBT's switching cost studies.

6. *Second*, the files that were provided by SWBT are incomplete because they include only summaries and descriptions of its cost studies, and do not contain the underlying detail of data that SWBT used in its cost models. In fact, the spreadsheets and document files provided by SWBT do not include even the sample survey of inputs that SWBT actually used in its LPVST model to compute loop costs. Instead, SWBT provided an entirely different data set, entitled "MO 1997 Inputs.xls," which contains only summaries and averages of the outside plant used by SWBT to compute loop costs These data are not sufficient to meaningfully replicate SWBT's cost studies or to measure the extent to which errors in SWBT's cost studies inflate UNE-loop rates. For example, as I explained in my initial declaration, SWBT's actual sample survey replicates the inefficiencies of the embedded network by incorrectly assuming that the feeder and distribution cable sizes in place today are reflective of the forward-looking efficient cable sizes. *See* Baranowski Decl. ¶ 13. The summaries and averages provided by SWBT do not provide sufficient information to reproduce SWBT's cost studies using the correct forward-looking cable sizes to determine the full impact of this error.

7. *Third*, the data sets provided by SWBT contain conflicting data, making it impossible to replicate or rely on SWBT's cost studies. For instance, there are unexplained discrepancies between SWBT's "CAPCS MO CASE TO-97-40" and "Missouri 96ACF"

spreadsheets. SWBT claims that both spreadsheets use the Missouri Staff's inputs, yet the two spreadsheets produce conflicting outputs. For example, the annual depreciation factor for aerial cable computed by the CAPCS MO CASE TO-97-40 spreadsheet is almost 3 percentage points higher than that computed by the Missouri 96ACF spreadsheet. Similar discrepancies exist for each of the individual asset accounts included in the SWBT cost study. And there is no explanation for these discrepancies contained in the documentation provided by SWBT (the "CAPCS DOCUMENTATION. DOC" file).

II. SWBT's Missouri Common Cost Factor and Conduit Fill Factors Are Not TELRIC-Compliant.

8. In my initial testimony, I explained that SWBT's common cost factor of 16.47% is unreasonably high, especially when compared to SWBT's common cost factors in other states (10% in Kansas and 13% in Texas). In fact, SWBT's Missouri common cost factor is based entirely on SWBT's pre-1996 Act monopoly level of common costs and is, therefore, not reflective of the forward-looking common costs that an efficient provider would incur.

9. Moreover, the method used by SWBT to compute its common cost factor for Missouri is flawed. In particular, there is a fundamental mismatch between the way SWBT's 16.47% common cost is developed and the UNE costs to which it is being applied. SWBT calculates the common cost factor as the ratio of common expenses to total expenses (which *do not reflect return on forward-looking investment*).[1] The resulting common cost factor, however, is applied to UNE costs that *do include a calculated return on the forward-looking investment*. The result is that denominator of SWBT's common cost factor is too small (and therefore the factor is too large), relative to the UNEs to which the factor is being applied.

10. This mismatch could have been avoided by developing a common cost factor that accounts for rate of return on forward-looking investment (as do the UNE rates to which the common cost factor is applied). One way to do this is by generating a common cost factor that is the ratio of common costs to *revenues*.[2] Revenues, unlike expenses, include an implicit return on forward-looking investment and would thus produce a factor that is consistent with the UNE costs to which it is being applied. As I explained in my initial testimony in this proceeding, recent analysis applying these methods show that the common cost factor should not exceed 8%. *See* Baranowski Decl. ¶ 32.

11. SWBT's assumed conduit fill factor also violates TELRIC. As WorldCom witness Christopher Frentrup demonstrates, SWBT's cost studies assume an unrealistically low percentage of conduit sharing. Specifically, SWBT assumes a scant 0.09% of its forward-looking conduit investment will be shared with other utilities. SWBT apparently bases this estimate on its historical conduit sharing experience in Missouri, a methodology which is clearly inconsistent with forward-looking principles and TELRIC. A proper forward-looking approach would, at a minimum, account for the fact that a new local telephone entrant in Missouri would seek out opportunities to share both existing and planned underground structure as a means of controlling forward-looking investments. The Commission's Synthesis Model recognizes this fact by assuming that underground structure sharing will occur in all but the most sparsely populated areas. In particular, for areas where the lines density is 100 to 200 per square mile, the Synthesis Model assumes that 15 percent of underground structure investment (which, in

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[1] Total expenses generally include common costs. Therefore, common costs are subtracted from total expenses before computing this ratio.

[2] Total revenues generally include common costs. Therefore, common costs should be subtracted from total revenues before computing this ratio.

