

VERIFIED STATEMENT

OF

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TELECOMMUNICATIONS DIVISION

ILLINOIS COMMERCE COMMISSION

VERIFIED PETITION FOR ARBITRATION OF INTERCONNECTION RATES,
TERMS AND CONDITIONS AND RELATED ARRANGEMENTS PURSUANT TO
SECTION 252(B) OF THE TELECOMMUNICATIONS ACT OF 1996.

ISSUES:

2, 13, 14, 15, 33, & 34

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1 **I. Witness Identification**
2
3

4 **Q. What is your name, title and business address?**
5

6 A. My name is Genio Staranczak. I work for the Illinois Commerce Commission as
7 principal economist in the Telecommunications Division. My business address is
8 527 East Capitol Avenue, Springfield, Illinois 62701.
9

10 **Q. Please describe your educational background and previous job**
11 **responsibilities.**
12

13 A. I earned my Bachelor of Arts degree in economics from Lakehead University in
14 1972 and a Doctor of Philosophy degree in economics from Queen's University,
15 Kingston, Ontario, Canada in 1979. In 1977, I began a 20-year career with Bell
16 Canada as an economic forecaster first on a regional and then on a national
17 basis. During the six years I worked directly on economic forecasting, I
18 participated in a series of yearly rate cases.
19

20 In 1983, I worked on special assignment to examine economic policy issues
21 related to a forthcoming long-distance competition regulatory proceeding and
22 drafted testimony in this regard. In 1986, I became Director - Policy and
23 Performance where I continued to analyze telecom policy issues, conducted total
24 factor productivity studies, price responsiveness analyses and was responsible
25 for developing revenue forecasting methodologies. For the years 1986-1995, I

26 worked on other regulatory issues such as expanded local calling areas,
27 measured local service, costing studies as well as participating in another
28 general rate case and working on revenue forecasting issues. During this period
29 I published two articles in telecommunications journals on competition and rate
30 rebalancing. I also participated in a number of telecom industry conferences as a
31 speaker. In addition, for eight years, I was a member of Statistics Canada Price
32 Advisory Committee, which counsels the government on measurement
33 methodologies for the consumer price index.

34
35 In 1995, I became Director of Price Cap Regulation and was primarily
36 responsible for putting together the price cap formula in Bell Canada's alternative
37 regulation proceeding. I also authored the methodology used for measuring total
38 factor productivity and input prices adopted by Bell Canada and most other
39 Canadian telephone companies who participated in the price cap proceeding. In
40 addition, I advised on other alternative regulation issues including construction of
41 the baskets, pricing flexibility and rate rebalancing. From 1997 to 2000, I was
42 Director of Long-Term Forecasting for the US economy at the WEFA group, a
43 macroeconomic forecasting and consulting firm based in the Philadelphia area. I
44 joined the Staff of the Illinois Commerce Commission in September of 2000.

45
46 **Q. Have you previously testified before the Illinois Commerce Commission?**

47

48 A. Yes. I filed testimony in the alternative regulation proceeding, Docket No. 98-
49 0252/0335, in the universal service proceeding (USF), Docket No. 00-0233/0335
50 consolidated, in the MAG order proceeding, Docket No. 01-0808, in the 271
51 case, Docket No. 01-0662, in the UNE case, Docket No. 02-0864, in the AT&T
52 arbitration case, Docket No. 03-0329 and in the Alhambra USF case, Docket No.
53 04-0354.

54

55 **II. PURPOSE OF TESTIMONY**

56

57 **Q. What is the purpose of your testimony?**

58

59 A. My testimony will address arbitration issues 2, 13, 14, 15, 33 and 34.

60

61 **III. Issues**

62

63 **(a) Issue 2 (a): Scope of FCC Rules for FTTH, FTTC and Hybrid Loops**

64

65 **Q. What are the positions of the parties on issue 2(a)?**

66

67 A. The CLECs contend that the Federal Communications Commission's (FCC's)
68 unbundling relief for fiber-to-the-home (FTTH), fiber-to-the-curb (FTTC) and
69 hybrid loops is limited to the mass market as stated repeatedly by the FCC in its

