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BEFORE THE
ILLINOIS COMMERCE COMMISSION

ILLINOIS COMMERCE COMMISSION) DOCKET NO.
On Its Own Motion) 00 -0700
-vs-)
ILLINOIS BELL TELEPHONE COMPANY)
Investigation into tariff)
providing unbundled local)
switching with shared transport.)

Springfield, Illinois
June 27, 2001

Met, pursuant to notice, at 9:00 A.M.

BEFORE:

MR. DONALD L. WOODS, Examiner

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1 PROCEEDINGS

2 EXAMINER WOODS: I call for hearing Docket
3 00-0700, Illinois Commerce Commission On Its Own
4 Motion v. Illinois Bell Telephone Company. This is
5 an investigation into a tariff providing unbundled
6 local switching with shared transport.

7 This cause comes on for hearing June 27,
8 2001, before Donald L. Woods, duly appointed
9 Hearing Examiner, under the authority of the
10 Illinois Commerce Commission. The cause was set
11 today for introduction into evidence of testimony
12 and exhibits as well as the cross-examination of
13 witnesses.

14 At this time I'd take the appearances of
15 the parties, please, beginning with the Applicant,
16 or with Illinois Bell.

17 MR. LIVINGSTON: Theodore Livingston, 190
18 South La Salle Street, Chicago, Illinois 60603.

19 MS. HERTEL: Also appearing on behalf of
20 Ameritech Illinois, Nancy Hertel, H-E-R-T-E-L, 225
21 West Randolph, 25D, Chicago, 60606.

22 MR. HARVEY: For the Staff of the Illinois

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14 Illinois, Thomas J. O'Brien, Bricker & Eckler,
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17 MR. NEILAN: Appearing on behalf of Global
18 Crossing Local Services, Inc., Paul G. Neilan,
19 N-E-I-L-A-N, Giordano & Associates, 55 East Monroe
20 Street, Suite 3040, Chicago, Illinois 60603.

21 EXAMINER WOODS: Any additional appearances?
22 Let the record reflect no response.

1 Ameritech Illinois Exhibits
2 2.0, 2.0P, 2.1, 2.1P, 2.2,
3 and 2.2P were marked for
4 identification.)

5 EXAMINER WOODS: We'll go back on the record.

6 MR. LIVINGSTON: Thank you very much.

7 WILLIAM C. PALMER

8 called as a witness on behalf of Ameritech
9 Illinois, having been first duly sworn, was
10 examined and testified as follows:

11 DIRECT EXAMINATION

12 BY MR. LIVINGSTON:

13 Q. Mr. Palmer, I'd like to direct your
14 attention to what we've provided the Court Reporter
15 and the Hearing Examiner marked Ameritech Illinois
16 Exhibit 2.0. Is that your direct testimony?

17 A. Yes, it is.

18 Q. And is there a confidential or
19 proprietary version as well as a public version?

20 A. Yes, there is.

21 Q. And they're both nine pages in length?

22 A. Yes, they are.

1 Q. And with respect to the confidential
2 version, are there seven exhibits?

3 A. Seven confidential exhibits?

4 Q. Seven exhibits.

5 A. Yes, seven exhibits total.

6 Q. And those are WCP-1 through 7?

7 A. That's correct.

8 Q. And WCP-2 and 3 are confidential.

9 Correct?

10 A. That's correct.

11 Q. And so therefore 1 and 4 through 7 are
12 also attached as exhibits to the public version of
13 2.0.

14 A. Correct.

15 Q. I direct your attention to your rebuttal
16 testimony, Ameritech Illinois Exhibit 2.1. Does
17 that also have both a confidential and a public
18 version?

19 A. Yes, it does.

20 Q. And are both 55 pages in length?

21 A. Yes, they are.

22 Q. And does the confidential version have

1 six exhibits?

2 A. Yes.

3 Q. And there are no exhibits to the public
4 version.

5 A. No.

6 Q. Is that correct?

7 A. That's correct.

8 Q. And the six exhibits of the confidential
9 version are WCP what? 1R through 6R?

10 A. That's correct.

11 Q. I direct your attention to your
12 surrebuttal testimony, Ameritech Illinois 2.2.
13 Does that as well have a confidential and public
14 version?

15 A. Yes, it does.

16 Q. And both are 70 pages in length?

17 A. Yes, they are.

18 Q. And directing your attention to the
19 confidential version, are there three exhibits?

20 A. Yes, there are.

21 Q. The exhibits are marked WCP -1S, 2S, and
22 3S?

1 A. That's correct.

2 Q. And 2S and 3S are confidential?

3 A. Yes, they are.

4 Q. And 1S is not.

5 A. That's right.

6 Q. Directing your attention to Exhibit 2.0,
7 was this prepared by you or under your direction
8 and supervision?

9 A. Yes, it was.

10 Q. Do you have any corrections or changes
11 you'd like to make to 2.0?

12 A. No, I don't.

13 Q. Directing your attention to 2.1, the
14 rebuttal testimony, was this prepared by you or
15 under your direction and supervision?

16 A. Yes, it was.

17 Q. Do you have any changes or corrections
18 you'd like to make to the rebuttal testimony?

19 A. No, I don't.

20 Q. Directing your attention to the
21 surrebuttal testimony, 2.2, was this prepared by
22 you or under your direction and supervision?

1 A. Yes, it was.

2 Q. And do you have any changes or
3 corrections you'd like to make to 2.2?

4 A. No, I don't.

5 Q. If I were to ask you the questions that
6 appear in 2.0 today, would your answers be the same
7 as reflected in those written testimonies?

8 A. Yes, they would be.

9 Q. With respect to your rebuttal testimony,
10 2.1, if I asked you the same questions today, would
11 your answers be the same as reflected in those
12 written testimonies?

13 A. Yes, they would.

14 Q. With respect to your surrebuttal
15 testimony, 2.2, if I asked you the same questions
16 today, would your answers be the same as reflected
17 in those written testimonies?

18 A. Yes.

19 MR. LIVINGSTON: Your Honor, I'd like to move
20 the admission into evidence of Ameritech Illinois
21 Exhibits 2.0, 2.1, and 2.2, both proprietary and
22 public, as well as Exhibits WCP-1 through 7, WCP-1R

1 through 6R, and WCP-1S, 2S, and 3S.

2 EXAMINER WOODS: Those are schedules that are
3 attached to the marked exhibits, correct?

4 MR. LIVINGSTON: Yes.

5 EXAMINER WOODS: Okay. Objections?

6 MS. HAMILL: Your Honor, Cheryl Hamill on
7 behalf of AT&T.

8 I do have an objection to the admission
9 of certain parts of Mr. Palmer's rebuttal testimony
10 and surrebuttal testimony. I didn't do a formal
11 motion to strike, and I apologize. I didn't have
12 the time to prepare one, although I have the pages
13 and lines and exhibits that I request be stricken.

14 The testimony that I'm asking be
15 stricken is the cost study and discussion that
16 Mr. Palmer posits with his rebuttal testimony for
17 Ameritech's AIN-based custom routing tariff for OS
18 and DA which was introduced with Mr. Hampton's
19 rebuttal testimony, and why don't I go through and
20 enumerate the parts I would like to have stricken,
21 and then I can explain the basis for my motion.