Missouri, are generally conduits) is borne by others. In the highest density zones, the Synthesis Model assumes a 45 percent sharing rate for underground structure investment. Indeed, the average underground sharing rate assumed by the Synthesis Model for SWBT Missouri is nearly 40 percent. SWBT's .09 percent conduit sharing assumption is, therefore, completely out of line with that used by the Commission's Synthesis Model.

III. Correction to the Declaration of Michael R. Baranowski, Table 2.

12. In reviewing my initial testimony in this proceeding, I found a typographical error in Table 2 of my testimony and the paragraph that explained it. In particular, the two negative signs in the last column of Table 2 of that testimony were placed before the wrong numbers. My analysis of Table 2, however, was based upon the correct values that should have been reflected in that table. Thus, the typographical errors in Table 2 have no impact on the ultimate conclusions in my initial testimony. Below, is a corrected version of Table 2 and the paragraph that followed.

Table 2. Comparison of SWBT Relative UNE Switch Usage Rates to Relative FCC Synthesis Model Switch Costs

SWBT State	Amount By Which Missouri UNE Rate Exceeds Rates In Other States	Amount By Which Missouri UNE Costs Differ From Those in Other States
Texas	60.8%	20.6%
Kansas	45.9%	-2.6%
Oklahoma	3.0%	5.5%
Arkansas	35.8%	-0.4%

As Table 2 shows, switch costs for Kansas and Arkansas are below those in Missouri (by 2.6% and 0.4% respectively). However, SWBT's Missouri switch rates exceed those in Kansas and Arkansas by 45.9% and 35.8% respectively. And although the Texas switch rates are lower than those in Missouri by 20.6%, that does not account for the 60.8% rate differential between Missouri and Texas.

I, Michael R. Baranowski, declare under penalty of perjury that the foregoing is true and correct.

Michael R. Baranowski

Michael R. Baranowski

Executed on May 16, 2001.

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the matter of		
Application by SBC Communications Inc.,	)	
Southwestern Bell Telephone Company, And	)	
Southwestern Bell Communications Services, Inc.	)	**CC Docket No. 01-88**
d/b/a/ Southwestern Bell Long Distance For Provision	)	
of In-Region, InterLATA Services In Missouri	)	

REPLY DECLARATION OF

WAUNETA BROWNE

ON BEHALF OF

AT&T CORP.

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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 Missouri	)	CC Docket No. 01-88
	)	

DECLARATION OF WAUNETA B. BROWNE
ON BEHALF OF AT&T CORP.

I, Wauneta B. Browne, declare as follows:

1. My name is Wauneta B. Browne. I am employed by AT&T in its Law and Government Affairs organization as Director of Oklahoma Regulatory Affairs, a position I have held since January, 1999. In this position, I am responsible for directing AT&T's regulatory activities in the state of Oklahoma.

2. I began working for Southwestern Bell Telephone Company ("SWBT") as a Clerk in the Outside Plant Department in 1978. In June, 1980 I transferred to SWBT's Marketing Department as a marketing representative. In that position I was responsible for selling and maintaining equipment and network service provided to SWBT's governmental, educational, medical and commercial customers.

3. In December 1983, I transferred into AT&T's External Affairs organization where I have held different positions with responsibility for various regulatory activities in the states of Missouri, Oklahoma, Kansas and Arkansas. During this time I have overseen the managing of tariff filings, access related activities and the development and interpretation of

regulatory policy as it applies to AT&T. The purpose of my declaration is to explain SWBT's unbundled network element ("UNE") rate regime for Oklahoma that resulted from SWBT's successful joint application for long distance authority in Kansas and Oklahoma.[1]

4. SWBT's *Kansas/Oklahoma Application* initially relied upon very high recurring and nonrecurring UNE rates ("O2A rates") that were not TELRIC compliant.[2] After this fact was clearly demonstrated by DOJ and numerous other commenters, SWBT submitted an *Ex Parte* Letter which indicated SWBT's intention to rely on new, "Promotional Rates," in its *Oklahoma/Kansas Application*.[3] These Promotional Rates, however, also violated fundamental TELRIC principles and contained numerous limitations that, for many areas in Oklahoma, left the initial O2A UNE rates intact. These deficiencies in SWBT's Promotional Rates were well documented by the numerous commenters, including AT&T. Less than 30 days before the Commission's deadline for acting on SWBT's *Kansas/Oklahoma Application*, SWBT submitted yet another set of revisions to its UNE rates to the Commission. In a December 28 *Ex Parte* Letter,[4] SWBT promised further to lower certain recurring and nonrecurring UNE rates and to

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[1] *Joint Application by Southwestern Bell Long Distance for the Provision of In-Region, InterLATA Services in Kansas and Oklahoma,* CC Docket No. 00-217 (filed October 26, 2000) ("*Kansas/Oklahoma Application*").