70 orders.¹ SBC Illinois (SBCI) contends the FCC has determined that incumbents
71 are only required to provide unbundled access to FTTH or FTTH loops if (a) SBC
72 Illinois has deployed a FTTH/FTTC Loop (b) The FTTH/FTTC Loop is deployed in
73 an overbuild that is parallel to, or in replacement of, an existing copper loop
74 facility and (c) SBC Illinois has retired the existing copper loop facility².
75 According to SBCI, the Federal Communications Commission (FCC) did not limit
76 the scope of its rules on FTTH, FTTC and Hybrid Loops to those loops serving
77 “mass market customers” since the FCC in TRO Errata clarified the definition of a
78 FTTH loop as a fiber loop “serving an end user’s customer’s premises”³.

79

80 **Q. Please discuss issue 2(a).**

81

82 A. The FCC in a TRO errata clarified the definition of a FTTH loop as a fiber loop
83 “serving an end user’s customer’s premises”⁴. By removing the word residential
84 from its FTTH definition the FCC seemed to imply that its unbundling relief is not
85 limited to residential or indeed mass market customers since the term “end
86 user’s” is not qualified in any way.

87

88 On the other hand, in the Multiple Dwelling Unit (MDU) Order,⁵ an Order issued
89 after the TRO, the FCC decided to “...to include predominantly residential MDUs

¹ CLEC IB at 8.

² SBCI IB at 24.

³ SBCI IB at 25.

⁴ See TRRO, Errata (rel. Sept. 17, 2003), nos. 37, & 38.

⁵ MDU Reconsideration Order, 19 FCC Rcd 15, 856, 2004 FCC LEXIS 4506, (rel. Aug. 9, 2004) (“MDU Order”).

90 in our FTTH rules...[because] ...not requiring unbundling for fiber loops serving
91 predominantly residential MDUs furthers the goals of Section 706.”⁶ This
92 statement clearly indicates that the FCC differentiates between MDUs that are
93 predominantly residential from MDUs that are not predominantly residential when
94 interpreting its TRO conclusions with respect to unbundling relief. If the FCC
95 wanted its FTTH or FTTC unbundling relief conclusions to apply to all customers,
96 mass market and enterprise, there is no reason for the FCC to distinguish
97 predominantly residential MDUs from other MDUs, since all MDU dwellings,
98 whether residential or business, would qualify for unbundling relief in that case.

99
100 Later in the MDU Order the FCC articulates the reasons it believes unbundling
101 relief is appropriate for mass market customers but not for enterprise customers
102 by concluding that “...tailoring FTTH relief to predominantly residential MDUs is
103 more appropriate than a single, categorical rule covering all types of multiunit
104 premises. A categorical rule would retain disincentives to deploying broadband
105 to millions of consumers contrary to the goals of section 706 or would eliminate
106 unbundling for enterprise customers where the record shows additional
107 investment incentives are not needed.”⁷ These statements suggest that the FCC
108 lifted unbundling rules for mass market customers because the FCC feared that
109 unbundling requirements for mass market customers would discourage ILECs
110 from deploying broadband to mass market customers. Similarly, the statements
111 imply that the FCC did not lift unbundling requirements for enterprise customers

⁶ MDU Order, ¶ 7.

112 because, even if ILECs were required to unbundle for enterprise customers, they
113 still had a strong incentive to deploy broadband to this type of customer. Since
114 the FCC distinguishes residential customers from non-residential customers
115 when discussing unbundling requirements for MDUs in the MDU order it appears
116 that the FCC wanted its unbundling relief rules to apply only to mass market
117 customers and consequently the CLECs' proposed language should be adopted
118 on this issue.

119

120 **(a) Issue 2 (b): Definition of Mass Market Customer**

121

122 **Q. What are the positions of the parties on issue 2(b)?**

123

124 **A.** The CLECs maintain that a definition of "mass market" customers should include
125 all residential customers and all business locations served by
126 telecommunications capacity of less than 4 DSOs. According to the CLECs this
127 definition is more consistent with FCC precedent, which characterized mass
128 market customers as residential and/or very small business customers with a
129 common understanding of what is a very small business customer.⁸ SBCI
130 maintains that after the D.C. Circuit court vacated the FCC's attempted rules for
131 mass market switching the FCC held that the transition plan for mass market
132 switching applies to all unbundled local switching arrangements used to serve

⁷ MDU Order, ¶ 8.

