ICC Docket Nos. 05-0644 – 05-0649 and 05-0657
Petitioners Exhibit No. 1

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Petition of Hamilton County Telephone Co-Op	)		
et. al. For Arbitration under the Telecommunications	)	Docket Nos.:	05-0644,
Act to Establish Terms and Conditions for	)		05-0649
Reciprocal Compensation with Verizon Wireless	)		and 05-0657
And its Constituent Companies	)		

VERIFIED STATEMENT OF

JASON P. HENDRICKS

FOR PETITIONERS

OCTOBER 20, 2005

Q. Please state your name and business address.

A. My name is Jason P. Hendricks, and my business address is 2270 LaMontana Way, Colorado Springs, CO 80918.

Q. By whom are you employed and in what capacity?

A. I am employed by GVNW Consulting, Inc. ("GVNW") as a Senior Consultant. GVNW provides consulting services on a variety of issues to independent telecommunications companies and their affiliates.

Q. Please describe your educational background and business experience.

A. I graduated from Penn State with a Bachelor of Science degree in Economics, from the University of Wyoming with a Master of Science degree in Economics (and a specialization in Regulatory Economics), and from the University of Illinois, Springfield with a Master of Arts degree in Political Studies.

As GVNW employee, I have assisted rural LECs in various capacities on issues such as access charges, universal service, LNP, and tariff filings. I have also assisted companies in cost studies, business development and regulatory advocacy. I have advocated on behalf of GVNW's clients in many ICC workshops, meetings and proceedings. Among the proceedings in which I testified are the Illinois interconnection and unbundled network element pricing dockets of Citizens and Verizon, in which I reviewed and proposed changes to the forward-looking cost models developed by those companies.

Prior to my employment at GVNW, I was employed by the Illinois Commerce Commission ("ICC") as an Economic Analyst in the Telecommunications

Division. As part of my duties at the ICC, I provided testimony in numerous proceedings implementing the Telecommunications Act of 1996 ("TA 96"), including a proceeding in which Ameritech's first TELRIC rates were established. I was also involved in many other matters and proceedings with regard to forward-looking cost concepts, including a proceeding in which I reviewed a number of forward-looking cost models in order for the ICC to recommend which cost models it believed the FCC should use to develop USF on behalf of non-rural ILECs.

Q. On whose behalf are you testifying in this case?

A. I am testifying on behalf of Grafton Telephone Company, Hamilton County Telephone Co-Op, LaHarpe Telephone Company, Marseilles Telephone Company, McDonough Telephone Cooperative, Metamora Telephone Cooperative, and Mid-Century Telephone Cooperative (collectively "the Petitioners").

Q. What is the purpose of your testimony?

A. My testimony will provide the Petitioners' position on the three arbitration issues in this proceeding. In conjunction with stating the Petitioner's position on the rate issue, I will provide information on the forward-looking cost of switching and transport and termination for each of the companies and the rationale for the proposed $0.036 rate proposed by each of the companies in this case.

ARBITRATION ISSUE A – ABILITY TO CONDUCT AUDITS

Q. Is it your understanding that Arbitration Issue A has been resolved by the Parties and is no longer an issue subject to arbitration in this proceeding?

A. Yes. Today, the Petitioners received an e-mail from Verizon Wireless in which Verizon Wireless stated that is has accepted the Petitioners' proposed language in 7.6. Since Arbitration Issue B is also resolved, as discussed below, Arbitration Issue C is the only remaining issues upon which the Commission must issue a ruling.

ARBITRATION ISSUE B – SCOPE OF WARRANTY LIMITATION

Q. Is it your understanding that Arbitration Issue B has been resolved by the Parties and is no longer an issue subject to arbitration in this proceeding?

A. Yes. In response to a data request from the Petitioners on this issue, Verizon Wireless stated that it will "withdraw its proposed modification to Section 10.2, and accept Petitioners' proposed language." Since Arbitration Issue A is also resolved, as discussed above, Arbitration Issue C is the only remaining issues upon which the Commission must issue a ruling.

ARBITRATION ISSUE C – RATE FOR LOCAL TERMINATION

Q. Can you describe the rate that the Petitioners propose to charge for switching and transport and termination to Verizon Wireless?

A. Yes. The rate as proposed is a single rate of $0.036 per minute to be charged to Verizon Wireless for terminating its traffic on an indirect interconnection basis in

the Petitioners' operating areas and reciprocally to be charged to the Petitioners for traffic terminated by the wireless carriers.

Q. Can you describe how the rate that was proposed was developed?

A. Yes. The rate was initially proposed to Verizon Wireless at the start of negotiations because it was the forward-looking economic costs using HAI default assumption for the group of 12 rural ILECs on whose behalf GVNW filed terminating wireless tariffs in 2004.[1] When the FCC ruled that terminating wireless tariffs were no longer lawful beginning April 29, 2005 (CC Docket No. 01-92, Declaratory Ruling Report and Order, February 24, 2005), the rural LECs initiated contract negotiations with the wireless carriers from which the ILECs were receiving traffic. The rates proposed by each individual rural ILECs were the weighted average HAI costs for the group of 12 rural ILECs. However, since only a subset of the 12 rural ILECs receive traffic from Verizon Wireless, the default HAI results for the subset is different from the default HAI results for the group of 12. In fact, the weighted average default cost for the Petitioners is $0.041, which is higher than our proposed rate. Furthermore, the proposed rate of $0.036 is less than the HAI results under three other scenarios, which I will describe in more detail in this testimony. Accordingly, it seemed reasonable to maintain the proposal of $0.036 when four separate HAI scenarios would support the use of a higher rate.

[1] In addition to the Petitioners, the 12 companies included Adams Telephone Cooperative, C-R Telephone Company, El Paso Telephone Company, Odin Telephone Exchange, and Yates City Telephone Company.

Q. The FCC rules require that such rates be based on Total Element Long-Run Incremental Cost (TELRIC) with an appropriate allocation of common costs. (C.F.R. 51.705) Are the costs that you have developed based on that type of cost study?

A. Yes, they are. The HAI model which I have used in developing these costs has been used in a number of states in developing the TELRIC or forward-looking costs of service for incumbent local exchange companies.

Q. Can you briefly summarize the reasons why you have chosen to develop the economic costs presented in this case using the HAI Model?

