STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Bell Telephone Company	)	
	)	
Filing to increase Unbundled Loop	)	02-0864
and Nonrecurring Rates	)	

ISSUES LIST AND OUTLINE OF BRIEF OF SBC ILLINOIS

Illinois Bell Telephone Company ("SBC Illinois" or the "Company"), by its attorneys, hereby presents its Issues List and Outline of Brief in the above-captioned proceeding.

I. Introduction and Summary of Position.

II. General Issues.

A. Legal Requirements for Setting Rates.

B. Economic/Policy Issues Associated With UNE Pricing (including benchmarking analyses and trends in communication costs): SBC Ill. Ex. 1.0 (Panfil Direct), pp. 8-12; SBC Ill. Ex. 2.0 (Aron Direct), pp. 5-54; SBC Ill. Ex. 2.1 (Aron Rebuttal), pp. 1-62, 79-81, 86-88; SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 33-38; SBC Ill. Ex. 7.1 (Barch Rebuttal), p. 13; SBC Ill. Ex. 14.0 (W. Palmer Rebuttal), pp. 34-38; SBC Ill. Ex. 20.0 (Sneed Rebuttal); SBC Ill. Ex. 2.2 (Aron Surrebuttal), pp. 2-26; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), pp. 6-10; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 2-3; SBC Ill. Ex. 20.1 (Sneed Surrebuttal).

III. UNE Loop Recurring Cost Studies.

A. Compliance With TELRIC Generally (including SBC Illinois' loop cost analysis tool): SBC Ill. Ex. 4.0 (Smallwood Direct), pp. 4-6, 13-34; SBC Ill. Ex. 4.1(Smallwood Rebuttal), pp. 1-3, 8-38; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), pp. 1-6; SBC Ill. Ex. 14.1 (W. Palmer Surrebuttal), pp. 3-4.

B. Major Inputs To Cost Studies.

1. Fill Factors: SBC Ill. Ex. 1.0 (Panfil Direct), pp. 16-19; SBC Ill. Ex. 2.0 (Aron Direct), pp. 45-53; SBC Ill. 2.1 (Aron Rebuttal), pp. 8, 86; SBC Ill. Ex. 4.0 (Smallwood Direct), pp. 6-12; SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 38-49; SBC Ill. Ex. 8.0 (White

Direct), pp. 3-27; SBC Ill. Ex. 8.1 (White Rebuttal), pp. 2-12; SBC Ill. 14.0 (W. Palmer Rebuttal), pp. 3-30; SBC Ill. Ex. 2.2 (Aron Surrebuttal), pp. 30-36; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), p. 16; SBC Ill. Ex. 8.2 (White Surrebuttal), pp. 2-12; SBC Ill. Ex. 14.1 (W. Palmer Surrebuttal), pp. 2-25.

2. Depreciation: SBC Ill. Ex. 13.0 (Vanston Direct); SBC Ill Ex. 13.1 (Vanston Rebuttal); SBC Ill. Ex. 13.2 (Vanston Surrebuttal).

3. Cost of Capital: SBC Ill. Ex. 12.0 (Avera Direct); SBC Ill. Ex. 12.1 (Avera Rebuttal); SBC Ill. Ex. 12.2 (Avera Surrebuttal).

C. Other Loop Recurring Cost Modeling And Input Issues.

1. Cable and DLC Installation costs/factors: SBC Ill. Ex. 4.0 (Smallwood Direct), pp. 29-30; SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 49-75); ; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), pp. 31-44; SBC Ill. Ex. 8.1(White Rebuttal), pp. 13-47; SBC Ill. Ex. 8.2 (White Surrebuttal), pp. 12-25; SBC Ill. Ex. 15.0, pp. 7-23 (D. Palmer Rebuttal) ; SBC Ill. Ex.15.1 (D. Palmer Surrebuttal), pp. 7-12; SBC Ill. Ex. 17.0 (Dominak Rebuttal), pp. 28-30; SBC Ill. Ex. 17.1 (Dominak Surrebuttal), pp. 28-30.

2. Copper/fiber crossover point: SBC Illinois Ex. 4.1 (Smallwood Rebuttal), pp. 18-22; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), pp. 30-31; SBC Ill. Ex. 8.0 (White Direct), p. 28; SBC Ill. Ex. 8.1(White Rebuttal), pp. 60-61; SBC Ill. Ex. 8.2 (White Surrebuttal), pp. 31-32.