⁸ CLEC Ex. 7 at 3.

133 customers at less than the DS1 Capacity level.⁹ Consequently, SBC Illinois
134 proposes a 24-DSO cutoff for Mass Market Switching.¹⁰

135

136 **Q. Please discuss Issue 2(b).**

137

138 A. The CLECs definition of mass market customer is more consistent with FCC
139 precedent than SBC's definition of mass market customer and consequently the
140 Commission should adopt the CLECs proposed definition of mass market
141 customer i.e. a business with fewer than 4 DSO lines. Mass market customer
142 refers to very small business customers (business customers that have
143 characteristics of residential customers) and a business customer with fewer than
144 4 DSOs qualifies as a small business customer since the overwhelming majority
145 of residences would also have fewer than 4 lines. In contrast, SBC's definition of
146 mass market customer would include any business customer with up to 23
147 DSOs. A business with 23 DSOs might well be a business with over 20
148 employees and a business with over twenty employees would more properly be
149 characterized as a medium sized business. It is true that the FCC transition plan
150 for mass market switching applies to all customers served at less than DS1
151 capacity, but I suspect that the FCC implemented such a rule so as to maximize
152 the number of customers that would be allowed to transition out of UNE-P.
153 Consequently, I recommend that the CLECs' proposed language be adopted on
154 this issue.

⁹ SBCI IB at 27.

155 **(a) Issue 2 (c): Definition of “Predominantly Residential”.**

156

157 **Q. What are the positions of the parties on issue 2(c)?**

158

159 **A.** The CLECs propose that all multiple dwelling units (MDUs) be defined as
160 “predominantly residential” if more than 75% of the rentable square footage is
161 allocated to residences.¹¹ SBCI advocates a “common-sense understanding” of
162 the term and consequently proposes that any apartment building, condominium,
163 cooperative, planned unit development, or like structure that allocates more than
164 fifty percent of its rentable square footage to residence be defined as
165 predominantly residential.¹²

166

167 **Q. Please discuss issue 2(c).**

168

169 **A.** The Commission should adopt SBCI’s “common sense understanding” of the
170 term predominantly residential. According to Dictionary.com, predominant, used
171 as an adjective, means most common or conspicuous: main or prevalent. Most
172 common, main or prevalent can reasonably be interpreted to mean more than
173 half. Consequently any apartment building, condominium, cooperative, planned
174 unit development, or like structure that allocated more than fifty percent of its
175 office space to residential use is by definition predominantly residential and

¹⁰ SBCI IB at 27.
¹¹ CLEC IB at 16.
¹² SBCI IB at 28

176 should be so deemed by the Commission. (It should be noted that an apartment
177 or like building may have many business tenants that use fewer than 4 lines and
178 therefore these business customers would also have characteristics of residential
179 customers - see 2(c) below.) The CLECs provide no qualitative or quantitative
180 rationale to justify their proposal that “predominantly residential” should be
181 interpreted to mean 75% residential. Why for example is 75% a better definition
182 of predominantly residential than 60% or 51% or any other number above 50%.
183 Since there is no support or even justification for 75%, and because 75% is too
184 restrictive an interpretation of the word, predominantly (the CLEC proposal would
185 imply that 65% residential is not predominantly residential even though a location
186 that is 65% residential is clearly a location that is mainly or most commonly
187 residential), the CLEC proposed language should be rejected.

188

189 **(b) Issue 13: Transition Rates for Migrated Customers**

190

191 **Q. What are the positions of the parties on issue 13?**

192

193 A. The CLECs propose that unless the CLEC specifically requests or contractually
194 agrees otherwise, the FCC-established transition rate for UNE-P should apply to
195 the CLECs’ entire embedded base of UNE-P customers until the end of the
196 transition period even if those customers are migrated to a functionally equivalent
197 SBC service arrangement prior to the end of the transition period.¹³ SBCI argues
198 that when an alternative arrangement goes into effect, the agreed-upon price for

199 that new arrangement also goes into effect¹⁴. Transition prices, according to
200 SBCI are just that: transition prices, not post-transition prices¹⁵.