A. Yes. First, the model has been widely available throughout the industry and has been carefully studied by industry participants, the FCC and many state Commissions. Both its strengths and weaknesses are known and have been evaluated. Second, the HAI Model produces results in formats that are readily available to identify the cost of individual access cost elements. Third, because the model includes default input values necessary to produce cost results for each company, the cost of developing appropriate, or at least acceptable, cost inputs to run the model are minimized. Fourth, by reviewing and modifying a relatively small number of inputs, I felt we could develop adequate estimates of forward-looking costs to the meet the requirements of the FCC rules.

Q. Do you have any misgivings or concerns about using the HAI Model to develop forward-looking costs for the Petitioners?

A. In spite of the fact that I recommended to the Petitioners that they use this tool as the best available to develop forward-looking costs for arbitration proceedings, I

have concerns about the validity of the results of the HAI Model I am presenting. These concerns include:

1) A lack of sufficient resources from a cost-benefit perspective to fully explore all the proposed default inputs. While two of the four HAI runs used to support the ILECs proposed rate include a number of changes to these inputs, there are other inputs that have not been tested against the costs of such items for small companies in Illinois. Changing those other inputs could lead to higher or lower cost estimates.

2) A concern that the use of broad inputs and generalized formulas for all companies, rather than specific inputs for individual companies, tend to mask unique circumstances of individual companies, which cause substantial differences in costs in the real world.

3) A concern that the model results for small companies from models like the HAI Model produce results which vary widely from comparable actual data and in a manner inconsistent with forward-looking costs, raising substantial questions regarding the validity of the results for individual small telephone companies.

4) A concern that results from the model are likely to be less accurate for smaller geographic areas, such as individual exchanges or small companies with a few exchanges, than they are for large companies, such as SBC or Verizon who have hundreds of exchanges. This concern is due both to techniques used to generate customer locations and data in the model and to a recognition that the law of averages leads to offsetting

impacts between individual areas within a large group of exchanges that may not occur in a small company or a single wire center.

Q. Given these concerns, do you still support the forward-looking costs that you have developed?

A. Yes. Given the requirements in the FCC rules to develop forward-looking costs and the current state of tools that are available to develop such cost results at a reasonable cost to the companies, I believe the costs developed result from the best available model and represent a reasonable approximation of forward-looking costs of the Petitioners for meeting the requirements of the FCC rules. However, I specifically have concerns about giving too much reliance to individual company results when those results reflect a single exchange or only a few exchanges. While individual company results have been developed for each of the Petitioners, I believe it is more appropriate to use an average of the companies as a proxy for each of the individual companies rather than using the individual company rates themselves.

OVERALL DESCRIPTION OF THE HAI MODEL

Q. Can you briefly describe the historical background of the HAI model?

A. The HAI model was initially known as the Hatfield Model, developed by Hatfield Associations, a consulting firm in Colorado, at the request of AT&T. The model was developed with the intent of providing a tool to develop the forward-looking cost of the telephone network throughout the United States as the cost basis for universal service support and to develop the estimated cost of unbundled network

elements ("UNEs') for interconnection proceedings under Section 252 of the Telecommunications Act of 1996. As the model faced scrutiny in various state and federal proceedings, it underwent continued development and modification through a series of versions over a several year period of time. Generally, the later versions were more sophisticated in the cost development methods and techniques than were earlier versions of the model. Version 5.0a of the model, which has been used to develop the costs presented in this proceeding, was the latest version presented in formal comments to the FCC in CC Docket #96-45, the federal USF proceeding.

Q. Can you briefly describe the overall design of the model?

A. Yes. The model is designed in several different modules that interact and are interconnected to produce the overall model results. The modules develop the costs for various network elements and for the overall cost of the firm. Modules include a module to develop the cost of distribution and feeder plant, a module for developing the cost of switching and interoffice plant, a capital cost module and an expense module. Results of all these modules are fed into a series of model output reports. A much more complete description of the model design is included in the Model Description manual developed by the model developers which has been available in the industry. I have included the HAI Model Description as Schedule JPH-1. In addition, to the Model Description and Inputs Portfolio attached to my testimony, I am providing copies of the HAI model, as well as documentation typically distributed with the HAI model, on disc to Verizon Wireless and Staff.

Q. Can you briefly describe the default model inputs?

A. Yes. The HAI model has well over a thousand different user changeable model inputs, including physical equipment characteristics, cost relationships to geographical factors, traffic characteristics, unit costs of telephone plant, costs of installing telephone plant, depreciation factors, capital costs and expense ratios. To assist users in being able to use the models quickly, the developers have populated the model with default values that, based on their research, judgment, and evaluation, represent appropriate values for each input element. These values are known as the default input values. When running the model, the user can either use these default values or individually change as many of the values as the user believes are appropriate. The HAI Inputs Portfolio is a document developed by the model developers that describes each individual input item, the default value and the model developers' rationale and support for adopting the particular default value. This manual has also been widely available in the industry. I have included the HAI Inputs Portfolio as Schedule JPH-2.

DESCRIPTION OF FOUR HAI STUDIES

Q. The petition states that the $0.036 rate is lower than HAI costs under four scenarios. Please describe the four scenarios.

A. Schedule JPH-3 lists shows the results for two of the scenarios. Scenario 1 is the HAI results under the default runs for the petitioners. By “default runs” I mean that an HAI study was run for each company without changing any inputs from the standard inputs included with the model. Another user could replicate the

results of the default runs by simply turning on the model, selecting the company, and clicking the "run" command. The average default rate for the petitioners is $0.041.

Scenario 2 is the HAI results for the petitioners using the inputs proposed by the Illinois Independent Telecommunications Association in ICC Dockets 00-0233/00-0335. I will discuss the IITA input changes in further detail in the next section of my testimony. But, for current purposes, the IITA proposed input changes to the HAI default inputs for a number of categories based on what it believed to more appropriately reflect the forward-looking costs of Illinois rural carriers. The average rates for the petitioners using the IITA proposed inputs is $0.0593.

