

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

ILLINOIS BELL TELEPHONE COMPANY	:	
	:	
Filing to increase Unbundled Loop and Nonrecurring Rates.	:	02-0864
	:	

STAFF OF THE ILLINOIS COMMERCE COMMISSION'S ISSUES LIST

Pursuant to the direction of the Administrative Law Judge, the Staff hereby presents its Issues List in the above captioned proceeding, and with respect to the same, states as follows:

1. This list is based upon a similar list informally circulated to the parties by SBC Illinois. Staff endorses generally the completeness and utility of SBC's list, but has modified it to a modest degree.

2. Staff proposes to amend this list prior to the hearing to reflect further testimony.

3. Staff's position is that this List is prepared for the benefit of the Administrative Law Judge and parties, does not constitute a formal pleading or statement of position, and does not foreclose the Staff from presenting such evidence and arguments as are otherwise timely and properly made, even if inconsistent with this List, nor does the failure to include an issue in it constitute a waiver of any sort, to the extent such issue is otherwise timely joined.

4. Some of the issues in question, are, as Staff understands it, no longer contested.

## ISSUES

### **I. Reasonableness Of Rate Proposals – General**

- Jeffrey H. Hoagg; Dr. Genio Staranczak; Dr. James Zolnierek; others

#### **A. Economic/Policy Issues Associated With UNE Pricing**

- Jeffrey H. Hoagg; Dr. Genio Staranczak; Dr. James Zolnierek; others

#### **B. Benchmarking Analyses**

- Dr. Genio Staranczak

### **II. UNE Loop Recurring Cost Studies**

- Various, including, Jeffrey H. Hoagg, Dr. Genio Staranczak,

#### **A. Compliance With TELRIC-General**

- Jeffrey H. Hoagg; Dr. Genio Staranczak

#### **B. Trends in Telecommunications Costs**

- Dr. Genio Staranczak

#### **C. Major Inputs To Cost Studies**

##### **1. Fill Factors**

- Dr. Genio Staranczak
- Dr. Qin Liu, adopting the testimony of H.K. “Bud” Green

##### **2. Depreciation**

- Dr. Genio Staranczak, adopting the testimony of Peter Wagner

##### **3. Cost of Capital**

- Michael McNally
  - a. Cost of common equity**
    - Michael McNally
  - b. Cost of debt**
    - Michael McNally
  - c. Capital structure**
    - Michael McNally

**D. Other Loop Recurring Cost Modeling And Input Issues**

- Various, including Peter Lazare, Dr. James Zolnierrek, Robert F. Koch, Mark A. Hanson
  - 1. SBC's LoopCAT Revisions**
    - Various, including Peter Lazare, Dr. James Zolnierrek, Robert F. Koch, Mark A. Hanson
  - 2. Cable and DLC Installation costs**
    - Peter Lazare; Robert F. Koch, Dr. James Zolnierrek
  - 3. Copper/fiber crossover point**
    - Robert F. Koch
  - 4. DLC investment cost issues**
    - Peter Lazare; Robert F. Koch
      - a. Remote terminal cabinet sizes**
        - Robert F. Koch
      - b. Alcatel discounts**
        - Robert F. Koch
      - c. Mix of Universal Digital Loop Carrier (“UDLC”) and Integrated Digital Loop Carrier (“IDLC”) facilities**
        - Robert F. Koch; Peter Lazare
      - d. Number of remote terminals per COT**
        - Robert F. Koch; Peter Lazare
      - e. Remote terminal investment cost allocation**
        - Robert F. Koch; Peter Lazare
  - 5. Distribution terminal and premises terminal costs**
    - Robert F. Koch; Dr. James Zolnierrek; Peter Lazare
  - 6. Multiple Dwelling Units**
    - Dr. James Zolnierrek
  - 7. FDI costs**
  - 8. Distribution Area modeling**
    - Robert F. Koch
  - 9. Loop length, cable size and cable gauge modeling**
    - Robert F. Koch