201

202 **Q. Please discuss issue 13.**

203

204 A. The CLECs argue that the FCC adopted a transition period of twelve months to
205 provide “adequate time for both competitive LECs and incumbent LECs to
206 perform the tasks necessary to an orderly transition...”¹⁶. According to the
207 CLECs, unless the Commission mandates transition rates for the entire transition
208 period, the CLECs would have an incentive to wait until the latest possible time to
209 place orders to migrate their embedded UNE-P base while SBC would have an
210 incentive to get as many UNE-P customers converted as early as possible. This
211 type of perverse incentive is entirely at odds with the FCC’s articulated desire for
212 an orderly transition, according to the CLECs.

213

214 Although it is true that the CLECs have a financial incentive to wait until the last
215 possible moment to convert customers away from UNE-P to alternative service
216 arrangements, it is equally true that CLECs have a strong business incentive to
217 migrate customers in as orderly a manner as possible. If the CLECs wait until
218 the last minute to migrate customers in order to take advantage of lower UNE-P
219 rates, they risk disrupting the service of these late migrating customers. The

¹³ CLEC IB at 57.

¹⁴ SBCI IB at 73.

¹⁵ *Id.*

¹⁶ CLEC IB at 59.

220 disrupted customers will (quite rightly) blame the CLECs for the interruption in
221 service and be tempted to switch back to SBC. In addition, CLECs who wait until
222 the last minute to convert, could earn the unenviable reputation of being more
223 concerned with saving a few dollars than they are with providing customers with
224 good service. This dubious image could cost the CLECs business in the long
225 run. Consequently, it is in the CLECs own interests to ensure that the transition
226 away from UNE-P is as smooth as possible. The Commission should not
227 subsidize the CLECs at SBCI's expense (by requiring SBC to charge CLECs
228 transition UNE-P rates even for customers who have migrated off of UNE-P) in
229 order to guarantee CLECs do not make business decisions that could possibly
230 disrupt service for their customers during the transition period. As a result, the
231 Commission should adopt SBC's proposed language on this issue.

232

233 **(c) Issue 14: Caps on DS1 Loops**

234

235 **Q. What are the positions of the parties on issue 14?**

236

237 A. The CLECs argue that the DS1 loop cap proposed by the FCC applies only
238 where DS3 loops are not available as a Section 251 UNE.¹⁷ SBCI maintains that
239 FCC rules establish hard caps on the number of unbundled DS1 and DS3 loops
240 that a CLEC can purchase at a single location, even where "impairment" exists,
241 and these rules specify that a requesting carrier may obtain a maximum of ten

242 unbundled DS1 loops to any single building in which DS1 loops are available as
243 unbundled loops.¹⁸

244

245 **Q. Please discuss Issue 14.**

246

247 A. The FCC established a cap of 10 on the number of DS1 loops that a CLEC can
248 obtain from any single building as Section 251 UNEs. The FCC reasoned that a
249 competitor serving a building at the ten plus DS1 capacity level or higher would
250 find it economic to purchase a single DS3 loop rather than purchasing individual
251 DS1 loops. The FCC, however, does not appear to factor non-recurring charges
252 associated with conversion of existing DS1 loops into a DS3 loop into its
253 reasoning.

254

255 A CLEC may currently be serving a location with more than ten DS1s and it may
256 continue to be economic for the CLEC to service the building with 10 plus DS1s
257 rather than with a single DS3 because the CLEC would have to absorb non-
258 recurring charges associated with converting its 10 plus DS1s to a single DS3 if it
259 chose to convert. The expenses associated with these non-recurring conversion
260 charges may outweigh the savings the CLEC would realize from renting a single

¹⁷ CLEC IB at 66.

¹⁸ SBC IB at 74.

261 DS3 as opposed to ten plus DS1s. This type of situation seems to be the
262 reasoning behind the CLECs position on this issue. See CLEC Ex. 4 at 10-12.
263 (The CLEC may service a building with ten plus DS1 lines as opposed to a single
264 DS3 line because the CLEC may have added customers over time such that
265 demand for lines is currently over ten DS1s but was less than ten DS1 lines when
266 the CLEC first serviced the building.)