3. Other DLC investment cost issues.

a. Remote terminal cabinet sizes: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 75-78; SBC Ill. Ex.4.2 (Smallwood Surrebuttal), pp. 17-22; SBC Ill. Ex. 8.1(White Rebuttal), pp. 48-49.

b. Alcatel discounts: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), p. 78; SBC Ill. Ex. 15.0 (D. Palmer Rebuttal), pp. 23-27; SBC Ill. Ex.15.1 (D. Palmer Surrebuttal), pp. 3-6.

c. Mix of Universal Digital Loop Carrier ("UDLC") and Integrated Digital Loop Carrier ("IDLC") facilities: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 78-80; SBC Ill. Ex.4.2 (Smallwood Surrebuttal), pp. 26-28; SBC Ill. Ex. 8.1(White Rebuttal), pp. 51-58; SBC Ill. Ex. 8.2 (White Surrebuttal), pp. 26-30.

d. Number of remote terminals per COT: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), p. 80; SBC Ill. Ex.4.2 (Smallwood Surrebuttal), pp. 27-28; SBC Ill. Ex. 8.2 (White Surrebuttal), p. 31.

e. Calculation and application of building cost factor: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 82-83; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), pp. 52-53.

f. Allocation of Shared DLC Components: SBC Ill. Ex. 4.1(Smallwood Rebuttal), p.81; SBC Ill. Ex. 8.1(White Rebuttal), pp. 58-59.

g. Remote terminal investment cost allocation: SBC Ill. Ex. 4.1(Smallwood Rebuttal), pp. 83-85; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), pp. 22-25; SBC Ill. Ex. 8.1(White Rebuttal), pp. 49-51; SBC Ill. Ex.8.2 (White Surrebuttal), pp. 25-26.

4. Premises termination costs (SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 6-7, 85-88; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), pp. 44-46, 48.

a. NID and Drop Wire Installation costs (including travel times).

b. Adjustment to remove double-counting.

c. Mix of aerial and buried premises termination.

d. Multiple Dwelling Units: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 5-6, 88; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), pp. 47-48.

5. FDI costs: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), p. 89-90; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), pp. 49-50; SBC Ill. Ex. 8.1(White Rebuttal), pp. 67-71.

6. Distribution Area modeling: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 90-96; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), pp. 49-50; SBC Ill. Ex. 8.1 (White Rebuttal), pp. 62-67.

7. Loop length, cable size and cable gauge modeling: SBC Ill. Ex. 4.0 (Smallwood Direct), pp. 23-28; SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 96-102; SBC Ill. Ex. 8.1(White Rebuttal), pp. 71-72.

a. Distribution lengths over 18,000 feet: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 96-97; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), p. 50.

b. Data used to develop loop lengths: SBC Ill. Ex. 4.0 (Smallwood Direct), pp. 25-26; SBC Ill. Ex. 4.1(Smallwood Rebuttal), pp. 28, 97, 100-101; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), pp. 50-51.

c. Distribution cable resistance limits: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 98-99.

d. Allocation of copper cable inventory between feeder and distribution plant: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), p. 99; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), p. 51.

e. Copper cable mix: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), p. 100; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), p. 51.

f. Cable sizing: SBC Ill. Ex. 4.0 (Smallwood Direct), pp. 27-28; SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 93-95, 100-101; SBC Ill. Ex. 8.1 (White Rebuttal), pp. 71-72.

8. Planning Period: SBC Ill. Ex. 4.1(Smallwood Rebuttal), p. 103.

9. Previous Methodologies: SBC Ill. Ex. 4.0 (Smallwood Direct), pp. 23-34; SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 24-28; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), pp. 10-15; SBC Ill. Ex. 14.0 (W. Palmer Rebuttal), pp. 30-34; SBC Ill. Ex. 14.1 (W. Palmer Surrebuttal), pp. 25-35.

10. Agreed upon issues:

a. Controlled Environmental Vaults: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), p. 7; SBC Ill. Ex. 4.2 (Smallwood Surrebuttal), p. 21;

b. Feeder Stubs: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), p. 103;

c. Adjustment to remove double-counting of distribution terminal costs: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 6-7;

d. Building entrance facilities: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), p. 88;

e. Mix of residential and business premises terminations: SBC Ill. Ex. 4.1 (Smallwood Rebuttal), pp. 7, 87;

f. Non-Chicago Sales Tax.: SBC Ill. Ex. 7.1 (Barch Rebuttal), p. 76.