Scenario 3 and 4 are shown in Schedule JPH-4. Scenario 3 reflects the default results for the 49 small rural telephone companies in Illinois that were included in IITA Exhibit #2, Attachment 6 (Revised), attached to the direct testimony of IITA witness Robert C. Schoonmaker in ICC Dockets 00-0233/00-0335. I have included Mr. Schoonmaker's testimony, attachments, and revised attachments in Schedule JPH-5. Although, Mr. Schoonmaker did not provide the default HAI runs in his testimony for the IITA, it is simply a matter of turning on and running the HAI model for each of the companies he represented to obtain the HAI results under a default scenario for every one of those companies. The average default rate for those 49 companies is $0.03872

Scenario 4 is the average HAI rate using the IITA proposed inputs for the 49 companies listed in the IITA Exhibit #2, Attachment 6 (Revised). The average rate for the 49 companies using the IITA inputs is $0.07587. There are 2 things I'd like to point out about that number. First, this average rate shown in Mr. Schoonmaker's Revised Attachment 6 is a weighted average rate, whereby the average is developed by first computing expected revenue for each company by multiplying access demand by the HAI rate for each company and then dividing the total expected revenue for all companies by the expected demand for all companies. The non-weighted average rate is $0.09179. Second, the Total HAI shown in Mr. Schoonmaker's Revised Attachment 6 includes a dedicated transport cost element, in addition to the end office switching, ISUP, and common transport elements used in the calculations in the first 3 scenarios. Thus, the average $0.09179 non-weighted average rate would be overstated by the average dedicated transport element cost, which is typically similar to the common transport cost. I estimate that removing the dedicated transport cost element would produce a non-weighted average HAI for the 49 companies using HAI inputs of $0.05684. Regardless of what the exact rate is, I am completely confidant that the average HAI cost for the 49 companies using IITA inputs is higher than the $0.036 rate the ILECs are proposing in this proceeding.

The electronic files containing the resulting HAI runs using default and IITA proposed inputs -- which are voluminous -- are being provided to Verizon Wireless and Staff in conjunction with the filing of this testimony.

DESCRIPTION OF COMPANY-SPECIFIC MODEL RUNS

Q. You have discussed some of the HAI results from ICC Docket 00-0233/00-0335. Please provide a brief summary of that proceeding.

A. In 1999, the provisions of Section 13-301 of the Public Utilities Act (the "PUA") were modified. Among the changes was a requirement that the Commission "investigate the necessity of and, if appropriate, establish a universal service fund" for rural LECs that were previously receiving support from funds previously established by the Commission." Because 13-301 required that LECs could only receive support under the new fund if their "economic costs" exceeded an affordable rate (less federal support), the Illinois rural LECs considered possible methods for developing economic costs. As stated on pages 16-17 of Mr. Schoonmaker's testimony in Schedule JPH-5, the ILECs evaluated three different TELRIC models and chose to use the HAI model, which "produced the lowest cost estimates of the three models that were considered." The Commission's rulings on the use of HAI, and the various inputs proposed by the Parties in that proceeding, are contained in the Second Interim Order. The Commission did not rule on which Party's proposed inputs were most appropriate but concluded:

> [w]e conclude that the use of a forward-looking cost model is appropriate in setting the legislatively permitted proxy costs and the HAI Model should be run across all of the small companies as a group to determine the proxy costs of providing the supported services. … The Commission need not engage in the questionable exercise of determining at this time which of each of the suggested inputs at variance with the default inputs should be adopted. . . . The qualifying amount at the default input levels, the IITA's input levels, or the Staff's input levels all exceed the level of support sought. As a result, we conclude that the small companies qualify at all proxy cost levels. The FCC has recognized that additional time is

> needed to develop suitable rural input values. We agree as it pertains to the Illinois small companies. We also agree with the IITA that the appropriate goal in selecting inputs to a cost model is to use inputs that "best reflect" the forward-looking costs of the companies being examined. Since the forward-looking costs of the small companies for the supported services will be re-examined again at some point in the future, the Staff and the parties should continue to work toward that goal. (Second Interim Order 00-0233/00-0335, pages 17-18, released September 18, 2001).

Q. Please summarize what you believe are the important points from the Commission's conclusion in relation to this arbitration proceeding.

A. First, the Commission ruled that it was appropriate to run the HAI across all the small companies as a group. By doing so, the Commission accepted the IITA's position that, although no economic model has been shown to reasonably approximate the forward-looking costs of any one rural carrier, when run across a group of rural carriers, the highs and the lows cancel each other out due to the law of averages, and therefore, the HAI model can be an acceptable tool for evaluating forward looking cost when applied to a sufficiently sized group of rural LECs. The four HAI scenarios used in this proceeding use a large enough sample to develop a reasonable average HAI cost under the default and IITA-proposed inputs.

Second, the Commission ruled that the rural LECs qualified at all HAI-group (proxy) cost levels since the amount of support sought was less than what would occur under scenarios with default inputs, IITA proposed input changes, and Staff input changes. The amount of reciprocal compensation being sought in this proceeding is less than what would occur under four scenarios – two default and two IITA-proposed. In addition, Staff's proposed input changes resulted in costs

higher than those produced using default inputs (*see* Second Interim Order, page 17) because Staff accepted use of four of the IITA inputs, which in total increased the forward-looking costs estimates from the default scenario, and recommended use of default inputs instead of the IITA proposed inputs for the other five categories. I could not locate any filing in the record in which Staff provided proposed changes to Mr. Schoonmaker's Attachment 6, but I believe it is reasonable to assume that Staff's proposed inputs from the USF proceeding would produce costs at least as high as the default scenarios 1 and 3 in this proceeding.

Third, when discussing the reasonable model inputs to use in forward-looking models, the Commission stated that the forward-looking costs of rural carriers would be reexamined in the future. However, such a reexamination has yet to occur. Thus, the only input changes the Commission has examined to date are those that it examined in the USF proceeding. And in that proceeding, the Commission's determination of the reasonableness of the use of HAI were based on the default, IITA, and Staff inputs, all of which produce forward-looking costs higher than the $0.036 proposed by the Petitioners in this proceedings. For the reasons discussed in the remainder of this testimony, the Petitioners believe those input options are still a reasonable gauge to use in this proceeding.

HAI INPUT CHANGES

Q. In preparing your testimony, did you review the rationale for why the IITA changed the inputs they proposed changing in the USF proceeding?

A. Yes, I did. I reviewed Mr. Schoonmaker's testimony and exhibits related to the proceeding. Moreover, I was involved in a supporting role to Mr. Schoonmaker on behalf of the IITA. In that role, I assisted Mr. Schoonmaker in gathering data from the companies, performing test HAI runs, reviewing and editing his testimony, analyzing the other two TELRIC models considered as options to HAI, and other miscellaneous supporting work related to his role in the proceeding. Thus, the review work I performed in preparation for this arbitration proceeding was mostly to refresh my memory.

Q. Can you make some general observations with regard to why the IITA modified some of the default inputs?

A. Yes. There were a variety of reasons for modifying various inputs, which are more fully detailed later in this testimony and in Mr. Schoonmaker's testimony in the USF proceeding. In some cases, inputs were modified to reflect the operation of rural companies as compared to the large urban Bell Operating Companies whose operations are generally reflected in the default inputs. In other cases, inputs were modified to reflect the specific circumstances in Illinois rural areas as compared to the wide variety of geographic conditions throughout the United States. In other cases, inputs were modified to reflect differences in judgment with the HAI Model proponents regarding the forward-looking cost characteristics of certain inputs.