267

268 The question is whether the FCC's flawed DSI/DS3 conversion economics
269 provides the Commission sufficient justification to adopt the CLECs position on
270 this issue. The answer is no. The FCC clearly wants to establish limits on the
271 number of DS1s that a CLEC can obtain from a specific location in order to
272 encourage facilities based entry and that the FCC limit was meant to apply in
273 situations where the CLECs are not DS3 impaired as well as situations where the
274 CLECs are DS3 impaired. See TRO ¶ 181.

275 In addition, it is a lot more efficient (*i.e.*, less costly) for SBC to provision 1 DS3
276 than it is for SBC to provision 10 plus DS1s. From a public policy point of view
277 therefore, allowing CLECs to order more than 10 DS1s at a location will
278 encourage inefficient provisioning of lines indefinitely into the future. In contrast,
279 requiring CLECs at existing locations to convert 10 plus DS1s into a DS3 is a one
280 time event with associated one time costs that will lead to more efficient
281 provisioning in the future. The Commission should therefore adopt SBCI's
282 proposed language on this issue.

283 **(d) Issue 15: Caps on DSI Transport**

284

285 **Q. What are the positions of the parties on issue 15?**

286

287 A. The CLECs contend that the 10 circuit limitation for DS1 transport applies only on
288 those transport routes where DS3 transport is not available as a Section 251
289 UNE.¹⁹ SBCI's position is that the FCC's rules establish hard caps on the number
290 of unbundled DS1 and DS3 transport UNEs that a CLEC can purchase on a
291 single route, even where "impairment" exists and the rules clearly state that a
292 requesting carrier may obtain a maximum of 10 unbundled DS1 dedicated
293 transport circuits on each route where DS1 dedicated transport is available on a
294 unbundled basis.²⁰

295

296 **Q. Please discuss Issue 15.**

297

298 A. Issue 15 is very similar to issue 14. SBCI purports to adhere to FCC rules on
299 DS1 transport while the CLECs interpret the TRRO itself in such a way that will
300 allow the CLECs to order as many DS1 transport loops as they wish when the
301 route is DS3 transport impaired. Again the CLECs obviously do not wish to pay
302 the non-recurring charges associated with converting 10 plus DS1s into a single
303 DS3²¹. The CLECs, moreover, cite to ¶ 128 of the TRRO to support their

¹⁹ SBCI IB at 68

²⁰ SBCI IB at 77.

²¹ CLEC Ex. 4.0 at 10-12.

304 position.²² In addition, the CLECs argue that SBC's interpretation of the FCC
305 DS1 transport cap will have a negative effect on competition in the small and
306 medium-sized customer market since it will limit the number of DS1 EELs that
307 can be used to serve this type of customer on transport routes in moderate-to-
308 less dense wire centers²³.

309
310 The Commission, however, must again look at the FCC's intent. In the TRRO,
311 the FCC clearly wanted to limit the number of DS1 *loops* that a CLEC could order
312 from a specific building irrespective of whether the building was DS3 impaired or
313 not.²⁴ Unfortunately, and as noted above, the FCC's intention regarding its DS1
314 *transport cap* is not so readily apparent.²⁵

315
316 Nonetheless, from a purely policy perspective,²⁶ and as the CLECs point out,
317 CLECs should be able to obtain facilities similar to a DS1 EEL from SBC even if
318 the DS1 transport cap is enforced; i.e., CLECs could obtain commingled DS1
319 UNE loop with a Special Access DS1 transport facility²⁷. They will have to pay
320 more for special access than they do for a TELRIC priced DS1 transport loop but
321 this should give the CLECs greater incentives to co-locate in more central offices
322 and build more of their own facilities which is appears to be what the FCC had in

²² See TRRO, ¶ 128 ("On routes for which we determine that there is no unbundling obligation for DS3 transport, but for which impairment exists for DS1 transport, we limit the number of DS1 transport circuits that each carrier may obtain on that route to 10 circuits. ").

²³ CLEC Ex. 4.0 at 8-10.