22 EXAMINER WOODS: Okay.

1 MS. HAMILL: Specifically, Mr. Palmer's
2 rebuttal testimony, which is Ameritech Exhibit 2.1,
3 I request that the Examiner strike page 5, line 3,
4 and I'm hoping there's not a pagination problem,
5 but if there is, let me know, the question
6 beginning with "Mr. Hampton attached to his
7 rebuttal testimony" through page 6, line 2, and
8 Schedule WCP-5R which is the attachment including
9 the cost study.

10 EXAMINER WOODS: Okay.

11 MS. HAMILL: I also request that --

12 MS. HERTEL: I'm sorry. Could you repeat the
13 exhibit number?

14 MS. HAMILL: Yes; WCP-5R, which is the TELRIC
15 cost study attached to his rebuttal testimony, and
16 in the surrebuttal testimony, which is Ameritech
17 Illinois Exhibit 2.2, page 45, line 15 through line
18 22, page 48, line 1, through page 53, line 7.

19 MR. LIVINGSTON: 53?

20 MS. HAMILL: Yes, page 48, line 1, through
21 page 53, line 7, and then page 53, lines 19 through
22 21, the sentence on those lines, and schedule --

1 the part of Schedule 3S attached to Mr. Palmer's
2 surrebuttal testimony, the first -- I think it's
3 the top line that refers to AIN custom routing.

4 EXAMINER WOODS: Let's go back to page 45.

5 MS. HAMILL: Okay. Of the surrebuttal
6 testimony?

7 EXAMINER WOODS: Please. What line?

8 MS. HAMILL: I have lines 15 through 22, which
9 would be beginning with "The other charges that she
10 summarizes on that page are correct. In her
11 discussion of the OS/DA routing costs starting at
12 page 8" through the end of that paragraph.

13 EXAMINER WOODS: Okay.

14 MR. LIVINGSTON: The she is Karen Buckley?

15 MS. HAMILL: Yes, the she is Karen Buckley.

16 EXAMINER WOODS: Is the basis for the
17 objection for all the objections the same?

18 MS. HAMILL: Yes.

19 EXAMINER WOODS: Okay.

20 MS. HAMILL: The basis -- would you like me to
21 talk about them?

22 EXAMINER WOODS: Please.

1 MS. HAMILL: The first basis for my objection
2 is that the AIN custom routing tariff and cost
3 study are not the subject of this docket. In the
4 Commission's initiating order for this docket dated
5 November 1st of 2000, it specifically specifies the
6 issues that will be addressed in this docket, and
7 it specifically states that it will be Ameritech's
8 unbundled local switching with shared transport,
9 the permanent shared transport tariff.

10 The Commission goes on to actually list
11 the specific tariff pages in the appendix to the
12 initiating order that are the subject of this
13 investigation and does not list Part 19, Section 3,
14 which is the section or the tariff that Mr. Hampton
15 attaches to his rebuttal testimony, which is the
16 first time we have seen Ameritech's AIN tariff
17 which, as I stated, is not the subject of this
18 investigation.

19 So I guess the first prong of my
20 objection is it's beyond the scope of the docket
21 and proper notice has not been given that that
22 tariff is properly at issue here, and, in fact, the

1 Commission has never seen the tariff, either
2 approved it, asked that it be investigated, or
3 suspended and investigated.

4 The second prong of my objection is even
5 if the AIN tariff is appropriately a part of this
6 proceeding, it is not proper rebuttal testimony.
7 Certainly the study and the tariff could have been
8 provided and should have been provided, assuming it
9 was in the scope, which I don't think that it is,
10 in the direct testimony of Mr. Hampton and
11 Mr. Palmer.

12 EXAMINER WOODS: Okay.

13 MS. HAMILL: Rather than being made a part of
14 the rebuttal testimony.

15 EXAMINER WOODS: Mr. Livingston.

16 MS. HERTEL: Could I just ask one clarifying
17 question? Where are you referring to the Part 19
18 that you just referred to?

19 MS. HAMILL: If you go to Mr. -- if you go to
20 the tariff, the AIN proposed tariff that
21 Mr. Hampton attaches to his rebuttal testimony, you
22 will find that that is -- the AIN tariff is in --

1 what did I say? Part 19, Section 3, which is not
2 the same tariff as the ULS-ST permanent shared
3 transport tariff.

4 EXAMINER WOODS: Mr. Livingston.

5 MR. LIVINGSTON: In a nutshell, custom routing
6 to alternate OS/DA platforms is part of ULS-shared
7 transport. To offer a complete shared transport
8 product we have to offer custom routing to OS/DA.

9 The purpose of this docket, as Ms.
10 Hamill indicated, is to investigate the ULS-shared
11 transport tariff. Now to have a complete tariff,
12 that is to have a complete product offering, we
13 have to offer custom routing to OS/DA platforms,
14 and if we're going to have an offering, obviously
15 we need terms and conditions, including rates. So
16 I would submit that custom routing to OS/DA is part
17 and parcel of and inseparable from ULS-shared
18 transport.

19 Now, I think Staff will verify they had
20 full notice of our intention to make that part of
21 this docket and to make that part of our tariff.
22 The CLEC intervenors did address custom routing to

1 OS/DA in their opening direct testimony. The
2 reason that it was filed with our rebuttal
3 testimony was because the study simply wasn't ready
4 at the time we filed our direct testimony, but
5 everybody had a shot at it in their rebuttal
6 testimony, and Staff took full advantage of that
7 opportunity and criticized the study and made a
8 number of adjustments and came up with their own
9 proposed rate, which is reflected in one of the
10 lines in Exhibit 3S that Ms. Hamill moved to
11 strike.

12 EXAMINER WOODS: In fact, as I hearken back to
13 other dockets, the reason that shared transport
14 wasn't available was because AIN triggers were
15 still in the process of development. Does that
16 ring a bell with someone?

17 MR. LIVINGSTON: That's true. That's why we
18 couldn't offer the product until last fall.

19 EXAMINER WOODS: Okay.

20 MS. HAMILL: Your Honor, you are correct that
21 the AIN functionality wasn't available, but if you
22 look at the Staff's report, which was made a part

1 of the order, it talks about the two most notable
2 features of this tariff as compares to the interim
3 offering are the use of AIN functionality for
4 measuring and recording call detail. That was the
5 reason that the permanent shared transport offering
6 didn't become permanent -- well, why there was an
7 interim offering because that call detail couldn't
8 be measured.

9 EXAMINER WOODS: Okay. What harm do you see
10 taking the issue up?

11 MS. HAMILL: The harm is that we have not --
12 well, it's not part of the order. While Staff may
13 have, as Mr. Livingston said, been on full notice
14 that the AIN tariff was going to be at issue in
15 this proceeding, the CLECs certainly were not on
16 notice that it was at issue in this proceeding.

17 EXAMINER WOODS: But you had a round of
18 testimony after that was filed, right?

19 MS. HAMILL: Yes, we did.

20 EXAMINER WOODS: It's overruled.

21 MR. LIVINGSTON: Could I request a ruling on
22 my motion to move the admission of Mr. Palmer's

1 exhibits and the testimony?

