

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Bell Telephone Company)	
)	Docket No. 04-0461
Petition Regarding Compliance with the)	
Requirements of Section 13-505.1 of the)	
Public Utilities Act.)	

**STAFF OF THE ILLINOIS COMMERCE COMMISSION'S
RESPONSE TO THE ALJ's NOTICE DATED DECEMBER 13, 2004**

NOW COMES the Staff of the Illinois Commerce Commission, by and through its counsel, and, in response to the Administrative Law Judge's (hereafter "ALJ's") Notice dated December 13, 2004, states as follows:

1. On December 13, 2004, the ALJ issued a Notice stating, in relevant part, that:

[T]here is much argument with respect to the "narrow" and "broad" imputation analyses at issue, [but] there is no identification or description of the various test or results being referred to or argued about. At the least, SBCI will have until December 17, 2004 at 12:00 noon to supplement its proposed language with its factual account. Other parties are free to likewise supplement [their] position statements with this narrative if so desired.

ALJ Notice at 1

2. The ALJ Notice further "require[s the parties] to provide, in a word document, the complete text of any statute relied on outside of Section 13-505.1 of the PUA." Id.

3. With respect to the ALJ's concern regarding argument referring to "narrow" and "broad" imputation analyses, the Staff interprets this to be: (a) a request for the terms "narrow" and "broad" to be addressed by the parties using

them; and (b) a request that the parties identify which imputation test or analyses are “narrow”, and which are “broad”.

4. With respect to the former question, the terms “narrow” and “broad” were both coined by SBC witness Eric Panfil in this proceeding to categorize the three tests that he presents in attachments to his direct testimony, SBCI Ex. 1.0. Schedule ELP-D1 to SBCI Ex. 1.0 includes two tests—the “broad” test that it supports in this proceeding as well as a “narrow” test. Schedule ELP-D2 to SBCI Ex. 1.0 includes only a “broad” test, which is almost identical to the “broad” test presented in ELP-D1 with one distinct difference—it includes the UNE port rate rather than using the LRSIC of the port on the cost side of the test. Although SBC argues that it is not appropriate to impute the UNE port rate in the test, Mr. Panfil provides such an alternative for its “broad” test in case the Commission finds that it is appropriate to do so. However, the company does not provide an alternative “narrow” test with the UNE port rate imputed on the cost side of the test. Staff witness Robert Koch addresses the distinctions between SBC’s “narrow” and “broad” tests in depth in his direct testimony. See Staff Ex. 1.0 at 20-27. Staff further discusses the various nuances of SBC’s tests in the record in the following citations: Staff Ex. 2.0 at 4-8; Staff IB at 20, 24-27, 39-44; Staff RB at 3, n. 1, 13-16, 44-46.

5. Staff understands the term “narrow”, as SBC has applied it to imputation, to mean a test or analysis that only includes those revenues directly realized from the service for which the test is being performed. See Staff IB at 24-27; Staff RB at 3, n. 1, 13-16, 44-46. In the context of this proceeding, a

“narrow” imputation test or analysis would be one in which only the revenues realized from the business NAL and the end user common line charge (EUCL) are included in the test. Id. As the Staff demonstrates, see Staff IB at 24-27, Staff RB at 13-16, Section 13-505.1 and Commission rules absolutely require the use of a “narrow” test.

6. The test proposed by Staff was presented as Schedule 1.03 to Staff Ex. 1.0, the direct testimony of Robert F. Koch. The description of this test was provided in the text of Mr. Koch’s direct testimony at pages 13-18. The test proposed by Staff could be deemed a “narrow” test because the revenue side of the test consists only of the business NAL and EUCL. Although the test proposed by Staff is similar to the “narrow” test presented by SBC, there is one distinct difference. Namely, the cost side of SBC’s “narrow” test includes the LRSIC of the port, whereas Staff’s test imputes the UNE port rate instead. As mentioned above, although SBC did provide an alternative “broad” test with the UNE port rate imputed in the test, it did not do so for its “narrow” test. Discussion as to why the UNE port must be imputed in test is discussed on page 26 of Mr. Koch’s direct testimony.

7. Accordingly, the Staff defines a “broad” test or analysis to be one in which, once the service subject to imputation is defined, revenues other than those directly realized from that service are included in the test. See Staff Ex. 1.0 at 20-27; Staff Ex. 2.0 at 4-8; Staff IB at 20, 24-27, 39-44; Staff RB at 3, n. 1, 13-16, 44-46. In the context of this proceeding, a “broad” imputation test or analysis would be one in which revenues realized from sources other than the business

NAL (i.e., the TELRIC) and the EUCL, such as revenues from usage and vertical services, are included in the test. Again, as the Staff demonstrates, see Staff IB at 24-27, Staff RB at 13-16, Section 13-505.1 and Commission rules prohibit the use of a broad test.

8. Citizens Utility Board witness William Dunkel supports SBC's two "broad" test scenarios. See CUB Ex. 1.0. On the other hand, Joint CLEC witness James Webber, like Staff, supports a "narrow" test. See Joint CLEC Ex. 1.0.

9. The Staff has attached hereto copies of all statutes relied upon in its pleadings. Such statutes are in Word format.

Respectfully submitted,

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