²⁴ TRRO, ¶ 181 ("Specifically, we establish a cap of ten DS1 loops that each carrier may obtain to a building.").

²⁵ See TRRO, ¶ 128.

²⁶ Staff will address the apparent contradiction between the FCC's rule and ¶ 128 of the TRRO in its Initial Brief.

323 mind. Consequently, from a policy perspective (*i.e.*, the desire of the FCC to
324 encourage facilities based as opposed to UNE based competition), and in order
325 to maintain logical consistency between the cap on DS1 loops and the cap on
326 DS1 transport, I recommend that the Commission adopt SBC's proposed
327 language on this issue.

328

329 **(e) Issue 33: Retirement of Copper Loops**

330

331 **Q. What are the positions of the parties on Issue 33?**

332

333 A. The CLECs maintain that SBCI may not retire a copper loop unless (a) SBC
334 performs upon CLEC request a line station transfer where an alternative copper
335 or non-packetized hybrid is available or (b) that SBC obtains a determination in
336 advance from the Commission that the CLEC's rejection of SBC's proposed
337 alternative is unreasonable and contrary to the public interest.²⁸ SBCI contends
338 that FCC rules limit unbundled access to an incumbent's FTTH and FTTC loops
339 where those facilities "overbuild" existing copper facilities. SBCI further maintains
340 that FCC rules also give incumbents the right to retire copper loops that have
341 been replaced by FTTH and FTTC overbuild facilities subject to TRO specified
342 notice requirements, requirements that are reflected in the language to which the
343 parties have already agreed to in Section 11.1.3 of the Arbitration²⁹.

²⁷ CLEC Ex. 4.0 at 10.

²⁸ CLEC IB at 135.

²⁹ See SBCI IB at 148.

344

345 **Q. Please comment on issue 33.**

346

347 A. The CLECs contend that the retirement and replacement of a copper loop that
348 currently serves a CLEC DSL customer will not allow the CLEC to continue to
349 offer DSL service to that customer over the replacement hybrid loop because of
350 technological limitations. Therefore, the CLEC will be forced to disconnect the
351 customer's DSL service and the customer might not be able to replace that
352 service with comparable service from SBC, since CLECs offer DSL service that is
353 different from the DSL service SBCI offers.³⁰

354

355 FCC rules require incumbents that replace copper loops with FTTC or FTTH
356 loops to provide access to a 64 kbps transmission path over the replacement
357 loop³¹. The FCC rules however do not require, although they specifically allow,³²
358 ILECs to obtain commission approval prior to the retirement of any copper
359 loops³³. Moreover, it is unreasonable to give CLECs veto power over the kind of
360 network SBC should maintain or require the Commission to sanction the minutest
361 of SBCI's network management decisions.

362

363 Finally, current FCC rules do not require SBCI to perform a line station transfer
364 (LST) where an alternative copper or non-packetized hybrid loop is available.

³⁰ CLEC IB at 136.

³¹ TRO, ¶ 277.

³² TRO, ¶ 284.

³³ TRO, ¶ 281.

365 SBC has proposed to provide LSTs where available and this voluntary offer
366 should not be made a requirement. The Commission should therefore adopt
367 SBCI's proposed language in Section 11.1.3.

368

369 **(f) Issue 34: Non-Recurring Charges for IDLC Hybrid Loop Conversion**

370

371 **Q. What are the positions of the parties on issue 34?**

372

373 A. The CLECs argue that the FCC has not excused SBC from its obligation to
374 unbundle hybrid loops where it has deployed Integrated Digital Loop Carrier
375 (IDLC) systems.³⁴ Consequently, if a CLEC requests access to a loop located at
376 a customer premises that SBC serves with an IDLC Hybrid Loop, then SBC
377 should not be permitted to impose non-recurring charges other than standard
378 loop charges. In addition, SBC should not be permitted to impose charges for
379 routine network modifications if it provides access to the IDLC loop.³⁵ Finally, the
380 CLECs propose certain methods by which SBC may provide unbundled loops
381 where it has deployed IDLC when such provision would not otherwise be
382 technically feasible, although the CLECS leave SBC with the ability to choose a
383 method that would suit both SBC and CLEC needs.³⁶ SBCI acknowledges that
384 incumbents are required by FCC rules to provide unbundled access to loops
385 served by IDLC systems, but claims that the same FCC rules allow the

³⁴ CLEC IB at 138.