2 EXAMINER WOODS: Let me see if there's any
3 other objection.

4 MR. HARVEY: None from Staff.

5 EXAMINER WOODS: Over objection, the documents
6 are admitted.

7 (Whereupon Ameritech
8 Illinois Exhibits 2.0, 2.0P,
9 2.1, 2.1P, 2.2, and 2.2P
10 were received into
11 evidence.)

12 MR. LIVINGSTON: Thank you.

13 I tender the witness for
14 cross-examination.

15 EXAMINER WOODS: Okay. The witness is
16 available for cross.

17 CROSS EXAMINATION

18 BY MR. TOWNSLEY:

19 Q. Good morning, Mr. Palmer.

20 A. Good morning, Mr. Townsley.

21 Q. I want to discuss a couple of topics
22 with you this morning, and hopefully this will be

1 fairly brief.

2 Just up front, I have had a discussion
3 with counsel for Ameritech this morning about
4 admitting a couple of data request responses into
5 the record, and I'll go ahead and do that after I
6 ask some questions of Mr. Palmer, but with being
7 able to admit those into the record via stipulation
8 will cut some of my cross short, but let me start,
9 Mr. Palmer, with a general question to you.

10 Is it fair to say that a major area of
11 disagreement between Ameritech and the CLECs in
12 this proceeding is whether the unbundled local
13 switching rate should consist of a single
14 flat-rated port charge or of a flat-rated port
15 charge plus a charge for switching usage?

16 A. I think that's a fair characterization,
17 yes.

18 Q. And what I'd like to do -- you've made a
19 couple of proposals in this proceeding. Is that
20 correct?

21 A. That's correct.

22 Q. And both of those proposals would

1 include a flat-rated port charge plus a usage
2 charge. Is that correct?

3 A. It's correct, but I think the proposals
4 are substantially different. The second
5 alternative I present, the only usage component
6 there doesn't include anything to do with the
7 initial cost of the switch. It's more or less just
8 usage costs that are incurred each time the switch
9 is activated.

10 Q. Nevertheless, there is a per-minute --

11 A. There's a per-minute charge, but it's
12 really small.

13 Q. And what I'd like to do is explore with
14 you a little bit what the impact of your proposals
15 would be. First let me make sure that I'm
16 perfectly clear on the manner in which Ameritech
17 itself purchases switches from its vendors.

18 You readily admit that Ameritech pays
19 for its switches on a per line basis. Is that
20 correct?

21 A. Primarily on a per line basis, that's
22 correct.

1 Q. And that is true for the switches that
2 Ameritech purchases from each of its switch
3 vendors, including Lucent, Nortel, and Siemens. Is
4 that correct?

5 A. That's correct.

6 Q. Now the per line rate that Ameritech
7 pays to its switch vendors does not vary depending
8 upon where the switch is located. Is that
9 accurate?

10 A. That's accurate.

11 Q. So a line port in Chicago would cost the
12 same as a line port in Woodstock, Illinois. Is
13 that correct?

14 A. If they're the same type of switch, yes.

15 Q. So a Nortel switch in Chicago per line
16 rate would be exactly the same for a Nortel per
17 line port that happens to be located in Woodstock,
18 Illinois. Is that correct?

19 A. Correct.

20 MR. LIVINGSTON: Could I ask for
21 clarification?

22 MR. TOWNSLEY: Sure.

1 MR. LIVINGSTON: Are you talking about
2 replacements or growths?

3 MR. TOWNSLEY: I'm just talking per line in
4 general.

5 Q. If it's a replacement line for a Nortel
6 in Chicago, would it be the same cost as a
7 replacement line for a Nortel in Woodstock?

8 A. Yeah, a replacement line would be the
9 same for Chicago and Woodstock, and a growth line
10 would be the same for Chicago and Woodstock.

11 Q. Okay. Fair enough. And if Ameritech
12 purchased a line port in Wisconsin, Indiana,
13 Michigan, or Ohio, the cost of the line port is the
14 same. Isn't that correct?

15 A. Yeah, given, you know, the clarification
16 that Mr. Livingston raised; if we're talking
17 replacement lines, yes; if we're talking growth
18 lines, yes.

19 Q. Now I'd like to go through a
20 hypothetical with you, and what I'd like for you to
21 do is assume that Ameritech has a Lucent switch
22 that serves a town in rural Wisconsin and a Lucent

1 switch that serves Chicago.

2 A. Okay. I'm with so you far.

3 Q. And the switches -- just assume that the
4 switches are identically configured, and for the
5 purposes of this example let's say that Ameritech
6 paid Lucent \$10 for the line port in Chicago and
7 \$10 for the line port in rural Wisconsin, and let's
8 assume they are replacement lines, so everything
9 matches up. Are you with me so far?

10 A. So far.

11 Q. Now let's assume that there is a
12 grandmother who lives in rural Wisconsin who
13 happens to be served by that switch, and she makes
14 a couple of calls a month, just on Sunday, and
15 they're short in duration, and so her actual use of
16 the switch would be negligible. Let's say that
17 it's lower than the average used by Ameritech's
18 average customer. Can you assume that with me?

19 A. Sure.

20 Q. And suppose there's a business customer
21 in Chicago, and that business customer has
22 intensive telecommunications needs. They use their

1 line port quite a bit. They use their phone. They
2 use the Internet. Their usage of the switch is
3 high. Can you assume that with me?

4 A. Sure.

5 Q. Now, under your preferred proposal
6 which, as I understand it, includes some of the up
7 front switch investment in the per-minute-of-use
8 charge. Is that correct?

9 A. Yes.

10 Q. Under your preferred proposal, and
11 assuming that this Commission adopted your
12 preferred proposal, would the Illinois -- isn't it
13 accurate to say that the Illinois business customer
14 would be subsidizing the residential customer in
15 Wisconsin for their use of the switch?

16 A. No. I think that's the beauty of our
17 preferred proposal. You know, a granny in
18 Wisconsin would just pay for the minutes she uses,
19 and the high usage customer in Chicago would pay
20 for the minutes that they use.

21 Q. And let me make sure I understand this.
22 Under your preferred proposal, proposal number 1,

1 there is investment, up front investment of the
2 switch that is included in the per-minute-of-use
3 charge. Correct?

4 A. There is up front CCS or usage-related
5 investment included in the per-minute charge, but
6 that's spread across, you know, all the minutes of
7 use, and therefore, you know, granny, if she only
8 uses five minutes a month, I think our proposed
9 rate says like a tenth of a penny, you know, would
10 only be paying about a half a penny for her usage
11 over the month.

12 Q. And so you're not recovering the cost of
13 that switch. Isn't that correct?

14 A. Not if everybody was like granny.

15 Q. The cost is the same for both line
16 ports. Correct?

17 A. Yes, the average cost is the same for
18 the line ports, but we've --

19 Q. And revenue -- I'm sorry. Were you
20 finished?

21 A. No.

22 Q. I'm sorry. Go ahead and finish your

1 answer.

2 A. What I was going to say, maybe to
3 clarify, is we split the cost of the line port. I
4 think in your example it was, you know, \$10 in
5 Chicago and \$10 in Wisconsin. You know, a portion
6 of that \$10 relates to terminating the line, and
7 another portion of that \$10 relates to usage on the
8 line. So say, for example, of your hypothetical,
9 \$7, you know, is non-traffic sensitive. It relates
10 to the line terminating function. \$3 relates to
11 the usage function. Those are broad averages, but
12 I don't charge granny, you know, the whole \$3 if
13 she doesn't use \$3 worth of usage.