## 10. Miscellaneous

### III. Non-Recurring Cost Studies And Rate Designs

- Dr. James Zolnierek, Mark A. Hanson, Robert F. Koch, Peter Lazare

#### A. Compliance With TELRIC

- Dr. James Zolnierek
  1. **TELRIC Standards/Principles**
    - Robert F. Koch; Mark Hanson; Dr. James Zolnierek
  2. **Cost causation and characterization of costs**
    - Mark Hanson
  3. **Treatment of changes in technology**
    - Dr. James Zolnierek

#### B. Use of Subject Matter Experts

- Dr. James Zolnierek; Peter Lazare

#### C. Service Order Nonrecurring Cost Studies

- Samuel S. McClerren will address issues falling generally under this heading
  1. Identification of tasks
  2. Activity times
  3. Occurrence probabilities
  4. Service order computer processing costs
  5. Fallout rates
  6. Other issues specific to service order studies

#### D. Provisioning Nonrecurring Cost Studies

- Dr. James Zolnierek will address issues falling generally under this heading
  1. Identification of tasks
  2. Activity times

3. Occurrence probabilities
4. Fallout rates
5. Other issues specific to provisioning studies

**E. Switch Port And Features Nonrecurring Cost Studies**

- Dr. James Zolnierек will address issues falling generally under this heading
  1. Identification of tasks
  2. Activity times
  3. Occurrence probabilities
  4. Fallout rates
  5. Other issues specific to switch port and feature studies

**F. Rate Design Issues**

- Dr. James Zolnierек; Mark A. Hanson, Peter Lazare
  1. **Disaggregation of Connect and Disconnect Charges**
    - Dr. James Zolnierек
  2. **EEL NRCs**
    - Dr. James Zolnierек
  3. **UNE-P and UNE-L line connection charges**
    - Dr. James Zolnierек
  4. Miscellaneous

**IV. Labor Rates**

- Mark A. Hanson
- A. Support Asset Costs
  - Mark A. Hanson

**V. Shared And Common Factors**

- Karen Chang, adopting the testimony of Dr. Melanie Patrick
- A. **Issues Common To Shared And Common Factors Development**
  - Karen Chang, adopting the testimony of Dr. Melanie Patrick

- 1. Use of new methodology generally**
  - Karen Chang, adopting the testimony of Dr. Melanie Patrick
- 2. Use of regulated and unregulated data**
  - Karen Chang, adopting the testimony of Dr. Melanie Patrick
- 3. Productivity and efficiency**
  - Karen Chang, adopting the testimony of Dr. Melanie Patrick

**B. Common Cost Factor**

- Karen Chang, adopting testimony of Dr. Melanie Patrick, will generally address this issue
  - 1. Development of the denominator**
    - Karen Chang, adopting testimony of Dr. Melanie Patrick
  - 2. The 67XX accounts**
  - 3. Transition benefit obligation**
    - Thomas Q. Smith
  - 4. Pension settlement gains**
    - Thomas Q. Smith
  - 5. Merger savings**
    - Karen Chang, adopting testimony of Dr. Melanie Patrick
  - 6. Inclusion of Support Assets**
    - Mark A. Hanson

**C. Shared Cost Factor**

- 1. Definition of wholesale shared costs**
  - Thomas Q. Smith
- 2. Uncollectible expense**
  - Thomas Q. Smith
- 3. Wholesale marketing expense**
  - Thomas Q. Smith

**VI. Annual Cost and Other Factors**

**A. Annual Cost Factors**

- Robert F. Koch; Peter Lazare; Mark A. Hanson, Michael McNally, and others

**1. Adjustments to maintenance and other expense factors**

- Robert F. Koch, generally

**2. Ad valorem factor**

- Robert F. Koch, generally

**3. Capital cost factor**

- Robert F. Koch, Michael McNally

**4. Use of regulated and unregulated data**

**B. Investment Factors**

- Robert F. Koch; Dr. Genio Staranczak; others

**C. Support Asset Factors**

- Mark A. Hanson

**D. Inflation/Productivity Factors**

- Dr. Genio Staranczak

**VII. Imputation**

- Robert F. Koch

Respectfully submitted,

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