IV. Non-Recurring Cost Studies And Rate Designs.

A. General Issues.

1. TELRIC Standards/Principles: SBC Ill. Ex. 5.0 (Currie Direct), pp. 5-8; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 8-16; SBC Ill. Ex. 6.0 (Cass Direct)[1], pp. 4-8; SBC Ill. Ex. 5.2 (Currie Surrebuttal), pp. 22-23.

2. Cost causation and characterization of costs: SBC Illinois Ex. 5.0 (Currie Direct), pp. 5-8; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 8-16; SBC Ill. Ex. 6.0 (Cass Direct)[2], pp. 4-8; SBC Ill. Ex. 5.2 (Currie Surrebuttal), pp. 22-23.

3. Treatment of technology: SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 10-16; SBC Ill. Ex. 16.0 (Deere Rebuttal), pp. 3-8; SBC Ill. Ex. 5.2 (Currie Surrebuttal), pp. 10-11, 17-18.

4. Use of Subject Matter Experts: SBC Ill. Ex. 5.0 (Currie Direct), pp. 8-9; SBC Ill. Ex. 6.0 (Cass Direct), pp. 5-6; SBC Ill. Ex. 10.0 (Brown Direct)[3] pp. 8-9; SBC Ill. Ex. 10.1 (Christensen Rebuttal), pp. 14-17; SBC Ill. Ex. 9.0 (Gomez-McKeon Direct), pp. 4-10; SBC Ill. Ex. 9.1 (Gomez-McKeon Rebuttal), p. 2; SBC Ill. Ex. 7.0 (Barch Direct), pp. 64-66, 69-70.

B. Service Order Nonrecurring Cost Studies: SBC Ill. Ex. 5.0 (Currie Direct), pp. 8, 10-48; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 20-47.

1. Identification of tasks: SBC Ill. Ex. 5.0 (Currie Direct), pp. 13-16, 17-22, 30-35, 37-40, 41-42, 43-48; SBC Ill. Ex. 10.0 (Brown Direct), pp. 3-17; SBC Ill. Ex. 10.1 (Christensen Rebuttal), pp. 4-5; SBC Ill. Ex. 10.2 (Christensen Surrebuttal), pp. 3-6.

[1] The Direct Testimony of Chris Cass has been adopted by Dr. Kent Currie.
[2] The Direct Testimony of Chris Cass has been adopted by Dr. Kent Currie.
[3] The Direct Testimony of Justin Brown has been adopted by Fred Christensen.

2. Activity times: SBC Ill. Ex. 5.0 (Currie Direct), pp. 16-17; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 37-47; SBC Ill. Ex. 10.0 (Brown Direct), pp. 7-9; SBC Ill. Ex. 10.1 (Christensen Rebuttal), pp. 6-14; SBC Ill. Ex. 10.2 (Christensen Surrebuttal), pp. 4-6.

3. Occurrence probabilities: SBC Ill. Ex. 5.0 (Currie Direct), pp. 22-25, 35-36, 40-41, 42-43, 47-48; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 46-47; SBC Ill. Ex. 10.0 (Brown Direct), pp. 7, 17-18; SBC Ill. Ex. 10.1 (Christensen Rebuttal), pp. 3-4; SBC Ill. Ex. 10.2 (Christensen Surrebuttal), pp. 1-3.

4. Service order computer processing costs: SBC Ill. Ex. 5.0 (Currie Direct), pp. 26-29; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 23-26; SBC Ill. Ex. 5.2 (Currie Surrebuttal), pp. 18-22.

5. Fallout rates: SBC Ill. Ex. 5.0 (Currie Direct), pp. 25-26; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 27-37, 46-47; SBC Ill. Ex. 11.0 (Mitchell Direct)[4], pp. 2-7; SBC Ill. Ex. 11.1 (McNiel Rebuttal), pp. 2-12; SBC Ill. Ex. 19.0 (Wiesle Rebuttal), pp. 2-4; SBC Ill. Ex. 5.2 (Currie Surrebuttal), pp. 4-18; SBC Ill. Ex. 10.2 (Christensen Surrebuttal), pp. 1-3; SBC Ill. Ex.11.2 (McNiel Surrebuttal), pp. 1-5.

