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BEFORE THE
ILLINOIS COMMERCE COMMISSION

IN THE MATTER OF:)
)
CABLE & WIRELESS USA, INC. And)
CABLE & WIRELESS, INC.)
) No. 00 -0806
Application for a (1) Certificate to)
Operate as a Reseller of Local)
Exchange and Interexchange)
Telecommunications Services; (2))
For Approval of Initial Tariff; and)
(3) For Approval of a Name Change)
and to Withdraw a Certificate to)
Operate as a Reseller of Local)
Exchange and Interexchange)
Telecommunications Services in the)
State of Illinois)

Chicago, Illinois
February 5, 2001

Met, pursuant to notice, at 10:00 a.m.

BEFORE :

MR. JOHN RILEY, Administrative Law Judge

APPEARANCES:

KELLEY DRYE & WARREN, LLP, by
MS. WINAFRED BRANTL (via telephone)
1200 19th Street, Northwest
Washington, D.C. 20036
appearing for Cable & Wireless;

1 APPEARANCES (continued):

2 MS. CINDY JACKSON (via telephone)
3 and MR. ROBERT KOCH
4 527 East Capitol Avenue
5 Springfield, Illinois 62794-9280
6 appearing for Staff.

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I N D E X

Witnesses:	Direct	Cross	Re - direct	Re- cross	By Examiner
MS. LaRENE FLACK	8	13, 20			18, 22

E X H I B I T S

Number	For Identification	In Evidence
Applicant's No. 1	24	
Applicant's No. 2	24	
Applicant's No. 3	25	

1 JUDGE RILEY: Pursuant to the direction of the
2 Illinois Commerce Commission, I now call
3 Docket 00-0806. This is the application of
4 Cable & Wireless USA and Cable & Wireless, Inc. for
5 a certificate to operate as a reseller of local
6 exchange and interexchange telecommunications
7 services for approval of tariff, for approval of
8 name change and to withdraw a certificate to operate
9 as a reseller of local exchange and interexchange
10 telecommunications services in the State of
11 Illinois.

12 Ms. Brantl, would you enter an appearance
13 quickly for the record, please.

14 MS. BRANTL: This is Winifred Brantl with Kelley
15 Drye and Warren, counsel for Cable & Wireless, and I
16 have the witness LaRene Flack of Cable & Wireless
17 USA, Incorporated.

18 JUDGE RILEY: Okay. What's the address of Kelley
19 Drye and Warren?

20 MS. BRANTL: 1200 19th Street, Northwest,
21 No. 500, Washington, D.C, zip, 20036.

22 JUDGE RILEY: Okay. Thank you. And, Counsel, we

1 don't have Staff -- or we don't -- Staff, we don't
2 have counsel on this matter, do we?

3 MS. JACKSON: No, we do not.

4 JUDGE RILEY: Okay. All right. Cable & Wireless
5 USA, as I understand from the petition, is certainly
6 certificate -- is presently certificated in the
7 State of Illinois to provide telecommunications
8 services.

9 And is it my understanding that
10 Cable & Wireless USA wants to reincorporate in the
11 State of Delaware?

12 MS. BRANTL: That's correct.

13 JUDGE RILEY: And they're incorporated where
14 presently?

15 MS. BRANTL: District of Columbia.

16 JUDGE RILEY: Okay. They are going to
17 reincorporate in Delaware under the name
18 Cable & Wireless, Incorporated?

19 MS. BRANTL: In the transaction during -- they
20 will be Cable & Wireless, Incorporated pending an
21 immediate name change.

22 JUDGE RILEY: And that name change is going to go

1 back to Cable & Wireless, Incorporated?

2 MS. BRANTL: Exactly.

3 JUDGE RILEY: Which is the name of the presently
4 certificated entity in Illinois?

5 MS. BRANTL: Exactly.

6 JUDGE RILEY: Okay. I guess then that our first
7 order of business is the withdrawal of the
8 certificates by Cable & Wireless USA, and it's my
9 understanding that the certificates themselves were
10 issued under the name TDX Systems?