Q. What categories of input changes did the IITA propose in the USF proceeding?

A. The IITA proposed changes to the following categories of inputs, as shown In Attachment 3 of Mr. Schoonmaker's testimony:

1. Plant type assumptions - Because of the predominance of buried plant construction in rural Illinois areas, the model default inputs were modified for drops, distribution plant, and feeder plant to reflect a larger percentage of buried plant and a smaller percentage of aerial plant than the default inputs assumed.
2. Fraction of buried plant available for shift – The percentages were set to zero so the constructed plant is unchanged from the plant type assumptions provided for each density zone.
3. Structure sharing assumptions - The IITA assumed less structure sharing than is assumed in the default inputs because of rural company characteristics.
4. End Office switching investment, small ICO - Based on analysis of model results to actual investment data, the IITA increased the default constant COE (central office equipment) switching investment term from $416.11 per line to $658.25per line.
5. Tandem routed fraction of total interLATA and intraLATA traffic - Default assumptions for these factors were increased from 20% to 90% to reflect the amount of traffic switched through tandem switches for the small Illinois companies.
6. The Total Interoffice Fraction Percentage was changed from a default value of 65% to 45% to more accurately reflect traffic patterns of rural carriers.
7. Inputs for calculating the cost of capital have been revised to reflect a 40% debt ratio for the companies, a 9% cost of debt, and a 15% cost of equity.
8. The forward looking network operations expense factor was increased from the default 50% of current expense levels to 100% of current expense levels.
9. The monthly cost of local number portability was decreased from a default level of $.25 per line to zero.
10. Billing/Billing Inquiry per line per month was changed from the default value of $1.22 to $3.62 to reflect Illinois costs of providing such services.
11. Carrier to Carrier Customer Service cost per year was changed from a default value of $1.69 per line per year to $16.83 per line per year to reflect cost levels experienced by small Illinois companies.
12. The alternative central office switching and central office transmission expense factors were changed from their default values of 2.69% and 1.53% respectively to 7.0% and 7.5 % respectively to reflect costs experienced by small Illinois companies.

Q. Do you believe the inputs proposed by the IITA in the USF proceeding are still relevant and appropriate for use in this arbitration proceeding?

A. Yes. First, many of the input changes related to network design considerations are still as relevant today as they were when the IITA developed its cost estimates in the USF proceeding. In particular, I'm speaking of input changes 1, 2, 3, 5, 6, and 8.

Second, for those inputs where average costs of small companies were used (input categories 4, 10, 11, and 12), use of the average cost characteristics of the larger group from the USF case is relevant because four of the seven petitioners are average schedule companies that do not maintain the types of cost settlement records possessed by the sample of companies used to develop the alternative inputs proposed by the IITA in the USF proceeding. In other words, the USF proceeding contained a larger sample of companies upon which costs could be estimated; a valuable consideration when developing forward-looking costs using a model like the HAI which tends to provide more accurate results for larger sample sizes. Nothing would lead me to believe that the average costs used then would be any lower if similar analyses used to derive those averages were performed today.

Third, the cost of capital inputs developed for input category 9 still seem relevant to me today since the Commission has not changed what it deems to be an acceptable cost of capital for companies and because the Petitioners are still receiving USF based on the imputation of those numbers.

Fourth, even though the Petitioners are, or soon will be LNP compliant, the input change made in the USF proceeding to remove the LNP costs (input category 9) should not have an impact on the cost estimates for the network elements at issue in this proceeding.

As previously stated, I assisted Mr. Schoonmaker in developing his testimony and cost support in the USF proceeding. Accordingly, much of what is contained in the Q&As in the remainder of this section of my testimony are similar to those contained in a corresponding section of Mr. Schoonmaker's USF testimony contained in Schedule JPH-5. In short, I believe that most of what Mr. Schoonmaker testified to in the USF proceeding is still relevant today. In fact, if you compare my testimony below with the testimony in Schedule JPH-5, you will find it is virtually identical because my own conclusions are, not surprisingly, virtually identical to the conclusions I helped to develop with Mr. Schoonmaker in that prior docket.

Q. Would you please describe the rationale for changing the plant type assumptions as outlined in Item #1 of Attachment #3.

A. Yes. The HAI Model develops costs of distribution and feeder plant in nine different density zones. One of the series of input items in these density zones includes inputs to designate the type of plant (aerial, buried or underground) that is used for feeder and distribution plant. There is a similar input for the type of plant in interoffice facilities, as well. The default inputs for these items vary between density zones based on the model developers' estimates of the type of plant built in these zones on a nationwide basis. Even in the most rural zones, the

default inputs assume that a substantial amount of aerial plant will be constructed. In Illinois, based on a number of factors related to geography, weather and cost of construction, it has been standard practice in the smaller companies in the state to build buried plant for distribution plant, feeder plant and interoffice plant. As one travels through the rural areas of the state served by the small ILECs, it is relatively rare to see any aerial plant. In most areas, buried plant is used exclusively, although there are some in-town areas where underground plant is constructed in some circumstances. There is also an Illinois Commerce Commission rule in 83 Illinois Administrative Code Part 730.300(a) which requires "each local exchange carrier [to] place a minimum of 80% of all newly constructed outside cable plant facilities (measured in sheath miles) underground. This rule has been in effect for many years.

Based on these observations, the costs were developed by changing the model inputs in all appropriate places to reflect a larger percentage of buried plant as the method of outside plant construction from that used in the default assumptions. In the four lowest density zones, buried plant has been assumed to be 95% of the plant constructed, with aerial plant the remaining 5%. In the fifth and sixth zones, 85% buried, 5% aerial and 10% underground plant has been assumed. No changes have been made in the eighth and ninth density zones because none of the small company lines fall within these zones. The Petitioners believe this is more reflective of Illinois circumstances than the national default inputs.

Q. Why was the Fraction of Buried Plant Available for Shift parameters reduced to zero?

A. These inputs are included in the model to allow the model to change the assumption regarding the amount of buried plant that would be constructed, as discussed in my previous answer, based on internal cost calculations made by the model. The model would substitute aerial plant for buried, if based on model calculations, aerial plant was less expensive. This value was set to zero so the model reflects the buried plant construction types as discussed above. Some of the factors that led to the large proportion of buried plant construction in Illinois may not be fully reflected in the default cost assumptions; and without this change, the model might not construct the full level of buried plant we believe is appropriate.