14 Q. But Ameritech has paid the vendor \$10
15 per line port. It doesn't matter what the average
16 cost to the business customer or granny is,
17 correct? You've paid \$10 per line port. The
18 revenue that is coming in from those two customers
19 is different, correct?

20 A. Yes, it would be different.

21 Q. And so on one customer you're under -
22 recovering the cost of the investment and on one

1 customer you're over-recovering the cost of the
2 investment. Isn't that correct?

3 A. Well, I don't know if you took your
4 hypothetical far enough to say that, you know, --
5 you know, the business customer is -- you know, in
6 my example I split it \$7 non-traffic sensitive, \$3
7 CCS related. There's a certain amount of minutes
8 that customer would have to hit before I go over
9 the \$3 cost recovery, and I also think, you know,
10 your hypothetical is talking about a short-run view
11 here. You know, that if that high usage business
12 customer and there were more of those customers and
13 they consistently exceeded the average CCS that was
14 built into the per-line price and the average usage
15 assumption that that CCS configuration was based
16 on, you know, in the long run that's going to cause
17 more usage costs, and I think that's the gist of
18 the argument I have with Dr. Ankum; that
19 there might be capacity in the short run, you know,
20 to handle current usage, but in the long run, any
21 time you might have to advance capacity or add
22 plant to accommodated different usage, you have a

1 usage- sensitive cost.

2 Q. And none of what you have explained to
3 me changes the fact that Ameritech is paying \$10
4 per port on that switch. Correct?

5 A. No, and I think, you know, what
6 Ameritech pays the vendor and how it recovers those
7 costs are related but different issues.

8 Q. And I guess I'm coming back to the
9 question that I asked you. We have the costs that
10 Ameritech has incurred per port, which is \$20. You
11 have what you were charging your end-user
12 customers. You have two different revenue streams
13 that are coming in for granny and for the business
14 customers. One you're over-recovering; one you're
15 under-recovering. Are you under-recovering on the
16 business customer?

17 A. Let's go back to granny. I'm not --

18 Q. Can you please just give me a yes or no
19 to that question?

20 A. Well, I don't know what the business
21 customer's usage is. That wasn't part of your
22 hypothetical.

1 Q. It's above the average usage for an
2 average Ameritech customer, as I posed in the
3 hypothetical.

4 A. Yeah, above average there would be some
5 over-recovery.

6 Q. And similarly for granny, who is under
7 the average usage for the average Ameritech
8 customer, you would be under-recovering. Correct?

9 A. That's the nature of averages.

10 Q. All right. Let me switch gears here. I
11 want to talk to you about measurement and billing,
12 and let me direct you to your surrebuttal
13 testimony, which is Ameritech Illinois Exhibit 2.2,
14 pages 7 and 8. I'll give you a chance to get
15 there.

16 A. 2.2, 7 and 8?

17 Q. Yes.

18 A. Okay. I'm on page 7 now.

19 Q. Okay. And at pages 7 and 8 there's a
20 discussion of the measurement and billing costs.
21 Is that correct?

22 A. Yes.

1 Q. And the question that appears at the
2 bottom of page 7 that begins "Dr. Ankum also claims
3 that even if these costs are not included in the
4 contracts, measurement is unnecessary if flat rate
5 ports are ordered." Do you see that and the answer
6 that flows over onto page 8?

7 A. Yes.

8 Q. And in your answer you indicate that
9 Ameritech Illinois must monitor usage on its own
10 network for internal network management as well as
11 external reporting purposes.

12 A. Yes.

13 Q. And what I want to clarify with you is
14 the regulatory reporting that Ameritech is required
15 to do and what costs you're specifically talking
16 about with respect to that regulatory reporting.

17 Do you have available for review what was WorldCom
18 Third Set of Data Requests, Data Request Number 20?

19 A. Third Set, Number 20. I have something
20 here that's labeled Number 20. I can't tell if
21 it's from the Third Set.

22 Q. Okay.

1 A. But if they were sequentially numbered,
2 then I guess it's from the Third Set.

3 Q. Okay. Let me read what the request is.
4 "For each of the cost elements listed on lines 1
5 through 6 of the Illinois Shared Transport 2001
6 Excel Sheet, Tab 7.7, Expense, please provide all
7 the supporting documentation and workpapers." Is
8 that what you have before you?

9 A. Yes.

10 Q. And you recognize this request?

11 A. Yes, I do.

12 Q. And you provided the response on behalf
13 of Ameritech to this data request? Is that
14 correct?

15 A. Yes.

16 Q. And what I want to confirm for the
17 record is the average automatic message accounting
18 costs, if you flip to the first page of the
19 response, and I don't want to get into identifying
20 the specific number because I think that's
21 proprietary. Is it?

22 A. The first page of the answer there's a

1 few numbers there.

2 Q. At the bottom of the answer it says
3 average AMA cost per call and then there's a number
4 in the right column. Is that number proprietary?

5 A. Does it say average AMA cost per call?

6 Q. Yes.

7 A. Well, your first page is my last page,
8 but, yeah, there's a number there.

9 Q. Okay. And that's confidential.
10 Correct?

11 A. Yes.

12 Q. Okay. That number on that page, does
13 that represent the measuring costs that Ameritech
14 is required to measure usage on a switch for
15 regulatory purposes?

16 A. No. It's measurement costs for all
17 purposes, you know, internal network -- I think I
18 mentioned internal network management as well as
19 regulatory reporting.

20 Q. Well, as a component of the measuring
21 costs, you've included -- one of the components is
22 a bill inquiry cost. Is that correct?

1 A. No. See, I t thought we were -- well,
2 bill inquiry, that's another cost element. I
3 thought we were talking about measurement costs
4 here. Measurement costs we've separately
5 identified.

6 Q. Right.

7 A. And here I'm only talking -- and this
8 does not include like bill inquiry.

9 Q. Right.

10 A. And the question that started on the
11 bottom of page 7, you know, that was responding to
12 Dr. Ankum saying measurement is unnecessary.

13 Q. Okay, and you reference this bill
14 inquiry cost. Correct?

15 A. Later on in another question and answer.

16 Q. Right.

17 A. I think in the following question and
18 answer, but this data request really goes to the
19 first two questions and answers on 7 and 8.

20 Q. Okay. And that's what I want to clarify
21 is what's included in there. If we turn to what is
22 marked as tab 5.1, which is included in Data

1 Request Number 20, your response to Data Request
2 Number 20.

3 A. Yes. It says Recurring Cost Summary?

4 Q. Yes. Recurring Cost Summary is tab 5.1,
5 and about halfway down the page it says Bill
6 Inquiry, and then it lists wage expenses, business,
7 wage expenses related to billing inquiries. Is
8 that correct?

9 A. Right.

10 Q. And there is a total cost for billing
11 inquiry per message which appears at the bottom of
12 that page. That cost is not part of the cost of
13 Ameritech to do measuring for regulatory purposes.
14 Is that correct?