11 MS. BRANTL: I believe that's correct.

12 JUDGE RILEY: In 840580, and that was on July 23,
13 '85 and 840579 on July 25, '86.

14 MS. BRANTL: I believe that's correct.

15 JUDGE RILEY: And that was to provide resold and
16 interexchange services and then they were
17 certificated in '95, 0429 on February 22, 1996, to
18 provide resold local telecommunications services.

19 MS. BRANTL: Yes, I believe that's correct.

20 JUDGE RILEY: And is the witness going to provide
21 any testimony with regard to that?

22 MS. BRANTL: It wasn't our intention specifically

1 regarding the previous licensing, no.

2 JUDGE RILEY: State the -- will the witness state
3 his name for the record, please -- his or her name
4 for the record.

5 MS. FLACK: LaRene Flack.

6 JUDGE RILEY: Oh, I'm sorry, yes, I do have your
7 name.

8 (Witness sworn.)

9 JUDGE RILEY: Ms. Jackson, do you have any
10 questions for this witness with regard to the
11 withdrawal?

12 MS. JACKSON: No.

13 JUDGE RILEY: Give me just a second.

14 All right. I received the copy of the
15 notice that is to be sent to the customers with
16 regard to this transaction, and, Ms. Jackson, do you
17 have that also?

18 MS. JACKSON: Yes, I do.

19 JUDGE RILEY: Okay. Does Staff have any
20 objection to that notice?

21 MS. JACKSON: For service number it'll be a toll
22 free number, right?

1 MS. BRANTL: Yes.

2 MS. JACKSON: Okay. No, that's the only thing
3 I've seen.

4 JUDGE RILEY: All right. Then I guess what we
5 want to do is get to the business of the -- of
6 essentially what's going to be a new entity with the
7 same name.

8 Ms. Brantl, did you want to begin with
9 the direct examination of the witness?

10 MS. BRANTL: Introducing LaRene Flack from
11 Cable & Wireless.

12 LaRENE FLACK,
13 called as a witness herein, having been first duly
14 sworn, was examined and testified as follows:

15 DIRECT EXAMINATION

16 BY

17 MS. BRANTL:

18 Q. Please state your name, title and business
19 for the record.

20 A. My name is LaRene Flack. I'm employed by
21 Cable & Wireless USA, Inc., Senior Manager, Tariff
22 and Compliance, address is 8219 Leaf Road Heights,

1 Vienna, Virginia.

2 Q. What is the purpose of your testimony?

3 A. I'm test- -- the purpose of my testimony is
4 to support the application of CWI for authority to
5 provide local exchange and interexchange services in
6 the State of Illinois and the related request of
7 CWUSA to withdraw its certificate to operate as a
8 telecommunications provider in the State of
9 Illinois.

10 Q. Did you cause testimony -- prefiled
11 testimony consisting with approximately ten pages to
12 be filed in this docket on February 5th, 2001?

13 A. Yes.

14 Q. And was this testimony prepared at your
15 direction?

16 A. Yes.

17 Q. And do you have any corrections or additions
18 to the testimony?

19 A. No.

20 Q. If I ask you the same questions today that
21 are in that prepared testimony, would your answers
22 be the same?

1 A. Yes.

2 MS. BRANTL: I move that prefiled testimony of
3 LaRene Flack and exhibits attached be entered into
4 the record as I read subject to cross-examination.

5 JUDGE RILEY: All right. Subject to
6 cross-examination, I will --

7 Well, I'll tell you what, why don't we
8 just hold that in advance until we finish with the
9 cross.

10 The attachments you are talking about,
11 what was -- we have the articles of incorporation, a
12 certificate of authority to transact business in
13 Illinois, management resumes and the financial
14 statements?

15 MS. BRANTL: Those are attached to the original
16 application. We also late-filed a supplemental
17 attachment F which was the Illinois Commission's
18 form application for authority application.

19 JUDGE RILEY: I've lost you on that one. What?

20 MS. BRANTL: The original application was done in
21 petition form, supplemental attachment F which is
22 the Commission's predesigned form application.

1 JUDGE RILEY: Oh, I see, okay.

2 And what was attached to that?

3 MS. BRANTL: The form itself was filled out.
4 Other than a generic petition application for
5 authority we've additionally provided, pursuant to
6 Staff's request in our conversation two weeks ago,
7 the preformatted form application with all the
8 information.