Q. One of the default items changed was the structure sharing default assumptions. What is meant by structure sharing?

A. In the HAI Model, the costs of the cable and its installation are separated from the cost of the structures (poles for aerial cable, trenches and plastic tubing for buried cable, and conduit for underground cable) built to "carry" the cable from one location to another. The structure costs are developed using separate input amounts and are calculated separately. The structure sharing assumptions are built into the model to reflect circumstances where these structures may be able to be used by a utility other than the telephone company; and the costs of the structures may be borne by these other companies, thus reducing the effective cost to the telephone company.

Q. Can you give some real world examples where structures might be shared?

A. Yes. The most common example is probably with the use of pole lines. In many locations, particularly in town locations, one utility builds a pole line and other utilities rent space on the poles to place their own facilities. Where an aerial plant is used by both electric and telephone utilities, they frequently share a single pole line. In addition, in many "in-town" situations, a cable TV company may also place its facility on some of the same pole lines.

In some new subdivision construction, trenches dug for utilities may be shared by electric, telephone and cable TV companies. When electric facilities are involved in sharing of trenching, there is typically a significantly increased trenching cost to meet code requirements for separation of electric cables from telephone and cable TV facilities.

In urban locations, conduit facilities may be placed to service multiple utilities in order to minimize the street disruption of placing additional facilities in the future and to maximize the use of below street surface land space.

Q. Can you, in general terms, describe the conceptual assumptions underlying the HAI default structure sharing assumptions?

A. Yes. There are several key conceptual assumptions that are inherent in the HAI default assumptions regarding structure sharing. First, the modelers assume that not only is the telephone network being hypothetically totally reconstructed but the electric, cable TV and competitive telecommunications services networks are being constructed at the same time so that structure sharing of trenches, conduit, etc. can take place. Second, the modelers assume that, in the future, there will be

high motivations for these various utilities to share structures and build facilities using the same kind of plant in the same areas. Third, the modelers assume that the cost of structure construction will be unchanged from typical telephone plant construction even with the addition of other utility facilities associated with the structure. While this latter point may be reasonably true for aerial construction, it is not true for buried construction where code requirements for buried electric service requires significantly deeper construction for electric plant than for telephone plant.

Q. Can you describe the specific assumptions encompassed in the HAI Model regarding structure sharing for buried plant?

A. Yes. The HAI Model default assumptions assign 33% of the cost of the structure to the telephone company for buried structures in the lower density bands. This presupposes that in these density bands, buried telephone company plant will be accompanied by a buried electric facility and a buried cable TV facility, with no increase in the cost of the facility because of the presence of the other two facilities.

Q. Do you believe this assumption is at all realistic?

A. No. My opinion is that it has little relationship to reality. To put this assumption into perspective, let me first indicate for the four lowest density bands the size of an average "lot" that would be inherent at the maximum level of the density band assuming all households had equal size lots. They would be as follows:

Band 1	0-5 lines/sq. mile	128.0	acres
Band 2	6-100 lines/sq. mile	6.4	acres

Band 3	100-200 lines/sq. mile	3.2	acres
Band 4	200-650 lines/sq. mile	.98	acres

In talking with clients about their communities throughout the mid-western and western parts of the country, there would be no cable TV provider in at least the first two density bands; and the provision of cable TV service in Band 3 areas would be spotty. There would probably be a cable TV provider in many, though not all, of the Band 4 areas. However, in these areas, a large portion of the cable TV is aerial and constructed using the electric poles. The likelihood of the cable TV provider sharing buried structures with the telephone company in any of these areas is remote.

As to the electric utilities, my experience in driving through rural areas is that electric service is provided primarily by the use of aerial plant while the telecommunications facilities use primarily buried facilities. My impression is that there are strong economic reasons why electric plant is generally aerial while the telephone plant is buried. I do not see any evidence to suggest that in rural areas this difference in plant construction will suddenly change in the electric industry. Thus, there is little reason to believe that there will be any appreciable structure sharing with the electric industry.

Q. What changes were made to the structure sharing inputs?

A. Based on a perception of the limited to non-existent likelihood of sharing buried structures, the structure sharing inputs for buried and underground plant for the lower seven density zones were set at 100%. In other words, the full cost of the

buried structures is assigned to the telephone company. For aerial cable, a 100% structure sharing assumption is assumed for the first three zones, but a 50% assumption is used in Zone 4 and all higher numbered zones where telephone company aerial cable, if built, frequently shares poles with the electric company.

Q. What is the rationale for the change to the end office switching investment input?

A. Our previous analysis indicated that the default input value is not representative of the cost of end office switching equipment for small companies and small switches. The default switching input value assumed by the HAI modelers is based on an analysis of switch costs for larger companies (Bell Operating Companies and GTE) that were publicly available. The input value is used in a fairly straight line formula based on number of lines. In viewing results of the default analysis, it is clear that the input does not correctly estimate the cost of switching for small offices.

In the USF proceeding, I assisted Mr. Schoonmaker in comparing the default model results with the actual investments incurred by companies for COE switching in Illinois. With the default inputs, the COE switching investments produced by the HAI Model were slightly more than 50% of actual COE switching investments for the small Illinois companies. This was a strong indicator that the default input is generating inappropriate results for these companies.

Q. Are comparisons between model results and actual investments and expenses always an appropriate test of the model results?

A. No, not always. Since the model is developing a cost for a forward-looking network, comparisons would not be valid if the network elements being developed are of a different design than that actually being used. Since the model is generating forward-looking costs, there may be differences between the model and actual results because of differences in cost (either up or down) when actual plant was purchased as compared to the forward-looking cost of the plant. There may also be differences between costs developed by the model and actual costs because the model does not develop costs for all of the functions that an actual company may be performing. In making comparisons between model results and actual results, all of these factors need to be taken into account.

Q. What is your assessment of the validity of comparing the cost of central office switching equipment from the model to actual costs?

A. This is one area where I believe comparisons are relatively meaningful. If one reviews the forward-looking technology for switching, one finds it includes digital central office switches, both host and remote, that are generally equipped with currently required functions and features including SS7 signaling capability. When one reviews the switching equipment actually in use in the small Illinois companies, one finds digital central office switches, both host and remote, which are equipped with these features and functions. These switches include such recently required capabilities as interchangeable NXX codes, four-digit CIC code capability, intraLATA presubscription, and in most cases, SS7 signaling.

Although industry magazines and conferences are filled with discussions on the benefits of soft switches, at least one of the Petitioners, Mid-Century, has investigated soft switch options and has determined that soft switches are not an efficient or effective replacement to the digital switches already in place in Mid-Century's network.