6. Other issues (including rate design): SBC Ill. Ex. 3.0 (Silver Direct), pp. 4-21; SBC Ill. Ex. 3.1 (Silver Rebuttal), pp. 5-13; SBC Ill. Ex. 3.2 (Silver Surrebuttal), pp. 6-8; SBC Ill. Ex. 5.0 (Currie Direct); SBC Ill. Ex. 5.1 (Currie Rebuttal), p. 20, 44-48; SBC Ill. Ex. 5.2 (Currie Surrebuttal), p. 24

C. Provisioning (Loops and EELs) Nonrecurring Cost Studies: SBC Ill. Ex. 6.0 (Cass Direct), pp. 8-28; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 20-22, 37-48; SBC Ill. Ex. 5.2 (Currie Surrebuttal), pp. 3-4, 24-25.

1. Identification of tasks: SBC Ill. Ex. 6.0 (Cass Direct), pp. 9-16, 21-28; SBC Ill. Ex. 9.0 (Gomez-McKeon Direct), pp. 3-9, 11-21; SBC Ill. Ex. 9.1 (Gomez-McKeon Rebuttal), p. 6-22, 24-35; SBC Ill. Ex. 9.2 (Gomez-McKeon Surrebuttal), pp. 3-5, 7-8, 10-15.

2. Activity times: SBC Ill. Ex. 6.0 (Cass Direct), pp. 9-16, 20-21; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 37-43; SBC Ill. Ex. 9.0 (Gomez-McKeon Direct), pp. 7-11, 13,14, 16, 18, 20-21; SBC Ill. Ex. 9.1 (Gomez-McKeon Rebuttal), p. 7-22, 24-35; SBC Ill. Ex. 5.2 (Currie Surrebuttal), pp. 3-4, 26-28; SBC Ill. Ex. 7.2

[4] The Direct Testimony of John Mitchell has been adopted by Lance McNiel.

(Barch Surrebuttal), pp. 37-39; SBC Ill. Ex. 9.2 (Gomez-McKeon Surrebuttal), pp. 5-10, 12-14.

3. Occurrence probabilities: SBC Ill. Ex. 6.0 (Cass Direct), pp. 9-19; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 44-48; SBC Ill. Ex. 9.0 (Gomez-McKeon Direct), pp. 7-8, 15; SBC Ill. Ex. 9.1 (Gomez-McKeon Rebuttal), p. 7-24; SBC Ill. Ex. 5.2 (Currie Surrebuttal), pp. 3-4; SBC Ill. Ex. 9.2 (Gomez-McKeon Surrebuttal), pp. 3-4, 6.

4. Fall out rates: SBC Ill. Ex. 5.0 (Currie Direct), pp. 25-26; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 27-37, 46-47; SBC Ill. Ex. 11.0 (Mitchell Direct)[5], pp. 2-7; SBC Ill. Ex. 11.1 (McNiel Rebuttal), pp. 2-12; SBC Ill. Ex. 19.0 (Wiesle Rebuttal), pp. 2-4; SBC Ill. Ex. 5.2 (Currie Surrebuttal), pp. 4-18; SBC Ill. Ex. 10.2 (Christensen Surrebuttal), pp. 1-3; SBC Ill. Ex.11.2 (McNiel Surrebuttal), pp. 1-5.

5. Disaggregation of connect and disconnect charges: SBC Ill. Ex. 3.1 (Silver Rebuttal), pp. 2-5, 12-13; SBC Ill. Ex. 3.2 (Silver Surrebuttal), pp. 2-6.

6. Other issues (including rate design): SBC Ill. Ex. 3.0 (Silver Direct), pp. 4-21; SBC Ill. Ex. 5.0 (Currie Direct), pp. 43-48; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 20, 44-45; SBC Ill. Ex. 5.2 (Currie Surrebuttal), p. 24; SBC Ill. Ex. 9.0 (Gomez-McKeon Direct), pp. 21-22; SBC Ill. Ex. 9.1 (Gomez-McKeon Rebuttal), p. 2-5, 7-22; SBC Ill. Ex. 3.1 (Silver Rebuttal), pp. 5-13; SBC Ill. Ex. 3.2 (Silver Surrebuttal), pp. 6-8.

D. Switch Port And Features Nonrecurring Cost Studies.

1. Identification of tasks: SBC Ill. Ex. 7.0 (Barch Direct), pp. 64-71; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 68-69, 73-74.

