ORIGINAL

STENOGRAPHIC TRANSCRIPT OF PROCEEDINGS

BEFORE THE

Illinois Commerce Commission

DOCKET NO. 00-0536

IN THE MATTER OF:

21st CENTURY TELECOM OF ILLINOIS, INC
and
21st CENTURY TELECOM GROUP, INC.

PLACE: Chicago, Illinois

DATE: September 12, 2000

PAGES: 1-26

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BEFORE THE

ILLINOIS COMMERCE COMMISSION

21st CENTURY TELECOM OF ILLINOIS, INC. and 21st CENTURY TELECOM GROUP, INC.	)	
	)	No. 00-0536
Joint Petition for order approving the surrender of 21st Century Telecom of Illinois Inc.'s certificates of service authority and granting to 21st Century Telecom Group, Inc., authority to provide resold and facilities based local exchange and interexchange services.	)	

Chicago, Illinois

September 12, 2000

Met, pursuant to notice at 9:00 a.m.

BEFORE:

MR. JOHN RILEY, Administrative Law Judge.

APPEARANCES:

MS. LATRICE KIRKLAND and
MS. CARRIE HIGHTMAN,
6600 Sears Tower,
Chicago, Illinois,
appeared for the Petitioners;

APPEARANCES: (Continued)

MS. CINDY JACKSON,
527 East Capitol Avenue,
Springfield, Illinois,
Staff of the Illinois Commerce
Commission, Consumer Services Division:

MR. ROBERT KOCH,
527 East Capitol Avenue,
Springfield, Illinois,
Staff of the Illinois Commerce
Commission, Telecommunications
Division, telephonically;

MS. KAREN BUCKLEY,
527 East Capitol Avenue,
Springfield, Illinois,
Staff of the Illinois Commerce
Commission, Telecommunications
Division, telephonically.

SULLIVAN REPORTING COMPANY, by
Teresann B. Giorgi

I N D E X

WITNESSES:	DIRECT	CROSS	BY EXMNR.
Kristen Smoot	6	12	
		15	17

EXHIBITS

PETITIONER'S	FOR IDENTIFICATION	IN EVIDENCE
Group 1		6

JUDGE RILEY: Pursuant to the direction of the Illinois Commerce Commission I now call Docket 00-0536. This is a joint petition by 21st Century Telecom of Illinois, Incorporated and 21st Century Telecom Group, Incorporated for an order approving the surrender of 21st Century Telecom of Illinois, Inc.'s certificates of service authority and granting to 21st Century Telecom Group, Incorporated authority to provide resold and facilities-based local exchange and interexchange services.

Counsel for the Petitioners, will you enter an appearance for the record, please?

MS. KIRKLAND: Yes.

On behalf of 21st Century Telecom Group, Inc. and 21st Century Telecom of Illinois, Inc., Carrie Hightman and Latrice Kirkland of Schiff Hardin & Waite, 6600 Sears Tower, Chicago, Illinois 60606.

JUDGE RILEY: Ms. Kirkland, you've already entered your appearance for the record.

MS. KIRKLAND: Yes.

JUDGE RILEY: The first thing that I want to

do -- Ms. Jackson, do you want to -- ordinarily only attorneys enter appearances, but go ahead.

MS. JACKSON: Cindy Jackson, Illinois Commerce Commission, Consumer Services Division, 527 East Capitol Avenue, Springfield, Illinois.

JUDGE RILEY: And who's on the line in Springfield?

MR. KOCH: Robert Koch, Telecommunications Division, Illinois Commerce Commission, 527 East Capitol, Springfield, Illinois.

JUDGE RILEY: And I'm sorry, Ms. Hightman?

MS. HIGHTMAN: Yes, Latrice made the appearance on my behalf, as well, but thank you.

MR. KOCH: One other person entering an appearance in Springfield.

JUDGE RILEY: Go ahead.

MS. BUCKLEY: My name is Karen Buckley, I'm in the Telecommunications Division at 527 East Capitol Avenue in Springfield, Illinois.

JUDGE RILEY: Okay, is that all of the appearances?

MR. KOCH: Yes.