Most of the small companies in Illinois are using at least their second generation of digital switching equipment. The equipment is relatively new (probably on the average between four and eight years old) and has been upgraded since installation, as needed. While it is generally believed that the cost of switching equipment has been falling over time, the falling costs of hardware have been at least partially offset by increasing costs of switching software. Overall, it is my belief that the model costs for forward-looking COE switching equipment should be relatively close to, though possibly somewhat less than, actual costs. In my mind, the nearly 50% difference between the model and actual costs for this equipment indicates that the model costs do not truly reflect the forward-looking costs of this equipment.

Q. What input was used for central office switching investment?

A. The default input for this value is $416.11 per line. Based on my review of this factor and the resulting investment to actual investments, the value was increased to $658.25 per line. Using this value, the COE switching investment for the Illinois companies produced by the model results in an amount approximately 94.5% of the actual investment in 1998.

Q. Why was a change made to the input value related to the percent of interLATA and intraLATA traffic switched at the tandem switch?

A. The default value for this input is 20%, indicating that 20% of interLATA and intraLATA traffic is switched at a tandem switch and 80% of the traffic is trunked directly from an end office to an interexchange carrier. While I can't comment on the validity of the assumption on a nationwide basis, for the small Illinois companies, a large portion of their interLATA and intraLATA traffic is switched through a tandem switch rather than being trunked directly from an end office to an interexchange carrier. In some cases, interexchange carriers do have direct trunk groups to individual small Illinois companies. An analysis of a number of the companies indicated that about 10% of the traffic for those companies was carried on direct trunks. The value for these inputs has, therefore, been changed to 90%.

Q. What was the rationale for changing the input related to the percent of Total Interoffice Traffic Fraction?

A. This factor estimates the total portion of the traffic originated in the central office that has to be switched to a second switching site for termination of the traffic and is a significant factor in developing the cost of interoffice facilities. It is also used in conjunction with estimates of toll traffic to determine the portion of local traffic that is switched on an interoffice basis and impacts the cost of local service. For large urban companies, this may represent traffic that is switched between multiple wire centers in a single exchange. For rural companies, it would represent traffic that is commonly designated as Extended Area Service ("EAS")

traffic that is switched between exchanges. Using the default assumptions, the model estimates that 48.69% of local traffic is interoffice traffic and develops and assigns costs to the USF cost to account for this usage.

Based on a review of data Mr. Schoonmaker and I performed on cost companies in the USF proceeding, we determined that approximately 22% of their local traffic is EAS traffic. Therefore, the default total interoffice input percent from 65% to 45%. This produced a revised local interoffice traffic percentage of 19.4%, a value much more representative of small Illinois company operations.

Q. Please comment on the appropriateness of the default assumptions for cost of capital.

A. The cost of capital assumptions in the default scenario are not appropriate. The default assumptions assume a 55% equity/45% debt ratio with a cost of debt and equity generating an overall cost of capital of 10.01%. Generally, the small companies in Illinois have equity/debt ratios that are higher than the default assumption and higher than the larger companies in Illinois. In discussions between IITA and the ICC Staff during the USF proceeding, it was determined that IITA should use a cost of capital that reflected a debt/equity ratio of 40%/60%, a current cost of debt of 9% (pre-tax), and a cost of equity of 15.0% for all of the ILECs in that proceeding that are Petitioners in this proceeding. Use of these ratios provides an overall cost of capital of 12.6%. Those assumptions were reflected in the input changes to the model.

Q. Please discuss the rationale for the change to the Network Operations Expense input.

A. Network Operations Expense encompasses the following accounts in the Uniform System of Accounts:

Network Operations Expense	6530
Power Expense	6531
Network Administration Expense	6532
Testing Expense	6533
Plant Operations Administration Expense	6534
Engineering Expense	6535

Expenditures in these areas for small companies differ significantly from larger companies. For example, the plant administration expense account includes the cost of overall supervision of plant operations, including overall planning, developing methods and procedures, developing plant training and coordinating safety programs. The account excludes immediate or first level supervision which is included in the plant specific accounts. In most small companies, the second level of supervision is the company manager; consequently, most small companies have very little plant administration expense. Engineering expense is generally less in small companies since most engineering is on a specific project basis rather than of a general nature. Network administration activities in small companies do not include extensive network control facilities because their networks are limited.

In the HAI Model, Network Operations Expense is generated based on a composite level of expenses for the ARMIS reporting companies on a per line basis. The model then multiplies this expense level by the Network Operations Expense factor to arrive at a final estimate of Network Operations Expense. The HAI modelers in the default assumptions have assigned this factor a 50% value, essentially indicating that forward-looking Network Operations Expenses would/should be half of the current level. Their rationale for doing this is summarized as follows:

> "....these costs are artificially high because they reflect antiquated systems and practices that are more costly than the modern equipment and practices that the HAI Model assumes will be installed on a forward-looking basis. Furthermore, today's costs do not reflect much of the substantial savings opportunities posed by new technologies, such as new management network standards, intranets, and the like."

Because small companies have very different circumstances and do not have many of the systems typical in large companies, the types of forward-looking savings the modelers are anticipating for large companies will not, and cannot, be achieved in small companies. Therefore, the Network Operations Expense factor was set at 100% rather than 50%. Use of this factor produced modeled Network Operations Expenses that were somewhat less than, but relatively close, to the expenses currently encountered by the ILECs in the USF proceeding.

Q. Please describe the changes made to the local number portability cost input

A. The default inputs assume a cost of $0.25 per line per month to recover the cost of implementing local number portability. Although some of the Petitioners have now, or may soon be deploying LNP, this input was set to zero in the USF

proceeding because the companies were not LNP capable at that time. Because setting that input to zero only reduced the calculated USF cost by a similar amount per line and does not impact the elements at issue in this proceeding, I didn't believe it was necessary to rerun the studies from those used in the USF proceeding simply to update elements to account for the LNP capability of the Petitioners. Furthermore, the switch investment input was not updated from the USF proceeding to account for increase in switch investment as a result of the Petitioners upgrading their switches to deploy LNP.

Q. Please describe the changes in the Billing and Bill Inquiry input.

A. This input is intended to capture the customer operations costs of providing local service billing, collecting, bill inquiry and other inquiries regarding the provision of service. The provision of these services differs in a number of respects between large and small companies. Many of the customer contact functions for large companies are performed in centralized centers by relatively large work groups. With these work group sizes, there may be opportunities to adjust the work group to fluctuating workloads on an hourly or daily basis. Billing functions are typically spread throughout the month with multiple billing cycles. Typically, the data processing and bill processing functions are performed with in-house computer assets and in-house personnel.