15 A. That's correct.

16 Q. Okay.

17 A. That's the cost on line 11, so.

18 Q. Right.

19 A. Just so we're clear.

20 Q. Correct, correct.

21 A. Okay.

22 Q. And the cost of bill inquiry, that would

1 be the cost of having a service representative
2 answer calls about bills. Correct?

3 A. Right, from the CLECs.

4 Q. Can you point me to anything on tab 5.1
5 or anywhere else in your response to WorldCom Data
6 Request Number 20 or anything in your testimony,
7 prefiled written testimony, that states that that
8 bill inquiry cost is specifically -- specifically
9 represents the cost of responding to inquiries from
10 competitive local exchange carriers?

11 A. If you can give me a minute.

12 Q. First, just so we can narrow it, is
13 there anything in the study that we're looking at,
14 the response to Data Request Number 20, the cost
15 study that we're looking at, that would indicate
16 that to me?

17 A. Well, I think I said either in the
18 rebuttal or the surrebuttal testimony, and this was
19 in response to Dr. Ankum, that we used these costs
20 as a surrogate for what the CLEC costs would be.
21 Okay?

22 Q. It's a surrogate for -- it's a proxy for

1 the CLEC's costs. Is that correct?

2 A. That's correct.

3 Q. So there's nothing in the study that
4 says these are actually the costs that would be
5 incurred in responding to competitive local
6 exchange carrier billing inquiries. Correct?

7 A. My answer would be there's nothing on
8 this workpaper that says this is specific to CLECs,
9 but I didn't deny that in my testimony. I said
10 that we use this as a reasonable proxy for what the
11 bill inquiry and bill processing expense would be
12 for CLECs.

13 Q. So essentially what you're saying is you
14 equate the billing inquiries of residential and
15 business customers and Ameritech residential and
16 business end-user customers who call into Ameritech
17 service representatives and ask questions about
18 their bills to the calls that a competitive local
19 exchange carrier would make to Ameritech. Is that
20 correct?

21 A. Well, here I think we just used the
22 business customers. We didn't use the residential

1 customers. CLECs would be more like business
2 customers.

3 Q. Let's go back to your response to
4 WorldCom Data Request Number 20, tab 5.1, and under
5 Bill Inquiry there's two subsections. One says
6 residence and one says business. Is that not
7 correct?

8 A. Let me find it again.

9 Q. I'm sorry. It's tab 5.1.

10 A. Okay. I stand corrected. Bill inquiry
11 is a meld of residence and business.

12 Q. And those bill inquiries would be from
13 Ameritech's end-user residential and business
14 customers to an Ameritech service representative.
15 Correct?

16 A. Correct.

17 Q. Can you tell me what the top six
18 categories of business and residential end-user
19 customers are with respect to bill inquiries to
20 Ameritech service representatives in Illinois?

21 A. I probably can't tell you anyhow, but
22 how do you define categories?

1 Q. Well, somebody picks up the phone and is
2 calling Ameritech. It causes them to incur some
3 costs because there's a service representative
4 there to pick up the phone and answer bill
5 inquiries. Correct?

6 A. Well, could you give me that again?

7 Q. I'm sorry.

8 A. Or are we talking about the categories
9 of inquiries?

10 Q. Okay. Let me just step back. Ameritech
11 receives a lot of phone calls from residential end-
12 user customers on a daily basis. Isn't that
13 correct?

14 A. I believe that would be true.

15 Q. And a number of those calls deal with
16 the bills that they've received from Ameritech that
17 they may have questions about. Isn't that correct?

18 A. That's correct.

19 Q. And can you tell me what the top five
20 categories of questions that come from residential
21 customers are regarding their bills?

22 A. No.

1 Q. How about your business customers? Can
2 you tell me what the top five categories are of the
3 inquiries that they may make regarding their bills
4 that they receive to your service representatives?

5 A. No. I would only be speculating. I
6 haven't done a study of that.

7 Q. Can you provide me with one or two for
8 residential and one or two for business?

9 A. Only from personal experience.

10 Q. What is it?

11 A. Well, I know people are often confused
12 by surcharges that appear on the bills.

13 Q. Do you think a competitive local
14 exchange carrier that has to bill its own end-user
15 customers and would have on its own bill to its
16 end-user customers certain surcharges, do you think
17 they'd be confused by the surcharges that they
18 received, that appear on a bill?

19 A. No. I think they would probably -- most
20 of their inquiries would probably go to, you know,
21 what port charges they were paying, you know, what
22 the usage on those ports looked like in this

1 context. You know, I would base that answer on
2 experience dealing with IXCs with respect to access
3 charges.

4 Q. Well, what we're talking about in this
5 proceeding, and assuming that the Commission sticks
6 by its original TELRIC order and we have a
7 flat-rated port here in Illinois, there's no usage
8 to ask questions about. Isn't that correct?

9 A. No, I think even under my Alternative 2
10 I was proposing that there would be, you know,
11 consistent with the earlier order by the
12 Commission, you know, the permitted minimal
13 per-minute-of-use charge that would recover costs
14 incurred every time a switch is activated, so I
15 could see there could be questions about that.

16 Q. Well, Ameritech has tariffs, for
17 example, that would give instruction on how they
18 bill for ports, how they bill for loops, the
19 nonrecurring charges that they would impose on
20 competitive local exchange carriers. Those same
21 rates, terms, and conditions would appear in
22 interconnection agreements that they had entered

1 into with Ameritech. Isn't that correct?

2 A. That's correct, but, you know, there's
3 tariffs out there now that doesn't answer
4 everybody's questions about their bills. I mean
5 people are more inclined to pick up the phone than
6 run to a tariff.

7 Q. Can you tell me approximately how many
8 end-user customers Ameritech has in the State of
9 Illinois, business and residential?

10 A. I want to say around 6 million.

11 Q. And do you know how many competitive
12 local exchange carriers there are that have an
13 interconnection agreement with Ameritech?

14 A. No, not off the top of my head as I sit
15 here.

16 Q. Do you know how many competitive local
17 exchange carriers there are in the State of
18 Illinois that are certificated by the Illinois
19 Commerce Commission to do business in this state?

20 A. No, I don't.

21 Q. I have one last area that I want to
22 cover with you. Let me refer you to your rebuttal

1 testimony, which is Ameritech Illinois Exhibit 2.1,
2 at pages 6 and 7.

3 A. 2.1?

4 Q. Yes, please.

5 A. And excuse me. I didn't catch the page
6 number.

7 Q. Pages 6 and 7.

8 A. Oh, 6? Okay. I'm there.

9 Q. Okay, and on that page you're responding
10 to some testimony from CoreComm witness Webber. Is
11 that correct?

12 A. Yes, I am.

13 Q. And you're discussing the flat-rated
14 port charge. Is that correct?

15 A. That's correct.

16 Q. And you note that Mr. Webber had
17 asserted that your proposal does not comport with
18 the Commission's Order in Docket 96-0486, which is
19 the TELRIC order. Is that correct?

20 A. Yes.

21 Q. Because the order requires that "any
22 usage charge should not recover any cost associated

1 with the initial cost of the switch, but only those
2 usage-sensitive costs necessary to operate and
3 maintain the switch." Do you see that?

4 A. Yes.

5 Q. Did you offer a proposal in this
6 proceeding that comports with the requirements of
7 the Commission in the TELRIC order?