2. Activity times: SBC Ill. Ex. 7.0 (Barch Direct), pp. 64-71; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 72, 74-75; SBC Ill. Ex. 18.0 (Cunningham Rebuttal), pp. 2-6; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 37-39; SBC Ill. Ex. 18.1 (Cunningham Surrebuttal), pp. 1-4.

3. Occurrence probabilities; SBC Ill. Ex. 7.0 (Barch Direct), pp. 64-71; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 69-73.

[5] The Direct Testimony of John Mitchell has been adopted by Lance McNiel.

4. Fallout rates: SBC Ill. Ex. 7.1 (Barch Rebuttal), p. 68; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 69-73; SBC Ill. Ex. 5.2 (Currie Surrebuttal), pp. 4-5, 7-18.

E. Miscellaneous.

1. Special Access to UNE Conversion Non-Recurring Cost Study: SBC Ill. Ex. 3.0 (Silver Direct), pp. 19-20; SBC Ill. Ex. 5.0 (Currie Direct), pp. 36-37; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 45-46, 48-49: SBC Ill. Ex. 6.0 (Cass Direct), pp. 28-33; SBC Ill. Ex. 9.1 (Gomez-McKeon Rebuttal), p. 35-37; SBC Ill. Ex. 3.1 (Silver Rebuttal), p. 11; SBC Ill. Ex. 5.2 (Currie Surrebuttal), pp. 23-24; SBC Ill. Ex. 10.2 (Christensen Surrebuttal), pp. 6-7; SBC Ill. Ex. 9.2 (Gomez-McKeon Surrebuttal), pp. 2-3.

2. ULS Billing Establishment: : SBC Ill. Ex. 5.0 (Currie Direct), pp. 49-50.

G. Labor Rates: SBC Ill. Ex. 7.0 (Barch Direct), pp. 53-59; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 49-66, 76; SBC Ill. Ex. 5.1 (Currie Rebuttal), pp. 26-27; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 22-28; SBC Ill. Ex. 5.2 (Currie Surrebuttal), pp. 25-26.

V. Shared And Common Factors.

A. Issues Common To Shared And Common Factors Development.

1. Use of new methodology generally: SBC Ill. Ex. 7.0 (Barch Direct), pp. 5-10, 28-32; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 5-6; SBC Ill. Ex. 1.1 (Panfil Rebuttal), pp. 25-26.

2. Use of regulated and unregulated data: SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 7-10; SBC Ill. Ex. 14.0 (W. Palmer Rebuttal), pp. 48-52; SBC Ill. Ex. 14.1 (W. Palmer Surrebuttal), pp. 36, 48-52.

3. Consistency of numerators and denominators: SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 14-15; SBC Ill. Ex. 14.0 (W. Palmer Rebuttal), pp. 41-45; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 10-11.

4. Productivity and efficiency: SBC Ill. Ex. 7.0 (Barch Direct), pp. 48-51); SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 10-13; SBC Ill. Ex. 2.1 (Aron Rebuttal), pp. 78-79; SBC Ill. Ex. 14.0 (W. Palmer Rebuttal), pp. 42-44; SBC Ill. Ex. 14.1 (W. Palmer Surrebuttal), pp. 39-40.

B. Common Cost Factor.

1. Development of the denominator: SBC Ill. Ex. 7.0 (Barch Direct), pp. 13-18; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 14-15, 24-25; SBC Ill. Ex. 14.0 (W. Palmer Rebuttal), pp. 38-45; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 10-12.

2. The 67XX accounts (including retail cost adjustment): SBC Ill. Ex. 7.0 (Barch Direct), p. 10; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 15-24; SBC Ill. Ex. 14.0 (W. Palmer Rebuttal), pp. 45-48; SBC Ill. Ex. 17.0 (Dominak Rebuttal), pp. 4-5; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 5-7, 8-10; SBC Ill. Ex. 17.1 (Dominak Surrebuttal), pp. 2-3.

3. Transition benefit obligation: SBC Ill. Ex. 7.0 (Barch Direct), pp. 22-25; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 25-26; SBC Ill. Ex. 17.0 (Dominak Rebuttal), pp. 5-11; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 3-4; SBC Ill. Ex. 17.1 (Dominak Surrebuttal), pp. 3-9.