In small companies, these functions are generally performed by only a few individuals with staffing required during the normal business hours to provide service availability to customers. There are relatively few opportunities to adjust work group levels to variations in the customer contact workload. Billing is

typically performed once a month so there are greater variations in the work flow than in larger companies. Oftentimes, service bureaus are used by small telephone companies, at a minimum, to provide software support and often provides full bill processing functions using investments made by the service bureau. Thus, the expense and investment levels of small companies may vary significantly from larger companies.

In order to test the validity of the default assumption, GVNW undertook a study (prior to the submission of testimony in the USF proceeding) of the customer service expenses of a number of its cost study clients to separate the costs associated with local services and billing from those associated with toll and carrier billing functions. Using cost study information from separations studies, which separate such expenses into a number of different categories by work functions, GVNW developed an average cost per line for those companies of the local billing functions. The results of that study indicated a $3.62 cost per line for the local billing and customer contact functions. Since this result is more representative of the cost of these functions in small Illinois companies, that estimate was incorporated in the HAI studies.

Q. Please explain the rationale for changing the default input for carrier-to-carrier billing costs.

A. Carrier-to-carrier billing costs include the ongoing cost of responding to IXO service change requests and the cost of rendering Carrier Access Billing System ("CABS") bills to individual carriers for their use of the local exchange network in providing toll services. These bills are rendered at an individual wire center

level to each interexchange carrier, mostly on a monthly basis. With average wire center sizes for the small companies at a significantly smaller level than the average for large Bell Operating Companies, it is not surprising that the cost of this function is different for small companies.

The default input for this item is $1.69 per line per year. A study of these costs using data available from a group of cost companies in the USF proceeding indicated that, on average, these costs were $16.83 per line per year. That value was used as the input for this cost item.

Q. Please describe the derivation of the default input values for central office switching and transmission expense and the changes made to those inputs.

A. In developing expenses for most of the plant specific expense categories, the HAI Model uses recent ARMIS data from around the country to develop ratios between current expenses and investments as a basis for developing projected forward-looking expense levels. However, in the case of central office switching and transmission expense, this data is overridden by two alternative expense ratios, one for each investment category. The input levels for these items are based on a 1993 incremental cost study performed by New England Telephone Company in New Hampshire and are considerably lower than current levels experienced even by the Bell Operating Companies.

In the USF proceeding, I assisted Mr. Schoonmaker in developing inputs based on current ratios of expenses to investment for these expense/investment categories for the small Illinois telephone companies. Since the type of investment included

in these accounts is generally reflective of forward-looking technology, it is reasonable to expect that the ratios currently experienced by the Illinois companies are reflective of the forward-looking costs they can expect to experience.

ADDITIONAL SUPPORT FOR ILECS' PROPOSED RATE

Q. How does the Petitioners' proposed reciprocal compensation rate compare to the ILECs' intrastate access rates?

A. Schedule JPH-6 shows each company's intrastate access rates. As shown, the $0.036 rate is less than the average intrastate access rate for the companies of $0.036893 using only the switching and transport elements. The gap gets even larger when looking at the average switched access rates that actually get charged to IXCs for switched access services. Specifically, the average per minute access rates for all elements charged by the Petitioners is $0.045218.

Q. How does the Petitioners' proposed reciprocal compensation rate compare to the ILECs' interstate access rates?

A. Schedule JPH-7 shows each company's interstate access rates. As shown, the $0.036 rate is higher than the average interstate access rate for the companies of $0.024538 using only the switching and transport elements. The gap is slightly smaller when looking at the average switched access rate of $.024970 that actually gets charged to IXCs for switched access services. Although those numbers are lower than the $0.036 rate proposed by the Petitioners, I urge the

Commission not to put too much weight in those numbers for two important reasons.

First, the interstate rates for the Petitioners are weighted towards the rates in the National Exchange Carriers Association (NECA) tariff because four of the seven Petitioners are in the NECA traffic sensitive pool. Because NECA's tariffs are based on the average costs for ILECs across the country, the rates include costs characteristics for companies operating outside of Illinois. Since Illinois may have unique circumstances not present in other states, the Commission should be careful when considering what impact those non-Illinois cost characteristics may have on the averages costs used in the development of the NECA rates.

Second, the Commission recently reviewed the intrastate access tariffs for all rural LECs in Illinois (Docket 01-0808). In allowing the tariffs already on file for the ILECs to remain in effect, the Commission noted that "intrastate access and interstate access have been priced disparately for years in Illinois, precisely because of the Commission's dogged determination to drive NTS [non-traffic sensitive] cost recovery out of traffic sensitive access charges." (Order, p.87, released November 25, 2003). Since reciprocal compensation rates set consistent with the FCC's pricing rules may not include non-traffic sensitive costs, it is reasonable for the Petitioners to compare their proposed reciprocal compensation rate of $0.036 to the intrastate switched access rates of the companies because the Commission recently ruled that those rates do not contain non-traffic sensitive costs. Therefore, it is my opinion that the Commission should disregard the interstate rates as a benchmark for analyzing the reasonableness of the proposed

$0.036 reciprocal compensation rate and instead use the intrastate access rates as a reasonableness benchmark.

Q. Has any state commission recently issued a ruling on rural ILEC reciprocal compensation rates that would result in rates similar to the rates proposed by the ILECs in this proceeding?

A. Yes. In an arbitration between rural LECs and T-Mobile in Case No. IO-2005-0468, the Missouri Public Service Commission ("Missouri PSC") ruled on October 6, 2005 that:

> The 3.5 cent rate that Petitioners propose is reasonable. This rate is less than the forward-looking costs of each Petitioner as determined by the HAI model. This is the same rate T-Mobile has agreed to with Seneca, Goodman, and Ozark. (Order, p. 14)

Thus, the Missouri Commission approved a $0.035 rate based on HAI for rural LECs. That rate is slightly less than the $0.036 rate the Petitioners are proposing but the situation is very similar; the Petitioners' proposed rate is less than the HAI for a group of rural LECs. In addition, the Missouri PSC put weight on the fact that the wireless carrier had agreed to the same rate with other rural LECs.

Q. Has Verizon Wireless signed any agreements that contain rates similar to those proposed by the ILECs in this proceeding?

