

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

ILLINOIS BELL TELEPHONE COMPANY (SBC ILLINOIS))
and XO COMMUNICATIONS SERVICES, Inc.)
) **05-0354**
Joint Petition for Approval of Eleventh Amendment to the)
Interconnection Agreement, dated April 18, 2005)
pursuant to 47 U.S.C. § 252)

VERIFIED STATEMENT OF TORSTEN CLAUSEN

My name is Torsten Clausen and I am employed by the Illinois Commerce Commission as a Policy Analyst in the Telecommunications Division. I graduated in 1997 from the University of Giessen, Germany with a Bachelor of Arts in Business and Economics. In May 2000, I was awarded a Master of Science degree in Economics from the University of Wyoming. I joined the Illinois Commerce Commission in June 2000.

SYNOPSIS OF THE AGREEMENT

The eleventh amendment to the Interconnection Agreement between ILLINOIS BELL TELEPHONE COMPANY (“SBC ILLINOIS” or “Carrier”) and XO COMMUNICATIONS SERVICES, Inc. (“XO” or “Requesting Carrier”) dated April 18, 2005, is a result of voluntary negotiations between the two parties. The amendment will not modify or extend the effective date or term of the underlying agreement but, rather, will be coterminous with the underlying agreement. Except as modified in the amendment, all other terms and conditions of the underlying agreement will remain unchanged and in full force and effect.

The amendment extends the term of the settlement amendment to the parties' interconnection agreement which had expired on December 31, 2004. The settlement amendment covers a broad range of interconnection provisions, including compensation, trunking, points of interconnection ("POIs"), change-of-law terms, and others. The amendment will continue until December 31, 2005, and, thereafter, it will remain in full force and effect unless terminated by either Party by providing at least 30 days' written notice to the other Party.

The purpose of my verified statement is to examine the amendment based on the standards enunciated in Section 252(e)(2)(A) of the 1996 Telecommunications Act. Specifically, this Section states that:

- The State commission may only reject an agreement (or any portion thereof) adopted by negotiation under subsection (a) if it finds that :
- (i) the agreement (or portion thereof) discriminates against a telecommunications carrier not a party to the agreement; or
 - (ii) the implementation of such agreement or portion is not consistent with the public interest, convenience, and necessity.

Also, under authority granted to the Commission by Section 252(e)(3) of the 1996 Telecommunications Act, this amendment has been reviewed for consistency with the requirements of the Illinois Public Utilities Act, 220 ILCS 5, and regulations, rules and orders adopted pursuant thereof.

I APPROVAL UNDER SECTION 252(e)

A. DISCRIMINATION

The first issue that must be addressed by the Commission in approving or rejecting a negotiated agreement under Section 252(e)(2)(A) is whether it discriminates against a telecommunications carrier that is not a party to the agreement.

Discrimination is generally defined as giving preferential treatment. In previous dockets, Staff has taken the position that in order to determine if a negotiated agreement is discriminatory, the Commission should determine if all similarly situated carriers are allowed to purchase the service under the same terms and conditions as provided in the agreement. I recommend that the Commission use the same approach when evaluating this negotiated agreement.

A carrier should be deemed to be similarly situated to XO for purposes of this agreement if telecommunications traffic is exchanged between such carrier and SBC ILLINOIS for termination on each other's networks and if such carrier imposes costs on SBC ILLINOIS that are no higher than the costs imposed by XO. If a similarly situated carrier is allowed to purchase the service(s) under the same terms and conditions as provided in this contract, then this contract should not be considered discriminatory. Evaluating the term discrimination in this manner is consistent with the economic theory of discrimination. Economic theory defines discrimination as the practice of charging different prices (or the same prices) for various units of a single product when the price differences (or same prices) are not justified by cost. See, Dolan, Edwin G. and David E. Lindsey, *Microeconomics*, 6th Edition, The Dryden Press, Orlando, FL (1991) at pg. 586. Since Section 252(i) of the 1996 Telecommunications Act allows similarly situated carriers to enter into essentially the same contract, this agreement should not be deemed discriminatory.

B. PUBLIC INTEREST

The second issue that needs to be addressed by the Commission in approving or rejecting a negotiated agreement under Section 252(e)(2)(A) is whether it is contrary to the public interest, convenience, and necessity. I recommend that the Commission examine the agreement on the basis of economic efficiency, equity, past Commission orders, and state and federal law to determine if the agreement is consistent with the public interest.

Nothing in this amendment leads me to the conclusion that the agreement is inequitable, inconsistent with past Commission Orders, or in violation of state or federal law. Therefore, I recommend that the Commission approve this agreement.

II IMPLEMENTATION

In order to implement the SBC ILLINOIS – XO agreement, the Commission should require SBC ILLINOIS to, within five (5) days from the date the agreement is approved, modify its tariffs to reference the negotiated agreement for each service. Such a requirement is consistent with the Commission's Orders in previous negotiated agreement dockets and allows interested parties access to the agreement. The following sections of SBC ILLINOIS' tariffs should reference the SBC ILLINOIS – XO agreement: Agreements with Telecommunications Carriers (ICC No. 16 Section 18).

Also, in order to assure that the implementation of the agreement is in public interest, SBC ILLINOIS should implement the agreement by filing a verified statement with the Chief Clerk of the Commission, within five (5) days of approval by the Commission, that the approved agreement is the same as the agreement filed in this

docket with the verified petition; the Chief Clerk should place the Agreement on the Commission's web site under Interconnection Agreements.

For the reasons enumerated above, I recommend that the Commission approve this agreement pursuant to Section 252(e) of the Telecommunications Act of 1996.

VERIFICATION

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Torsten Clausen, do on oath depose and state that if called as a witness herein, I would testify to the facts contained in the foregoing document based upon personal knowledge.

Torsten Clausen

SIGNED AND SWORN TO BEFORE ME THIS 25th DAY OF
July, 2005.

[Signature]
NOTARY PUBLIC