³⁵ CLEC IB at 139.

³⁶ CLEC IB at 139.

386 incumbent to recover compensation from the requesting carrier.³⁷ SBCI further
387 contends that the compensation for unbundling IDLC loops should be the
388 compensation that exists under its current interconnection agreements. Thirdly,
389 SBCI maintains that SBCI, and SBCI alone, should be able to decide how to
390 unbundle an IDLC loop and that these methods should not be dictated by
391 CLECs.

392

393 **Q. Please discuss issue 34.**

394

395 A. In the TRO, the FCC required that incumbent LECs provide requesting carriers
396 “access to a transmission path over hybrid loops served by Integrated DLC
397 systems”³⁸ and that in most cases this access “will be either through a spare
398 copper facility or through the availability of Universal DLC systems”.³⁹ Even if
399 neither of these options is available the FCC ruled that incumbent LECs must
400 present requesting carriers a technically feasible method of unbundled access⁴⁰.
401 In the TRO and the TRRO, however, the FCC did not indicate how or if
402 incumbent ILECs should be compensated for providing a technically feasible
403 method of access. Since the FCC did not comment on the compensation
404 mechanism for providing technically feasible IDLC access, it’s existing IDLC
405 compensation rules remain effective, which state...” the costs associated with
406 these mechanisms [technically feasible methods to unbundle IDLC-delivered

³⁷ SBCI IB at 153.

³⁸ TRO, ¶ 297.

³⁹ *Id.*

⁴⁰ *Id.*

407 loops] will be recovered from requesting carriers”⁴¹. As a result, the Commission
408 should leave in place whatever compensation arrangements exist under current
409 interconnection agreements.

410
411 The remaining dispute under issue 34 revolves around the method by which
412 SBCI is to provide access to unbundled IDLC loops. The CLECs suggest the
413 interconnection agreement implement a “safeguard” that would protect against
414 attempts by SBC to impose unjustified charges for special construction when no
415 special construction is necessary⁴². The CLECs fear SBCI will provide the most
416 expensive “alternative” it can devise.

417
418 SBCI counters that the CLEC safeguard would dictate the methods used by SBC
419 to unbundle the IDLC loop and that SBC Illinois’s network belongs to SBC Illinois
420 and it is SBCI that decides how to manage the network. Moreover, SBCI
421 contends that the CLEC proposal requires SBC Illinois to use the CLEC’s
422 unbundling methods at no additional charge even if the methods are not
423 technically feasible.

424
425 SBCI should have the right to manage its network and it should have the right to
426 decide how to unbundle IDLC loops. Nevertheless, there is little in the current
427 interconnection agreement that precludes SBCI from providing CLECs a
428 technically feasible method of access that has many associated non-standard

⁴¹ First Report and Order, ¶ 384 (rel. Aug. 8, 1996).

429 charges as opposed to another technically feasible of access than has fewer
430 (and less expensive) associated special charges. To prevent this type of
431 possible gaming, I propose the following wording to section 11.2.4.

432

433 IDLC Hybrid Loops. Where a CLEC requests an unbundled loop to a premises
434 to which SBC has deployed an IDLC Hybrid Loop, SBC can only charge the
435 CLEC the least cost technically feasible method of unbundled access. SBC
436 may not impose special construction or other non-standard charges (which does
437 not include routine network modification charges permitted under Section 8.1.5 of
438 this Attachment) to the provision unbundled loops where it has deployed IDLC
439 except as provided under this Agreement.

440

441 **Q. Does this conclude your testimony?**

442

443 A. Yes it does.

444

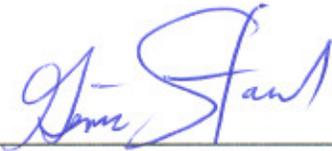
445

⁴² CLEC IB at 140.

VERIFICATION

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I, Genio Staranczak, 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.



SIGNED AND SWORN TO BEFORE ME THIS Sixteenth DAY OF AUGUST, 2005.



NOTARY PUBLIC