JUDGE RILEY: Ms. Kirkland, the first order of business I want to pursue is the Petition itself by 21st Century Telecom Group, Incorporated, it is for the certificate.

MS. KIRKLAND: Yes.

JUDGE RILEY: Do you have a witness that you want to present at this time?

MS. KIRKLAND: Yes, I do. I am presenting Kristen Smoot.

(Witness sworn.)

JUDGE RILEY: Please proceed.

KRISTEN SMOOT

called as a witness herein, and after being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY

MS. KIRKLAND:

Q Please state your name and business address for the record.

A My name is Kristen Smoot, my address is 350 North Orleans Street, Suite 600, Chicago, Illinois 60654.

Q By whom are you employed and in what capacity?

A I am employed by 21st Century Telecom Group, Inc., as director of regulatory affairs.

Q Do you have before you a copy of a document that is entitled, "Prepared Testimony of Kristen M. Smoot," which is a 15-page document containing questions and answers, which has been identified as 21st Century Exhibit 1.0?

A Yes, I do.

Q Do you have any additions or corrections to make to your prepared testimony?

A Yes, I do. I have one addition to make to the testimony. On Page 3, Line 12, at the end of the sentence there I would add a sentence that states, "Specifically, 21st Century Telecom Group will operate under the name of RCN Telecom Services, Inc." That is the only change I have to the prepared testimony.

Q Do you have any additional changes to the Petition or exhibits to the Petition?

A I have one minor modification to Exhibit 1 of the Petition. Exhibit 1 shows the corporate

structure post the reorganization and there are two minor additions that don't affect the Petitioner in this proceeding. But I would note for the record that there is the addition of one Tier 1 subsidiary of RCN Corporation called Unet, that's U-n-e-t, Holding, Inc.

JUDGE RILEY: Where are you? Are you on your testimony right now?

THE WITNESS: In the Joint Petition, Exhibit 1.

JUDGE RILEY: I've got it.

THE WITNESS: Exhibit 1.

MS. HIGHTMAN: Excuse me, it's also an exhibit to your testimony, isn't it 21st Century Exhibit 1.1?

MS. KIRKLAND: No, it's not an exhibit to the testimony.

MS. HIGHTMAN: Okay, I just wanted to make sure.

THE WITNESS: And also the retention of two subsidiaries of 21st Century Telecom Group, those being 21st Century Telecom Services and 21st Century Cable TV of Chicago, Inc.

Again, the corporate structure exhibit that was presented was correct when it was filed. RCN corporate has made some additional

modifications. Again, they're minor and they have no impact on the Petitioner.

MS. KIRKLAND: Okay.

Q If I were to ask you the questions contained in the prepared testimony orally today, would your answers be the same?

A Yes, they would.

Q Do you also have before you documents, which have been marked for identification as 21st Century's Exhibits 1.1, 1.2, and 1.3?

A Yes, I do.

Q Are 21st Century's Exhibits 1.1, 1.2, and 1.3 identified in the prepared testimony?

A Yes, they are.

Q Do you have any additions or corrections to make to 21st Century's Exhibits 1.1, 1.2, and 1.3?

A No, I don't.

JUDGE RILEY: What are those exhibits?

MS. KIRKLAND: Those are additional copies of the 30-Day Notice, the Management Biographies, and the 21st Century 10K.

JUDGE RILEY: Let's slow down a minute.

For the record, you're referring to Exhibit 1.1, are a series of brief biographies of 21st Century personnel.

MS. KIRKLAND: Correct.

JUDGE RILEY: Now, is this 21st Century Group or 21st Century of Illinois?

MS. KIRKLAND: Group.

JUDGE RILEY: I have to have the answer from the witness.

MS. KIRKLAND: Oh, I'm sorry.

THE WITNESS: Yes, it is Group.

JUDGE RILEY: 1.2 is form 10K of the U.S. Securities and Exchange Commission, 21st Century Telecom Group, Incorporated.

THE WITNESS: That's correct.

JUDGE RILEY: And 1.3 is the correct exhibit number.

THE WITNESS: For the testimony. Yes.

JUDGE RILEY: For the what?

THE WITNESS: For the testimony.