[2] *See* Memorandum Opinion and Order, *Joint Application by Southwestern Bell Long Distance for the Provision of In-Region, InterLATA Services in Kansas and Oklahoma,* CC Docket No. 00-217, ¶ 72 (released January 22, 2001) ("*Kansas/Oklahoma Order*").

[3] *See* Letter from Edwardo Rodriguez, SBC Director – Federal Regulatory, to Ms. Magalie Roman Salas, Secretary, *Joint Application by Southwestern Bell Long Distance for the Provision of In-Region, InterLATA Services in Kansas and Oklahoma,* CC Docket No. 00-217 (November 28, 2000); *see also* Reply Brief of Southwestern Bell In Support of InterLATA Relief in Kansas and Oklahoma, *Joint Application by Southwestern Bell Long Distance for the Provision of In-Region, InterLATA Services in Kansas and Oklahoma,* CC Docket No. 00-217, at 22-24 (December 11, 2000) (indicating SWBT's intention to rely on its Promotional Rates in its Section 271 Application for Oklahoma).

[4] *See* Letter from Geoffrey M. Klineberg to Ms. Magalie Roman Salas, Secretary, *Joint Application Southwestern Bell Long Distance for the Provision of In-Region, InterLATA Services*

remove certain restrictions contained in the Promotional Rates which applied to both SWBT's Oklahoma recurring and non-recurring UNE rates.

5. All parties, including AT&T and the Commission understood that those discounts – the Promotional Rates and the December 28 *Ex Parte* Letter rates – both would be applied to SWBT's O2A UNE rates. Indeed, the Commission relied on this very fact in granting SWBT's *Kansas/Oklahoma Application*:

> [w]e have serious doubts as to whether the permanent rates set forth in the O2A are at TELRIC-based levels. Nevertheless, we conclude that the presence of the *promotional rates for many of the UNE-P recurring charges together with the additional reductions* to loop charges outlined in SWBT's December 28 *Ex Parte* Letter, provide competitive LECs with rates that are within the range that a reasonable application of TELRIC principles would produce.

Kansas/Oklahoma Order ¶ 73 (emphasis added).

6. My correspondence with SWBT's Oklahoma Area Manager of Rates and Tariffs ("Area Manager") further confirms that SWBT also understood the consecutive discounts to be cumulative. Within the last month, I contacted SWBT's Area Manager and inquired whether the Promotional Rates and the rates contained in SWBT's December 28 *Ex Parte* Letter had all been imported into SWBT's O2A pricing amendment. The Area Manager confirmed that all of the discounts had been incorporated in the O2A.

7. However, the O2A rates contained in SWBT's May 4 *Ex Parte* Letter[5] did not appear to reflect all of these discounts. Upon further review, I determined that all of the

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in Kansas and Oklahoma, CC Docket No. 00-217 (December 28, 2000) ("December 28 *Ex Parte* Letter").

[5] *See* Letter from Geoffrey M. Klineberg to Magalie Roman Salas, Secretary, *Application by Southwestern Bell for Provision of In-Region, InterLATA Service in Missouri,* CC Docket No. 01-88 (May 4, 2001) ("May 4 *Ex Parte* Letter").

discounts had not, in fact, been incorporated into the O2A. I called the Area Manager again to ask why all of the discounts were not reflected in SWBT's O2A as she had indicated in our earlier conversation. The Area Manager explained that she had been mistaken and that the O2A would reflect only the loop price differences because, in SWBT's view, those are the only rates that the Commission had required SWBT to incorporate into its O2A. Nevertheless, the Area Manager assured me that AT&T would be permitted to take advantage of the most favorable rates contained in both the Promotional Rates and in SWBT's December 28 *Ex Parte* Letter.

8. Following this conversation, I sent an email (attached hereto as Exhibit 1) to the Area Manager to confirm our conversation. I specifically asked SWBT's Area Manager whether AT&T could apply both sets of discounts – the Promotional Rates and the discounts in SWBT's December 28 *Ex Parte* Letter – to the O2A. I also provided a specific example to illustrate my question. SWBT's area manager confirmed that the rate discounts contained in the Promotional Rates and in the December 28 *Ex Parte* Letter both could be applied to SWBT's O2A UNE rates.

9. In that email, I also pointed out that SWBT's Promotional Rates, as posted on SWBT's website, do not reflect the removal of certain limitations that SWBT purported to lift in its December 28 *Ex Parte* Letter. *See* Exhibit 1. The Area Manager assured me that SWBT "has no intent to apply any [of those limitations]," *id.*, and that "it is clearly understood [that SWBT] will not apply any [of those limitations]." *Id.*

10. In sum, any analysis of SWBT's Oklahoma UNE rates should reflect the discounts from the O2A rates that are contained in both the Promotional Rates and in the December 28 *Ex Parte* Letter.