9 JUDGE RILEY: Okay. Is that what you're asking
10 for admission into evidence?

11 MS. BRANTL: To the testimony, yeah.

12 JUDGE RILEY: Okay. That and the testimony of
13 the two things, okay.

14 I don't have any problem with that but
15 I'll get back to it after the cross-examination.

16 Ms. Jackson, did you want to lead off?

17 MS. JACKSON: Yes, but my cross-examination is
18 for the new information then the old.

19 JUDGE RILEY: Okay.

20 MS. JACKSON: Is that okay? Do you want me to
21 proceed with that?

22 JUDGE RILEY: Certainly.

1 MS. JACKSON: And then may I ask you one
2 procedural question. The application requested like
3 approval of their tariff and approval of their name
4 change, we want to address that somehow.

5 What I'm asking is, should the company
6 amend or withdraw that request?

7 JUDGE RILEY: Well, tariffs are merely filed with
8 the State.

9 MS. JACKSON: And given approval in this process.

10 JUDGE RILEY: We don't know. We don't -- it's
11 not part of the process at all. It never has been
12 so we can take that as an amendment to the
13 application.

14 MS. BRANTL: That's filed -- documentedly (sic)
15 filed or can we do that orally in this hearing?

16 JUDGE RILEY: We can do that orally in the
17 hearing.

18 MS. BRANTL: Then I would move to amend the
19 application to withdraw the request for approval of
20 the tariff and for approval of the name change.

21 JUDGE RILEY: That's -- that is granted. I also
22 want to get back to that name change, though.

1 Ms. Jackson, did you want to proceed now?

2 MS. JACKSON: Yes, I do.

3 CROSS-EXAMINATION

4 BY

5 MS. JACKSON:

6 Q. I just have some questions on the new
7 application form that was submitted. Question
8 No. 17 of the application talks about how you will
9 bill customers for service.

10 Will your billing statements be detailed?

11 A. I'm sorry. Would you repeat the question.

12 Q. On question No. 17 of your application it
13 discusses how your company will bill for services;
14 will you be issuing a detailed billing statement?

15 A. Yes.

16 Q. And it will list all services, features,
17 taxes and surcharges?

18 A. That's correct.

19 Q. On question No. 20 of the application it was
20 left blank. It asks what the toll-free number is
21 for customers contacting your company.

22 A. Yes. It is a toll-free number, of course.

1 I need to get that information to you.

2 Q. Question No. 22 asks you to describe your
3 company's procedures for preventing slamming and
4 cramming of customers, and the answer is that this
5 is being filed separately?

6 A. That's true.

7 Q. When will Staff have that document?

8 MS. BRANTL: The record of my understanding is
9 that the company will -- the appropriate procedures
10 will be consistent, both with the federal and with
11 Illinois' requirement for either written notice to
12 customers or for third-party verification.

13 MS. JACKSON: Okay. Is this the witness
14 speaking?

15 MS. BRANTL: I'm sorry, this is Winafred --

16 JUDGE RILEY: I'm afraid if the witness is under
17 oath, the witness is the one who's going to have to
18 testify.

19 MS. BRANTL: Sorry.

20 THE WITNESS: Yes, we'll definitely file that
21 information with you this week and we are acting in
22 accord with the FCC guidelines as well as the

1 guidelines and rules and regulations of the State of
2 Illinois.

3 BY MS. JACKSON:

4 Q. Can you briefly describe how you prevent
5 slamming and cramming in your company?

6 A. Well, Cable & Wireless, unlike a lot of
7 IXC's, customers are -- they do not subscribe unless
8 they come through Cable & Wireless. It is not a
9 situation where they can call the LEC and ask for
10 cable -- ask to become a Cable & Wireless customer.
11 They actually have to sign an authorization form
12 that has been presented to them by a
13 Cable & Wireless employee, salesperson.

14 We do not -- we make sure that we have a
15 signed authorization form. We will only turn up the
16 service if we have the form. We verify with that
17 customer that they do indeed want the service.

18 Q. Does your company use any third-party
19 telemarketers?

20 A. No.

21 Q. Okay. The last -- all right. Another
22 question I have is looking at Appendix A attached to

1 the application form. Question No. 14 states that
2 you will get to me signed UTAC and ITAC membership
3 forms; when can I expect those?