A. Yes. In Missouri, Verizon Wireless has signed a number of interconnection agreements that contain a $0.035 rate.[2] By way of example, I have attached as

[2] The following lists the name of a number of Missouri telephone company with which Verizon Wireless entered traffic termination agreements at the rate of $0.035/minute and the docket number for the Missouri Public Service Commission orders approval the agreements: BPS, IO-2003-0207; Cass, IO-2003-0210; Kingdom, IO-2003-0201; Lathrop, IO-2003-0214; Steeleville, IK-2003-0222; New

Schedule JPH-8 an agreement Verizon Wireless entered into with Ellington Telephone Company. In the agreements signed with Missouri rural LECS, Verizon Wireless does not get payment for any traffic originated by customers of the rural LECs as they will under the draft agreements negotiated with the Petitioners and filed with the Petitions in this consolidated case. Specifically, the Illinois ILECs and Verizon Wireless have agreed to a 70-30 mobile-to-land factor whereby Verizon Wireless will get "credit" through net billing for traffic originated by customers of the Petitioners to Verizon Wireless. Therefore, Verizon Wireless will actually pay more to LECs in Missouri under the $0.035 rate than it would to the Petitioners under the $0.036 rate.[3]

COST-BENEFIT CONSIDERATIONS

Q. Do you believe there are cost-benefit considerations the Commission should consider when evaluating whether the HAI studies produced by the ILECs are adequate?

A. Yes. The Petitioners are small telephone companies. The Illinois legislature has recognized the need to minimize regulatory costs and burdens for small telephone companies by exempting them from a number of the provisions of the Public Utilities Act. That policy goal is important in a case like this as well. At the present time, the petitioners' networks are being used by Verizon Wireless to

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Florence, IO-2003-0211; Peace Valley, IK-2003-0223; Iamo, IO-2003-0209; Rockport, IK-2003-0259; Le-Rue, IK-2003-0255, Green River, IO-2003-213; Green Hills, IO-2003-0208, Citizens, IK-2003-0254:Fidelitly, IK-2003-0284; Fidelity 2(CLEC), CK-2003-0285; Fidelity1(CLEC), CK-2003-0287; CrawKan, IK-2003-0245; Miller, TK-2003-0315; Ellington, TK-2003-0307.

[3] This is true even when accounting for the interMTA factor of 0% in Missouri, because the net effect of the 70-30 mobile-to-land factor outweighs both the impact of the higher rate and the higher interMTA factor.

complete calls without any compensation being paid to the petitioners. That is why the petitioners initiated the negotiations for the traffic termination agreements. Sound economic and regulatory principles favor compensation by those who use the Petitioners' networks, but if the cost of arbitrating the agreement exceeds the expected compensation, then the petitioners are left with no true remedy.

Cost-benefit considerations played into the decision by the Petitioners to file HAI studies using default and inputs previously proposed by the IITA. Specifically, to fully develop company-specific inputs for the Petitioners as a group, let alone developing company-specific inputs for each individual company, would result in expenses that would quickly overcome most, if not all, the revenue the Petitioners could expect to gain from the agreement. Under the Petitioners' $0.036 rate proposal, in conjunction with the mobile-to-land and interMTA factors already agreed to with Verizon, the total amount of net revenue the Petitioners as a group can expect to gain under their agreements with Verizon Wireless is about $92,000 per year. It is not unreasonable to expect that this proceeding will cost the companies half of that total expected revenue in attorney and consulting fees alone. Adding to the Petitioners' expected expenses by requiring the types of support the Petitioners expect Verizon Wireless to propose would only further diminish the Petitioners net expected returns.

Furthermore, the FCC is currently undergoing an investigation into intercarrier compensation (CC Docket No. 01-92), in which it may revamp the entire existing framework for all intercarrier compensation, including access charges and

reciprocal compensation. Therefore, a cost benefit analysis must be considered before requiring extensive and expensive cost studies for a decision that may have a very short effective life. Given the political pressure on the FCC to reform intercarrier compensation, it would be a risky proposition for any of the Petitioners to expect that the Commission's ruling in this proceeding will be determinant on compensation between the parties beyond the initial two year term of the contract.

TELRIC studies are very expensive to develop and would be even more so if the Petitioners were required to support every single model algorithm, assumption, and input. Accordingly, the Petitioners request that the Commission determine that Petitioners proposed rate of $0.036 is acceptable considering that it is less than HAI results under four scenarios the Petitioners average intrastate access rates, as well being comparable to what Verizon Wireless agreed to pay in Missouri and what the Missouri PSC recently approved for rural LECs when presented with similar facts.

Q. Does this conclude your testimony?

A. Yes.

Schedules to Verified Statement of Jason P. Hendricks

Schedule JPH-1:	HAI Model Description
Schedule JPH-2:	HAI Inputs Portfolio
Schedule JPH-3:	Results HAI Scenarios using default scenarios for Petitioners and using IITA inputs from Docket Nos. 00-0233/00-0335 for Petitioners.
Schedule JPH-4:	Results HAI Scenarios using default scenarios for 49 Illinois small rural telephone companies and using IITA inputs from Docket Nos. 00-0233/00-033549 Illinois small rural telephone companies.
Schedule JPH-5:	Direct Testimony of Robert Schoonmaker's (with attachments and revised attachments) filed in Docket Nos. 00-0233/00-033549
Schedule JPH-6:	Each Petitioner's intrastate access rates
Schedule JPH-7:	Each Petitioner's interstate access rates
Schedule JPH-8:	Traffic Termination Agreement Between Verizon Wireless and Ellington Telephone Company

VERIFICATION

STATE OF COLORADO)
) SS:
COUNTY OF EL PASO)

I, Jason P. Hendricks, do on oath depose and state that I have read the above and foregoing Verified Statement and that the facts contained in the foregoing document are true and correct to the best of my knowledge and belief.

Jason P. Hendricks

Signed and Sworn to before me
this 20th day of October, 2005.

Notary Public

Certificate of Service
(Consolidated Docket Nos. 05-0644, 05-0649 and 05-0657)

A copy of the Verified Statement of Jason P. Hendricks for Petitioners October 20, 2005, with attachments was served upon the following persons by e-mail this 20th day of October, 2005.

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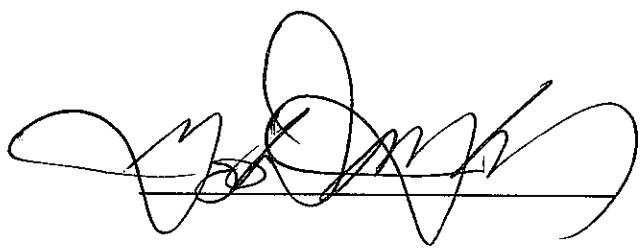
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