4. Pension settlement gains: SBC Ill. Ex. 7.0 (Barch Direct), pp. 11-13; SBC Ill. Ex. 7.1 (Barch Rebuttal), p. 27; SBC Ill. Ex. 17.0 (Dominak Rebuttal), pp. 11-18; SBC Ill. Ex. 17.1 (Dominak Surrebuttal), pp. 10-12.

5. Merger savings: SBC Ill. Ex. 7.0 (Barch Direct), pp. 25-28; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 27-30; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 4-5.

6. Employee levels: SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 30-31; SBC Ill. Ex. 17.0 (Dominak Rebuttal), pp. 26-27; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 4-5.

7. Agreed upon issues:

   a. OSS Testing Costs: SBC Ill. Ex. 7.1 (Barch Rebuttal), p. 75.

   b. Tier 1 Remedy Payments: SBC Ill. Ex. 7.1 (Barch Rebuttal), p. 76.

   c. Digital Divide Payments: SBC Ill. Ex. 7.1 (Barch Rebuttal), p. 76.

   d. Non-Chicago Sales Tax: SBC Ill. Ex. 7.1 (Barch Rebuttal), p. 76.

C. Shared Cost Factor.

1. Definition of wholesale shared costs: SBC Ill. Ex. 7.0 (Barch Direct), pp. 18-19; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 32-37; SBC Ill. Ex. 7.2 (Barch Surrebuttal), p. 22.

2. Uncollectible expense: SBC Ill. Ex. 7.0 (Barch Direct), pp. 18-21; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 37-38; SBC Ill. 17.0 (Dominak Rebuttal), pp. 18-26; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 12-17; SBC Ill. Ex. 17.1 (Dominak Surrebuttal), pp. 12-17.

3. Wholesale marketing expense: SBC Ill. Ex. 7.0 (Barch Direct), pp. 18-21; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 38-40; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 17-18, 21-22; SBC Ill. Ex. 17.1 Dominak Surrebuttal), pp. 17-19.

3. Calculation of wholesale shared cost denominator: SBC Ill. Ex. 14.0 (W. Palmer Rebuttal), pp. 38-41; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 18-21; SBC Ill. Ex. 14.1 (W. Palmer Surrebuttal), pp. 33-36.

VI. Annual Charge and Other Factors.

A. Annual Charge Factors.

1. Adjustments to maintenance and other expense factors: SBC Ill. Ex. 7.0 (Barch Direct), pp. 42-46; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 41-43.

2. Ad valorem factor: SBC Ill. 7.1 (Barch Rebuttal), pp. 43-44.

3. Capital cost factor: SBC Ill. Ex. 7.0 (Barch Direct), pp. 40-41; SBC Ill. Ex. 7.1 (Barch Rebuttal), p. 44; SBC Ill. Ex. 12.1 (Avera Rebuttal), p. 75; SBC Ill. Ex. 7.2 (Barch Surrebuttal), p. 35.

B. Investment Factors: SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 44-45, 76; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 30-31.

C. Support Asset Factors (including reclassification to common costs): SBC Ill. Ex. 7.0 (Barch Direct), pp. 60-63); SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 45-48, 76; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 28-29.

D. Inflation/Deflation Factors: SBC Ill. Ex. 7.0 (Barch Direct), pp. 48-53; SBC Ill. Ex. 7.1 (Barch Rebuttal), pp. 48-49; SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 29-30, 31-32.

E. Productivity Offset: SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 32-35.

F. Depreciation and Net Salvage: SBC Ill. Ex. 7.2 (Barch Surrebuttal), pp. 35-36.

VII. Imputation and Price Squeeze: SBC Ill. Ex. 1.0 (Panfil Direct), pp. 23-24; SBC Ill. Ex. 1.1 (Panfil Rebuttal), pp. 8-25; SBC Ill. Ex. 2.0 (Aron Direct), pp. 24-33; SBC Ill. Ex. 2.1 (Aron Rebuttal), pp. 63-73; SBC Ill. Ex. 1.2 (Panfil Surrebuttal), pp. 3-11; SBC Ill. 2.2 (Aron Surrebuttal), pp. 26-28, 32-33.

VIII. Other Legal Issues.

A. Preemption, tariffing and related issues.

B. Procedural and evidentiary issues.

IX. Conclusion.

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CERTIFICATE OF SERVICE

I, Karl B. Anderson, an attorney, certify that a copy of the foregoing **ISSUES LIST OF SBC ILLINOIS** was served on the following parties by U.S. Mail and/or electronic transmission on March 25, 2004.

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