4 I'm sorry. I couldn't hear you.

5 A. I'm sorry, your question again.

6 Q. When can I expect to receive the ITAC and
7 UTAC signed membership forms?

8 A. This week.

9 Q. Okay. And how long has Cable & Wireless
10 been providing local exchange service in Illinois?

11 A. Since its inception with -- I think when it
12 was called TDX it has been providing local exchange
13 service.

14 Q. And how long has that been?

15 A. I need to examine that historical
16 documentation.

17 Q. Could you say it's been like a couple of
18 years?

19 A. Yes.

20 Q. Okay. Has the company ever filed its UTAC
21 reporting forms?

22 A. Well, the reality is that while we are a

1 local service provider, we don't have any customers.

2 Q. So you don't currently have any customers
3 now in Illinois?

4 A. No, we don't.

5 Q. So then why are you sending out this
6 customer notice?

7 A. We have long-distance customers, but we
8 don't have local customers.

9 Q. Okay. When do you think you will be
10 offering local service?

11 A. We are hoping to offer it as soon as we can.
12 I can't give you a definite date. I mean, it's
13 something that we would certainly like to do, we are
14 gearing up to do. I really -- just now we have no
15 customers locally.

16 MS. JACKSON: That's all my questions.

17 JUDGE RILEY: Okay. Did you want to get Mr. Koch
18 now?

19 MS. JACKSON: Yeah, I'll go down and get him.
20 Hold on.

21 JUDGE RILEY: All right. Thanks.

22 MS. JACKSON: Mr. Koch is cross-examining the

1 witness in his other hearing but he will be done
2 shortly. Can we hold on for a second? Is that all
3 right with the Applicant?

4 JUDGE RILEY: Applicant?

5 MS. BRANTL: Yes.

6 JUDGE RILEY: Okay.

7 Ms. Flack, are you still with me?

8 THE WITNESS: Yes.

9 EXAMINATION

10 BY

11 JUDGE RILEY:

12 Q. Okay. As I understand it, I'm going to say
13 it again, Cable & Wireless USA, Inc., is going to
14 merge into this CWI, Cable & Wireless, Incorporated
15 and become a Delaware Corporation; is that correct?

16 A. Correct.

17 Q. And then they're going to change their name
18 back to Cable & Wireless USA, Incorporated?

19 A. That's correct.

20 Q. Okay. Now, what services specifically is
21 the new entity, this Cable & Wireless of USA -- let
22 me rephrase that.

1 What services is the Delaware Corporation
2 going to be offering? Is that resold, local and
3 interexchange?

4 A. Yes.

5 Q. And will there be any facilities?

6 A. Yes.

7 Q. Okay. So it's resold local interexchange
8 and facilities-based, okay.

9 So you want certificates. See I -- what
10 I'm looking at is the amended ap- -- the supplement
11 application just has 13404 checked off which is
12 strictly resold services, local and interexchange?

13 A. All right. Yes, it is strictly resold
14 services.

15 Q. Okay. There will not been any facilities in
16 Illinois then?

17 A. No, not in Illinois.

18 Q. Okay.

19 MR. KOCH: This is Bob Koch. I just got done
20 with my other hearing.

21 JUDGE RILEY: Okay. Why don't you jump in and do
22 your cross-examination then and I'll continue when

1 you are done.

2 Are you ready?

3 MR. KOCH: Well, if I can just have a moment. I
4 just popped in the room.

5 JUDGE RILEY: All right.

6 MR. KOCH: My apologizes. I was double -booked
7 this morning and -- well, being that I wasn't here,
8 I apologize if I ask any questions that Cindy
9 Jackson might have asked you but I know you're
10 mainly focused on the financial area.

11 So are we on the record now?

12 JUDGE RILEY: Yes, we are.

13 MR. KOCH: Okay.

14 CROSS -EXAMINATION

15 BY

16 MR. KOCH:

17 Q. And I would just like to first ask you, the
18 applicant is CWI and it's characterized as a Shell
19 Corporation?

20 A. That's correct.

21 Q. Okay. And could you describe for me exactly
22 what that means?

1 A. It was set up in order to facilitate the
2 reincorporation.

3 Q. Okay. I guess what I'm not certain of is
4 whether the Shell Corporation -- it is the
5 Applicant's in this proceeding and it will be the
6 existing entity after this reorganization has run
7 it's course; is that correct?