8 A. I believe that what comports with this
9 quote here would be Alternative 2.

10 Q. Pardon me?

11 A. I would believe that that's what I'm
12 calling Alternative 2.

13 MR. TOWNSLEY: Thank you, Mr. Palmer. I have
14 no further questions.

15 THE WITNESS: Thank you.

16 EXAMINER WOODS: I'm going to take about a
17 minute and a half to run up and get the file for
18 the interlocutory, so we'll just take a little
19 break.

20 (Whereupon a short recess
21 was taken.)

22 EXAMINER ALBERS: Back on the record.

1 I'll just state for the record that I'm
2 stepping in for Mr. Woods for a few minutes while
3 he responds to some questions from the Commission,
4 and I believe Mr. Townsley had an exhibit that he
5 --

6 MR. TOWNSLEY: Yes, Your Honor. When I was
7 cross-examining Mr. Palmer we had been discussing a
8 response to WorldCom Data Request Number 20. I
9 want to mark that as WorldCom Palmer Cross Exhibit
10 1 and move to enter that into the record now.

11 EXAMINER ALBERS: WorldCom Palmer Cross
12 Exhibit 1?

13 MR. TOWNSLEY: Yes, and I will provide a copy
14 to the Court Reporter when I have additional copies
15 of that.

16 EXAMINER ALBERS: Did you have a copy for
17 Examiner Woods?

18 MR. TOWNSLEY: Yes, he had a copy of it.

19 EXAMINER ALBERS: Okay. Is there any
20 objection to WorldCom Palmer Cross Exhibit 1?

21 MR. LIVINGSTON: No objection, Your Honor.

22 EXAMINER ALBERS: Hearing none, then that

1 exhibit is admitted.

2 (Whereupon WorldCom Palmer
3 Cross Exhibit 1 was received
4 into evidence.)

5 MR. TOWNSLEY: And, Mr. Examiner, if I might,
6 there were two other documents that I wanted to
7 enter into the record. They're both Ameritech
8 responses to WorldCom data requests. I had talked
9 to counsel for Ameritech before. He has no
10 objection to stipulating them into the record. I
11 didn't have -- I have not marked those, and I'm not
12 sure how Examiner Woods or you would like to have
13 them marked. I can move to have them admitted into
14 the record later, if you'd like, or if you want to
15 handle it now.

16 EXAMINER ALBERS: Do you have them here today?

17 MR. TOWNSLEY: Yes, I have them.

18 EXAMINER ALBERS: And were these brought up
19 during cross?

20 MR. TOWNSLEY: No, they were not. We were
21 just going to stipulate them into the record so we
22 could shortcut some of the cross.

1 EXAMINER ALBERS: Oh, okay. Okay.

2 MR. LIVINGSTON: Do you want to just put them
3 in as Cross Exhibits 2 and 3?

4 MR. TOWNSLEY: Sure.

5 MR. LIVINGSTON: Just to get them into the
6 record.

7 MR. TOWNSLEY: Sure.

8 MR. LIVINGSTON: I did stipulate that they
9 could go in.

10 MR. TOWNSLEY: I would like to identify as
11 WorldCom Palmer Cross Exhibit Number 2 what is
12 identified as WorldCom, Incorporated Data Request
13 Number 4. The request is please provide all
14 communications with Lucent, Nortel, and Siemens
15 regarding the CCS calculations and ARPSM, and the
16 response that was provided by Mr. Palmer includes
17 correspondence from Nortel, Siemens, and Lucent to
18 Ameritech.

19 I would like to mark for identification
20 WorldCom Palmer Cross Exhibit Number 3, which is
21 WorldCom, Inc. Third Set Data Request Number 18,
22 and the request was please provide the most recent

1 Total Element Long Run Incremental Cost study along
2 with any and all documentation that supports the
3 daily usage fee rate that Ameritech proposes to
4 apply in certain calling scenarios involving shared
5 transport and unbundled local switching as
6 referenced in Ameritech witness Hampton's Schedule
7 JLH- 2 and that response to that which was provided
8 by Mr. Palmer which is a cost study for Ameritech's
9 daily usage fee, and I would move to enter WorldCom
10 Cross Palmer Exhibits 2 and 3 into the record at
11 this time.

12 EXAMINER ALBERS: Just for clarification, you
13 said Cross Exhibit 2 was WorldCom -- that it was
14 from the first set of DR's?

15 MR. TOWNSLEY: Yes.

16 EXAMINER ALBERS: Number 4?

17 MR. TOWNSLEY: Yes. It's just labeled
18 WorldCom, Inc. Data Request Number 4.

19 EXAMINER ALBERS: Okay. Any objection to any
20 of these two cross exhibits?

21 MR. LIVINGSTON: No, Your Honor.

22 EXAMINER ALBERS: Then WorldCom Palmer Cross

1 Exhibits 1 and 2 are admitted.

2 MR. TOWNSLEY: 2 and 3.

3 EXAMINER ALBERS: I'm sorry; 2 and 3.

4 (Whereupon WorldCom Palmer
5 Cross Exhibits 2 and 3 were
6 received into evidence.)

7 MS. TOWNSLEY: Thank you very much.

8 EXAMINER ALBERS: Anything else?

9 MR. TOWNSLEY: No. That's it. Thank you very
10 much.

11 EXAMINER ALBERS: Okay.

12 And Mr. Harvey?

13 MR. HARVEY: Whenever you're ready and
14 whenever the Reporter and Mr. Palmer are ready.

15 THE WITNESS: I'm ready.

16 EXAMINER ALBERS: I think we're set.

17 MR. HARVEY: Okay. Wonderful.

18 CROSS EXAMINATION

19 BY MR. HARVEY:

20 Q. Mr. Palmer, my name is Matt Harvey. I
21 believe we met at the time of either the TELRIC II
22 or alternative regulation hearings, which are now

1 sort of dimly receding into the past.

2 A. I think it was alternative regulation.

3 Q. But I have a couple of things related to
4 TELRIC II as well. Were you involved in that case,
5 by the way, 98-0396?

6 A. No.

7 Q. Okay. Lucky you. But you have been
8 involved in issues and cases associated with
9 Ameritech TELRIC rates and costs for a number of
10 years. Right?

11 A. Yes, I have.

12 Q. And you gave testimony in the original
13 TELRIC case, that being 96-0486. Correct?

14 A. Yes, I did.

15 Q. Now I understand that your testimony in
16 this proceeding makes reference to both the
17 original TELRIC case and the matter in 98-0396.
18 Correct?

19 A. Yes.

20 Q. Okay. And for that reason I'm assuming
21 that you're generally familiar with those
22 proceedings and the orders or proposed orders

1 entered in those cases. Is that fair?

2 A. Generally. I hear things; I talk to
3 people.

4 Q. You get around, in other words.

5 A. I get around.

6 (Laughter)

7 Q. You know, again, I'm assuming, again,
8 and I hope fairly that you're generally familiar
9 with the purposes of this proceeding. Right?

10 A. I hope I am.

11 Q. Okay. Fair enough.

12 So this is essentially a compliance
13 docket, isn't it?

14 A. I guess it's a fair characterization.

15 Q. Okay. We agree that one of the
16 compliance issues in the docket is whether costs
17 and rates filed by Ameritech in this proceeding
18 comply with prior Commission orders. Correct?