JUDGE RILEY: And is this 1.3 that I'm referring to here a proposed 30-Day Notice to Customers, was

that attached to the testimony?

THE WITNESS: Yes, it was.

JUDGE RILEY: So 1.3 is the testimony, plus the attachment.

This is where I'm confused because I already identified it as Exhibit 1.0. These are all attachments to the 1.0?

THE WITNESS: That's correct.

JUDGE RILEY: All right. Go ahead.

MS. KIRKLAND: Q Are 21st Century's Exhibits 1.0, 1.1, 1.2, and 1.3 true and correct to the best of your knowledge and belief?

A Yes, they are.

JUDGE RILEY: I move for the admission of the prepared testimony and 21st Century's Exhibits 1.0, 1.1, 1.2, and 1.3 and tender the witness for cross-examination.

JUDGE RILEY: Is there any objection to the admission of those exhibits?

MS. HIGHTMAN: Just for the record, 21st Century Exhibit 1.0 is the direct testimony.

JUDGE RILEY: Right, I understand that.

Is there any objection?

MS. JACKSON: No.

MR. KOCH: No.

JUDGE RILEY: Okay, thank you. Then, the exhibits are admitted.

(Whereupon, Petitioners' Exhibits 1.0, 1.1, 1.2, 1.3 were received in evidence.)

JUDGE RILEY: And who is going to go first on the cross-examination?

MS. JACKSON: Is it okay if I go first?

MR. KOCH: Go ahead, Cindy.

MS. JACKSON: Okay, thanks.

CROSS EXAMINATION

BY

MS. JACKSON:

Q Ms. Smoot, how does the Applicant propose to handle a service billing and repair complaint?

A Its service billing and repair complaints are taken at our call center via an 800 number, where personnel are available 24 hours a day, 7 days a week.

Q And is there an escalation process within

the company if a customer is not satisfied, that they could go to an higher rank?

A Yes, there is. We have procedures in place that handle all escalated complaints and we have an escalation manager who takes care of those complaints.

Q And is it, anytime during a complaint process, is the customer notified that they can contact the ICC?

A Yes, they are.

Q Do you happen to know the 800 number that customers can call your company?

A Yes, I do. It's -- let me make sure I've got it right, it's in the Joint Petition, it's 1-888-790-2121.

Q In checking our files at the Commission yesterday, I realized that 21st Century had not filed UTAC reports since the second quarter of 1999. Can I get a commitment from you to get these reports filed within the next 10 days?

A Yes. We will have those reports to you within the next 10 days.

Q And your company has been soliciting,

collecting, and remitting the voluntary contributions for the telephone systems program?

A Yes, it has.

Q Who will provide customer repair for your company?

A We have internal customer repair group that handles customer repair.

Q And has your company signed and returned updated UTAC and ITAC membership forms?

A 21st Century Telecom of Illinois, Inc., has signed UTAC and ITAC forms. 21st Century Telecom Group, Inc., will sign UTAC and ITAC membership forms.

Q When can I expect those?

A You will have those within the next 10 days, as well.

MS. JACKSON: Okay. Thank you. That's all my questions.

JUDGE RILEY: Thank you. Mr. Koch or Ms. Buckley, were you next?

MR. KOCH: Yes, this is Robert Koch.

CROSS EXAMINATION

BY

MR. KOCH:

Q Ms. Smoot, for clarification purposes, the corporation seeking certification is 21st Century Group, but they will be doing business as RTN (sic) Telecommunications, is that correct?

A The entity seeking certification is 21st Century Telecom Group, Inc. The name change will make it RCN Telecom Services, Inc.

Q Okay, Telecom Services, Inc.

A Right.

Q And the parent corporation is RCN Corporation.

A That's correct.

Q So does RCN Corporation provide any financial support necessary to ensure the ongoing operations of 21st Century Telecom Group in Illinois?

A Yes, I've received commitment from senior management at RCN Corporation that it is committed to funding the telecom operations in Illinois.

Q I had another question.

In regards to the interexchange revenues, long distance revenue of the company, does

the company have the ability to segregate Illinois revenues from interstate revenue?