8 A. Yes, that is correct.

9 Q. Okay. That's my main concern and it will be
10 will -- the applicant will be adopting the financial
11 statements of CW USA as much as -- well, let me go
12 backwards.

13 CWI currently does not have financial
14 statements; is that correct?

15 A. Pro forma.

16 Q. Okay. And will the financial statements of
17 CW USA be completely rolled up into CWI?

18 A. Yes, that's true.

19 Q. Okay. And CWI -- well, at the current point
20 in time CWI has -- let me start over.

21 At this point the financial statements of
22 CW USA have not been rolled up into CWI?

1 A. That's correct.

2 Q. Do you have a date certain for this to
3 occur?

4 A. Once we receive approval.

5 MR. KOCH: Okay. Those are all my questions.

6 JUDGE RILEY: Okay. Thank you. I've just got a
7 few more of my own and then we can get on with the
8 order here.

9 FURTHER EXAMINATION

10 BY

11 JUDGE RILEY:

12 Q. Is the Delaware corporation still going to
13 be located in Vienna, Virginia?

14 A. Yes, it is.

15 Q. Now, is it my understanding that the
16 Delaware corporation is going to assume -- or is
17 going to be given all the cash and assets of the
18 existing D.C. corporation?

19 A. Yes, that's true.

20 Q. Okay. And that the Delaware corporation --
21 is that the same also for the personnel, the
22 managers, the officers and the directors?

1 A. Yes, everything is just going to be
2 transferred over.

3 Q. That's -- okay. That was my understanding.

4 So what we're talking about is that this
5 DC corporation is going to transfer all of its cash
6 assets, personnel and everything else into this
7 Delaware corporation and then the Delaware
8 corporation is simply going to change its name back
9 to CW USA, Incorporated?

10 A. That's correct.

11 Q. Okay. Who is going to do the technical
12 support for the Delaware corporation?

13 Will they have their own personnel or
14 will they rely on an underlying carrier?

15 A. Technical support. Again, nothing is
16 changing.

17 Q. By that do you mean that the DC corporation
18 had provided its own technical support and will
19 continue to do so as a Delaware corporation?

20 A. Yes.

21 Q. Okay. And the Delaware corporation will
22 abide by all federal and state regulations with

1 regard to slamming and cramming?

2 A. Certainly.

3 JUDGE RILEY: Ms. Brantel, going back I've gotten
4 the Fed Ex copy of the supplemental filing and the
5 two items that I'm going to mark as exhibits. First
6 was the prefiled testimony that I received. I'm
7 going to mark that as Applicant's Exhibit 1, and
8 what I was also very glad to receive was the
9 certificate of authority to transact business which
10 is now in the name of Cable & Wireless USA,
11 Incorporated, and I was going to mark that as
12 Applicant's Exhibit 2; is that --

13 MS. BRANTL: Do we need any marking for the late
14 filed Attachment F to the original application.

15 JUDGE RILEY: No, the original -- no, this
16 application is what it is. That doesn't have to be
17 marked.

18 (Whereupon, Applicant's
19 Exhibit Nos. 1 and 2 were
20 marked for identification.)

21 JUDGE RILEY: And let me check my notes. What I
22 think we also should mark as an exhibit, and I'll

1 mark this as Applicant's Exhibit 3 is the notice to
2 the customers.

3 MS. BRANTL: Correct.

4 (Whereupon, Applicant's
5 Exhibit No. 3 was
6 marked for identification.)

7 JUDGE RILEY: And I take it, you're moving for
8 all of these exhibits for admission into evidence?

9 Is there any objection from Staff?

10 MR. KOCH: No, there isn't.

11 JUDGE RILEY: Are there any further questions for
12 the witness?

13 MS. JACKSON: Not from Staff.

14 JUDGE RILEY: Ms. Brantl, did you have any
15 redirect or follow up? Ms. Brantl?

16 MS. BRANTL: No, sir.

17 JUDGE RILEY: Then I think that we are complete
18 here and consequently, I will direct the court
19 reporter to mark this matter heard and taken and I
20 will prepare an order today for the Commission.

21 HEARD AND TAKEN

22