19 A. Correct.

20 Q. Okay. Now, the costs and rates at issue
21 in this proceeding are wholesale costs and rates,
22 for want of a better word. Is that fair?

1 A. That's fair.

2 Q. Okay, and, in fact, there are costs and
3 rates for several network elements that make up the
4 combined unbundled network elements platform.

5 Correct?

6 A. That's correct.

7 Q. One of which is , what you have been
8 dealing with pretty exclusively, unbundled local
9 switching?

10 A. That's one element.

11 Q. And shared transport would be another.

12 A. That's correct.

13 Q. Okay. And really your most specific and
14 perhaps, if you'll excuse me for saying so, most
15 controversial responsibility in this proceeding is
16 to develop forward-looking costs for unbundled
17 local switching. Correct?

18 A. I don't know if that's any more
19 controversial -- well, it is probably more
20 controversial than the shared transport piece of it
21 at this point, yes.

22 Q. Okay. And shared transport and

1 unbundled local switching go pretty much together
2 anyway. I mean they're hard to separate, aren't
3 they?

4 A. Well, you know, I put forth I think four
5 scenarios in my testimony. I have, you know, an
6 unbundled local switching offering that stands on
7 its own and one that's coupled with the long-term
8 shared transport, and then we have alternative
9 proposals for both of those scenarios.

10 Q. Fair enough.

11 Now the customers that are going to
12 purchase these products, they're all going to be
13 carriers, right?

14 A. I believe that's the target market,
15 right.

16 Q. Well, I guess my question is really that
17 I, a -- assume for the sake of argument that is the
18 case, that I'm a residential user. I couldn't call
19 up Ameritech and say, you know, today I think I'll
20 buy some unbundled local switching and some shared
21 transport. I mean you wouldn't let me do that,
22 would you?

1 A. No. I think you would have to be a
2 certified carrier.

3 Q. And I'd have to probably sign an
4 interconnection agreement with Ameritech, would I
5 not?

6 A. Probably.

7 Q. Okay. So the offerings that you're
8 concerned with are not offerings , again, that
9 retail customers could or would purchase. Right?

10 A. No.

11 Q. And, in fact, if you were let's say a
12 betting man, and I'm confident that you're not, but
13 assuming that you were, you'd probably bet that the
14 average retail customer wouldn't really have the
15 slightest idea what unbundled local switching was.

16 A. I would hope not.

17 Q. And I as well. And would probably be
18 indifferent to its existence as long as his or her
19 phone worked?

20 A. I would think that would generally be
21 true.

22 Q. And might conceivably be indifferent to

1 the rate that the carrier was charging for it.

2 Correct?

3 A. I think they would be more concerned
4 with what they're charged.

5 Q. Fair enough.

6 Now, I'd like to talk some about
7 switching contracts generally, and you'll have to
8 excuse me. Ms. Liu or Dr. Liu and you seem to know
9 a great deal about this, and as a simple lawyer I
10 don't, so if you catch me saying something
11 relatively absurd, please point it out.

12 Now replacement prices -- let's turn to
13 Ameritech's contracts with switch vendors
14 generally, and I'm not talking about any specific
15 one. This is just a general question, and I hope
16 it's susceptible to a general answer. Replacement
17 prices in Ameritech's contracts with switch vendors
18 apply to replacement lines as well as new lines.
19 Is that correct or not correct?

20 A. No, not according to my reading of the
21 contract, you know. Each vendor has a very
22 specific 1A analog switch replacement switch

1 contract that, you know, specifically delineates
2 those 1A switches, you know, by location and by
3 date that are subject to the prices in those
4 replacement contracts. I think new switches for a
5 new location, you know, under those agreements are
6 generally put out for bid.

7 Q. I'm not entirely certain I followed you,
8 sir. Now let me just ask this question a little
9 differently, and perhaps I'll get a different
10 answer.

11 Let's assume that we're not talking
12 about -- we're talking about the same switch.
13 There's only one. Okay? If there is a replacement
14 -- the replacement prices would be the same
15 regardless of whether it was a replacement or a new
16 line. Am I just out in left field here?

17 A. A little bit. You know, maybe we aren't
18 communicating.

19 Q. That's entirely possible.

20 A. But, you know, in your one-switch
21 scenario, okay, you know, if that switch was an 1A
22 ESS switch that was one of those switches listed in

1 the agreement, then I could replace that switch
2 with a new digital switch for the prices specified
3 in the 1A replacement contract.

4 Q. Okay. Now let's sort of -- since you're
5 being fairly specific here with your answer, I'm
6 going to be fairly specific with my next question,
7 which I promised you I wouldn't, but where -- you
8 referred to your reading of these contracts. If
9 you can tell me, where would I look to find the
10 language in those contracts that you are
11 interpreting for us?

12 A. I may have that up here, if you'll hang
13 on a second, and I assume you're referring to the
14 language that talks about, you know, what switches
15 are subject to those replacement prices?

16 Q. Correct.

17 A. That specific list?

18 Here, for example, --

19 Q. And if you could just kind of just -- if
20 I could trouble you, kind of recite for the record
21 what you're reading from just so I know and so the
22 Reporter knows.

1 A. Okay. Right now I'm looking at
2 Supplemental Agreement RG58092S37, and that's
3 between Ameritech Services and Lucent Technologies
4 for analog switch replacements.

5 Q. Okay.

6 A. And there's an Attachment B to that
7 that's entitled Replacement Switches and Service
8 Dates, and it, you know, lists about five switches
9 in Illinois and four switches in Wisconsin.

10 Q. Okay. So --

11 A. And then I've got similar stuff for the
12 other vendors.

13 Q. Okay. Now I guess I'm understanding you
14 better here. Your contracts with your vendors
15 provide lists of wire centers in which the switches
16 will be replaced. Correct? And that is what
17 you've just read to us here or you've just
18 identified for us here. You know, let me --

19 A. Right. It identifies the switch
20 locations and the dates that they will be
21 converted.

22 Q. Okay. Now do the lists include any, if

1 you will, new wire centers?

2 A. No. Again, as my reading of the
3 contract and my understanding from the way the
4 contract is written and from the discussions we've
5 had with the procurement people, that these prices
6 are for situations where you've got an existing 1A
7 switch and you're going to replace it with a new
8 digital switch.

9 Q. Okay.

10 A. And if it's a new wire center, a new
11 location, those are put out for bid under these
12 contracts.

13 Q. All right. I now understand your
14 testimony in this regard.

15 Well, maybe I don't. Are you -- is it
16 your testimony that Ameritech's replacement
17 contracts with vendors don't provide for the
18 contingency that more wire centers, whether they be
19 new or replacement, beyond the ones listed in the
20 contracts would be subject to replacement under the
21 contracts?

22 (Whereupon Examiner Woods

1 returned to the hearing
2 room.)

3 A. I think I need that question back again
4 because I think --

5 Q. I don't blame you, sir. I'll try to ask
6 this in a less and negative way. Would it be fair
7 to say that Ameritech's replacement contracts with
8 vendors allow for the replacement of switches in
9 wire centers other than those listed in the
10 contract addendum that you just identified to the
11 court?

