**STATE OF ILLINOIS**
**ILLINOIS COMMERCE COMMISSION**

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| **ILLINOIS BELL TELEPHONE COMPANY** | **)** |
| **(Ameritech Illinois)** | **)** |
| **and TDS METROCOM, INC.** | **)** |
| | **)** |
| | **) 00-0696** |
| **Joint Petition for Approval of** | **)** |
| **Negotiated Interconnection** | **)** |
| **Agreement dated July 26, 2000,** | **)** |
| **pursuant to 47 U.S.C. §§ 252** | **)** |

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## VERIFIED STATEMENT OF TORSTEN CLAUSEN

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

From May to August of 1999, I was employed as an intern in the Policy Department of the Telecommunications Division with the Commission. In this capacity, I performed research and analysis of local telecommunications competition and other policy related issues. During such internship, I also assisted Telecommunications Division staff in various docketed cases.

I have provided expert witness testimony in Dockets 00-0332 (Level 3 vs. Ameritech Arbitration), 00-0233/00-0335 Consolidated (Universal Service Support Fund), 99-0511 (Code Part 790 rewrite), 00-0393 (Ameritech Illinois Line Sharing

tariff), 00-0312/00-0313 Consolidated (Covad/Rhythms and Ameritech Arbitration), and 99-0615 (Ameritech Collocation Tariff).

## SYNOPSIS OF THE AGREEMENT

TDS Metrocom, Inc. ("TDS") adopted in its entirety the terms of the Agreement between Ameritech Illinois and Covad Communications Company, dated June 26, 1998. The Agreement establishes the financial and operational terms for the physical interconnection between Ameritech Illinois' and TDS' networks based on mutual and reciprocal compensation; unbundled access to Ameritech Illinois' network elements, including Ameritech Illinois' operations support system functions; physical collocation; number portability; resale; and a variety of other business relationships.

The Agreement is scheduled to expire June 26, 2001 and unless one carrier notifies the other carrier at least within 120 days prior to the expiration of the term , the Agreement will be automatically renewed for additional one year periods.

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

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

## I. APPROVAL UNDER SECTION 252(e)

## A. DISCRIMINATION

The first issue that must be addressed by the Commission in approving or rejecting a negotiated agreement under Section 252(e)(2)(A) is whether it discriminates against a telecommunications carrier that is not a party to the agreement. Discrimination is generally defined as giving preferential treatment. In previous dockets, Staff has taken the position that in order to determine if a negotiated agreement is discriminatory, the Commission should determine if all similarly situated carriers are allowed to purchase the service under the same terms and conditions as provided in the agreement. I recommend that the Commission use the same approach when evaluating this negotiated agreement.

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

### B. PUBLIC INTEREST

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

In previous dockets, Staff took the position that negotiated agreements should be considered economically efficient if the services are priced at or above their Long Run Service Incremental Costs ("LRSICs"). Requiring that a service be priced at or above its LRSIC ensures that the service is not being subsidized and complies with the Commission's pricing policy. All of the services in this agreement are priced at or above their respective LRSICs. Therefore, this agreement should be considered economically efficient. Nothing in this agreement leads me to the conclusion that the agreement is inequitable, inconsistent with past Commission Orders, or in violation of state or federal law.

## II. IMPLEMENTATION

In order to implement the AMERITECH ILLINOIS - TDS agreement, AMERITECH ILLINOIS should file, within five days from the date the agreement is approved, a verified statement with the Chief Clerk's Office stating that the approved agreement is the same as the one entered into. The Chief Clerk should place the agreement on the Commission's web site under Interconnection Agreements. Such a requirement is consistent with the Commission's Orders in previous negotiated agreement dockets and allows interested parties access to the agreement. The following sections of AMERITECH ILLINOIS' tariffs

should reference the AMERITECH ILLINOIS - TDS Agreement: Agreements with Telecommunications Carriers (ICC No. 21 Section 19.15).

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