A Yes, it does. It has that capability in our accounting system.

Q Okay. Hold on just a moment.

The next question is in regards to 9-1-1 service.

A Yes.

Q Is the company seeking -- going to seek a waiver of Part 725.500 for the provision of call boxes?

A Yes. 21st Century Telecom of Illinois, Inc. received a waiver of 725.500-0 and 725.600-B. The same issues apply because this is just a merger to 21st Century Telecom Group. So we would seek the same waivers because the same -- for the same purpose and reasons that the waivers were previously granted.

Q Is it your understanding that you would have to file for that waiver separately from this docket?

A We were seeking in this docket, I believe in the Joint Petition, that the order that would grant certification would also grant those waivers, as well.

MR. KOCH: Okay. Those are the only questions I have at this time.

MS. HIGHTMAN: Can we go off the record for one minute?

JUDGE RILEY: Yeah, it's okay.

(Whereupon, a discussion was had off the record.)

JUDGE RILEY: Ms. Buckley, do you have questions?

MS. BUCKLEY: No.

JUDGE RILEY: Okay. Counsel, I do have questions. Let me take care of a few routine ones before we go any further.

EXAMINATION

BY

JUDGE RILEY:

Q Ms. Smoot, you said that 21st Century Group is going to contract out for its technical support?

A No. 21st Century Telecom Group does have internal repair and technical support. They have a group that actually does that internally, so we don't contract out for that.

Q Does the Applicant, 21st Century Telecom

Group have its own financial ability support for services it's going to offer, or is it going to rely solely on the parent company?

A It relies solely on the parent company, RCN Corporation.

Q Will the Applicant be providing operator assisted services?

A The Applicant has agreements with Ameritech for local operator assistance services and with its long distance carrier to provide long distance operator assistance. So, per se, we don't have operators. We contract out for those services.

Q Will the Applicant abide by all federal and state laws and regulations with regard to slamming and cramming?

A Yes, it will.

Q The biographies that were submitted, I think I asked you this earlier, are these the biographies of officers and directors who are employees of 21st Century Group?

A Yes, that's correct.

Q And will the Applicant be keeping its books

and records in Illinois?

A The Applicant will have a set of books and records in Illinois. Yes.

Q Now, I am under quite a bit of confusion as to just who's who and what's what here.

A Okay.

Q And to make this a little more clearer, what name is going to appear upon -- first of all, is the Applicant applying for certificates under Sections 403, 404, and 405 of the Telecommunications Act?

A Yes, it is.

Q Okay, that's local and long distance, facilities-based and resold services.

A That's correct.

Q What name is to appear on those certificates?

A 21st Century Telecom Group, Inc.

Q Are they going to be doing business as RCN Corporation?

A There will be a name change effectuated with the Secretary of State of Illinois, a routine

amendment to the articles of incorporation, change the name to RCN Telecom Services, Inc.

Q And when will that -- do you have any idea when --

A That will take place over the next several weeks. I would be happy to provide a copy of that filing with you.

Q Okay. Is 21st Century Telecom Group an Illinois corporation?

A Yes, it is.

Q And that's the name that appears on its corporate charter --

A Yes.

Q -- from the Secretary of State?

When the name change is effective, and this is where I'm not 100 percent clear, will they be changing their name to RNC -- or, I'm sorry, RCN?

A Yes. When the name change is effective, 21st Century Telecom Group, Inc.'s new name will be the RCN Telecom Services.

Q RCN Telecom Services.

A And again, that's merely a name change and

it does not change the corporate structure as it's been --

Q So it will still be an Illinois corporation, same personnel --

A Yes.

Q -- same financial arrangement?

A Yes.

Q It will be a subsidiary of RCN --

A Corporation.

Q -- Corporation.

RCN Corporation is the parent.

A Right. I know it's a little confusing, and it's just merely a name change that will happen.

Q Is it a foregone conclusion that this change is going to happen, or --

A Yes. Basically, yes. I would say, yes.

JUDGE RILEY: Ms. Jackson, I'm going to ask for a little help here. I don't know if you've encountered this before.

Off the record.

(Whereupon, a discussion was had off the record.)