I, Wauneta B. Browne, declare under penalty of perjury that the foregoing is true and correct.

Wauneta B Browne

Wauneta B. Browne

Executed on May 16, 2001.

EXHIBIT 1

Browne,Wauneta B - LGA

From: MORRIS, HELEN C (SWBT) [hm6713@sbc.com]
Sent: Thursday, May 10, 2001 9:14 AM
To: Browne,Wauneta B - LGA
Subject: RE: Oklahoma IA UNE Pricing

You are correct on the first issue, As I stated yesterday, it is something that will have to be communicated to the correct individuals and I will gladly assist when the time comes. I have discussed this with Mary Marks and she agrees. On the second, the Alt Reg Amendment, our Agreement at the FCC pertained to the intent of the applying the thresholds. It is my understanding that we did not revise the Alt Reg Amendment because the Alt Reg Amendment was a result of an Oklahoma Order and we cannot just revise the language based on our agreement at the FCC. I have discussed this with Mary and we have no intent to apply any thresholds to the Alt Reg Plan. We felt that because the line threshold language is in the Alt Reg Appendix as a result of the Transition Plan that was a result of an Oklahoma Order we could not just amend that language, since it was separate from the FCC Docket. But, it is clearly understood we will not apply any thresholds. I would be the one tracking them and I am not.

Helen Morris
Area Manager-Rates & Tariffs
Phone: 405-291-7767
Fax: 405-278-4338
E-mail: hm6713@okmail.sbc.com

-----Original Message-----
From: Browne,Wauneta B - LGA [mailto:wbrowne@att.com]
Sent: Wednesday, May 09, 2001 6:13 PM
To: MORRIS, HELEN C (SWBT)
Subject: Oklahoma IA UNE Pricing

Helen,

Thanks for calling me back today and walking me through the CLEC website. I have a couple of follow up questions that I would like to get clarification on from you. From our conversation today my understanding is that if AT&T as a CLEC adopts the O2A Schedule of Prices for UNE dated 12/28/00 that contains the lower December 28, 2000 ex parte non recurring rates and then amends the AT&T/SWBT interconnection agreement that contains the O2A schedule of prices with the Appendix Oklahoma Alternative Regulation Transition Plan, then AT&T will be able to obtain both the lower monthly recurring rates contained in the Alt Reg Appendix and the lower non recurring charges contained in the O2A schedule of prices. An example of this would be the 2-wire Analog Loop to Collocation Cross Connect. Under the Alt. Reg Appendix the monthly recurring rate is $1.58 and the non-recurring rate is $40.33 for first, $31.34 for additional. Under the O2A schedule of prices the monthly recurring rate is $2.10 and the non-recurring rate is $30.25 for the first, $23.51 for additional. Under this example my understanding of SWBTs intent is that AT&T would be billed $1.58 on a monthly basis for the 2-wire Analog Loop to Collocation Cross Connect and $30.25 for the NRC first, and $23.51 for NRC additional. Is this correct??

I am still concerned regarding how SWBT's systems will know which rates to charge when AT&T has both the O2A schedule of prices and the Alt. Reg Appendix, but I wanted to make sure that I understood SWBT's intent before I send our negotiation team back to the table with the SWBT negotiators to figure out how this works. Your assistance in helping clarify this is appreciated.

My second question is regarding the Appendix OK Alt. Reg. Transition Plan - Attachment A. In the December 28, 2000 ex parte filing with the FCC SWBT stated: "In addition to the discounts described above, SWBT also agrees not to implement provisions of the line-threshold limitation for Oklahoma exchanges that are defined in section B(4)(b) of the Oklahoma Alt Reg transition plan. See Cause No PUD 990000613 (Nov. 29, 1999). Because the line-threshold limitation will not be implemented, SWBT will also not implement the reporting provisions of section B(6)." When I review the Alt. Reg. Transition Plan on the SBC CLEC website, that document still contains the line-threshold limitation located at A(4) and the reporting provisions at A(6). Can you help me understand why this language is still in the Alt. Reg. Plan Attachment A? How can AT&T amend its contract with SWBT with an Alt. Reg. Transition Plan - Attachment A that does not contain the line-threshold language?

Since I advised my negotiation team that we did not need to amend our contract with the Alt. Reg. Transition Plan due to our prior conversation it would be helpful to obtain a response from you on these questions as soon as possible so that I can have our negotiations teams begin discussing implementation. If you have any questions, please give me a call.

Thanks in advance for your assistance.

Wauneta Browne
816-995-4606