JUDGE RILEY: We've had a brief discussion with regard to the pending name change of the Applicant and it's the consensus that when the Applicant files a name change with the Secretary of State of Illinois, the Secretary of State's Office will notify the Clerk of the Illinois Commerce Commission -- I'm sorry?

THE WITNESS: We'll notify the Clerk of the Illinois Commerce Commission.

JUDGE RILEY: Q You'll notify the Clerk of the Illinois Commerce Commission.

A Yes. We'll send a letter with the attached stamped in copy from the Secretary of State.

Q Okay. In the Joint Petition it says that the -- at one point it said that -- I thought it said that 21st Century Telecom Group merged into a subsidiary of RCN. Did I read that correctly?

A Yes. It was acquired by and merged with RCN Corporation. It became a subsidiary of RCN Corporation on April 28th of this year.

Q So 21st Century Telecom Group is a subsidiary of RCN Telecom Group.

A Of RCN Corporation.

Q RCN Corporation.

A Yes.

Q And RCN, the parent corporation itself, does not have a certificate of authority to transact business in Illinois or a certificate of --

A Certificate of authority, no, it does not.

Q With regard to 21st Century Telecom of Illinois, Inc., now this is the entity that has requested surrender -- or its Petition for the surrender of its certificate. I want to take a look at the Notice, the proposed 30-Day Notice, which was sent by 21st Century Telecom Group, and I'm looking at Exhibit 1.3.

A Yes.

Q Did 21st Century Telecom Group, was that -- what was the relationship with 21st Century Telecom of Illinois?

A 21st Century Telecom of Illinois, Inc. was a subsidiary of 21st Century Telecom Group, Inc.

Q Okay.

A So 21st Century Telecom Group, Inc. was the parent company. It's the company that merged with RCN

and became a subsidiary of RCN Corporation.

Again, 21st Century Telecom of Illinois, Inc. was a subsidiary of 21st Century Telecom Group.

Q Now, has this Notice been sent to the customers?

A No, it has not been sent.

Q When will it be sent?

A We plan to get out here within the next week.

Q That will be sent to all of the customers?

A Yes, it will.

Q Will the Notice read exactly as it's phrased here -- or I presume the 1-800 number will have --

A I was just making a note of that, actually, that the 1-800 number will be inserted there as 888-790-2121.

Q Okay. The only thing that I'm going to ask at this point is that when you do have a finalized Notice to send to the customers, submit a copy of that to me and I'll mark it as a late filed exhibit.

A Okay. That's fine. We will do that.

MS. HIGHTMAN: We would also note that at this point it may be appropriate to add a sentence in that Notice reflecting the new name under which the company will operate --

JUDGE RILEY: Well, Counsel, that's something for you to work out, you know, whatever phrasing goes into the Notice.

MS. HIGHTMAN: Okay.

JUDGE RILEY: I'll mark that as late filed Exhibit 1.3 and it will supersede this 1.3.

Staff, is there anything further?

MR. KOCH: Not in Springfield.

MS. JACKSON: Not from me, either.

JUDGE RILEY: Okay. Then, if that's the situation, I am going to direct the Court Reporter to mark this matter heard and taken. And I'll await the submission of that late filed exhibit and prepare an order for the Commission.

Thank you very much.

MS. KIRKLAND: Thank you.

(Whereupon, Petitioners' Group Exhibit 1 was marked for identification.)

HEARD AND TAKEN

CERTIFICATE OF REPORTER

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

CASE NO. 00-0536

TITLE: 21st Century Telecom of Illinois, Inc. and 21st Century Telecom Group, Inc.

I, Teresann B. Giorgi, do hereby certify that I am a court reporter employed by SULLIVAN REPORTING COMPANY, of Chicago, Illinois; that I reported in shorthand the evidence taken and the proceedings had on the hearing on the above-entitled case on the 12th day of September A.D. 2000; that the foregoing 26 pages are a true and correct transcript of my shorthand notes so taken as aforesaid, and contains all of the proceedings directed by the Commission or other person authorized by it to conduct the said hearing to be stenographically reported.

Dated at Chicago, Illinois, this 15th day of September A.D. 2000.

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