12 A. No.

13 Q. They do not.

14 A. They do not.

15 Q. Okay. Do Ameritech's contracts for
16 replacement of switches allow a wire center listed
17 in the replacement contracts to be dropped or
18 eliminated without influencing the contract prices?
19 Let's say you decide not to replace a switch, or
20 you decide to eliminate a wire center entirely for
21 some technical reason that I can't begin to
22 imagine. Is that something you can do under the

1 contract?

2 A. I think you could do it, but I think the
3 contracts assume that there's a minimum number of
4 lines that are going to be replaced at those
5 prices, and if you don't do the minimum, you know,
6 if you drop too many switches from that list, then
7 penalties would kick in or prices could be
8 renegotiated.

9 Q. Okay.

10 I'm going to tread on a little bit of
11 dangerous ground here, and I'll just advise counsel
12 right now.

13 Could we turn to the supplemental
14 agreement under Prices and Fees, please? I think
15 it's on the second -- it's described as page 1 of
16 5.

17 A. I don't think I have that here with me.

18 Q. Okay. May I approach?

19 A. Are you asking me?

20 MR. HARVEY: Well, I was going to ask the
21 Examiner, but I suppose it would be polite if I ask
22 you as well.

1 A. It's okay with me.

2 EXAMINER WOODS: Then it's okay with me.

3 MR. HARVEY: You're always an accommodating
4 Hearing Examiner.

5 EXAMINER WOODS: That would be me.

6 MR. LIVINGSTON: Do you mind if I look over
7 your shoulder?

8 MR. HARVEY: You absolutely may.

9 MR. LIVINGSTON: Because I don't have it
10 either.

11 MS. HAMILL: Mr. Harvey, is this still the
12 Ameritech/Lucent --

13 MR. HARVEY: I'm referring to the Supplemental
14 Agreement RG58092S37, which I believe is what we
15 were talking about originally. It is marked
16 confidential, and to the extent that I'm going to
17 -- maybe it would be advisable for me to just
18 briefly confer with counsel to make sure that I'm
19 not doing something that will cause all manner of
20 plagues of locusts and frogs to descend upon us.
21 If we might go off the record for just a second.

22 EXAMINER WOODS: We're off the record.

1 (Whereupon at this point in
2 the proceedings an
3 off-the-record discussion
4 transpired.)

5 EXAMINER WOODS: Back on the record.

6 MR. HARVEY: Mr. Palmer, we had a brief
7 discussion while we were off the record. I'll just
8 ask you this and see if I can get this done.

9 Q. To the extent that a new switch or a
10 replacement switch is referred to in this contract
11 or any contract, it's your position that the list
12 of switches to be replaced would govern. That
13 would comprise the exclusive list of replacement
14 switches?

15 A. That's correct.

16 Q. And other switches would be new
17 switches. Isn't that your construction of these
18 contracts?

19 A. Yeah. Going back a couple minutes, you
20 know, those situations, and I understand they would
21 be very limited situations where there might be a
22 new wire center or a new switching entity ordered,

1 those would be put out for bid.

2 Q. Okay. Okay. Fair enough.

3 Now the contracts include -- and, again,
4 if I'm treading too close to proprietary matters,
5 I'm just going to warn counsel now. These
6 contracts include prices for new lines, do they
7 not?

8 A. I look at them as containing two sets of
9 prices, you know, prices for analog switch
10 replacements, which I guess, you know, once the
11 switch is replaced, it's a new switch, if that's
12 where you're going, and, you know, growth lines on,
13 you know, existing digital switches and, you know,
14 digital switches that just replaced analog switches
15 under those contracts, but, again, you know, I'm
16 sticking to my understanding that new switching
17 entities, what you get are few and far between, and
18 I think because they are few and far between would
19 be put out for bid. In other words, go to the
20 vendors and give me -- let's do an RFP on this
21 particular switch. Those prices aren't in there.

22 Q. Okay. All right. And I guess at the

1 risk of being redundant, your definition of new
2 switches, not only under these contracts but under
3 Ameritech's general procurement policies as you
4 understand them, would be switches built --
5 switches placed in new wire centers. Correct?

6 A. Brand-new switching entities in new and
7 different locations.

8 Q. And a switching entity would be a wire
9 center?

10 A. Right.

11 Q. It might also be where Saturn comes in
12 and builds an enormous facility somewhere in
13 Ameritech's service territory?

14 A. Yeah. I mean examples I could think of
15 from my experience would be, you know, we've placed
16 -- you know, someone builds a big campus.

17 Q. Okay.

18 A. And we've placed a switch, you know,
19 right on the campus. You know, they're going to
20 have 50,000 employees. The most economical way is
21 to put the switch right on the campus, but those
22 situations you put those out for bids.

1 Q. Okay.

2 A. You ask Lucent for their best price,
3 Nortel for their best price, you know, those
4 situations, and they become a wire center. They
5 get a CLLI code and all that.

6 Q. A CLLI code, sir?

7 A. Well, common language location
8 identifier code. Entered in the database, they
9 become official switches, but those situations are
10 not covered by those contracts.

11 Q. Thanks, Mr. Palmer. You've, by the way,
12 added to my collection of acronyms, which is always
13 a fun day.

14 So I guess my -- just to make sure I
15 fully understand this, the prices for those new
16 wire centers would be obtained through a
17 competitive bidding process between what appears to
18 be the three switch vendors. Correct?

19 A. Correct.

20 Q. All right.

21 Now, are there provisions in Ameritech's
22 contract with switch vendors that specify the

1 minimum number of growth lines that are required
2 for a switch to obtain I guess the eligible price
3 for replacement and growth prices? You know, I'm
4 going to withdraw that question and start all over.

5 I assume that there are provisions in
6 Ameritech's contracts that specify a minimum number
7 of growth lines for a switch in a specific wire
8 center. Would that be a fair characterization?

9 A. No, because they're not specific to wire
10 centers. You know, there's minimums assumed by the
11 contracts, but, you know, the vendors don't care if
12 you put them all in Indiana, Wisconsin, Ohio,
13 Michigan, and Illinois or what the proportions are.
14 There are no minimums per wire center.

15 Q. Okay. Let's try this maybe more
16 artfully, if I'm capable of it.

17 There is a price specified in these
18 contracts for replacement and growth -- or there's
19 something specified as a replacement and growth
20 price. Correct?

21 A. Correct.

22 Q. Okay. And that price, I take it, is a

1 fairly favorable one to Ameritech. Correct?

2 Compared to the --

3 A. The replacement price compared to the
4 growth price?

5 Q. Let's say that, yeah.

6 A. The replacement prices are less than the
7 growth price.

8 Q. Okay. Replacement and growth prices
9 though are kind of contingent, are they not? You
10 have to have a certain amount of growth under these
11 contracts, do you not?

12 A. Yeah. I think that's the whole point of
13 our model is that, you know, when it was
14 negotiated, the vendor and the company had certain
15 expectations about, you know, which switching
16 entities and how many lines were going to be
17 replaced and subject to the replacement prices and,
18 you know, how many growth lines were going to be
19 bought and sold.

20 Q. Fair enough. I think I understand that.
21 What I'm saying is that there is an assumed level
22 of growth in these contracts before you can get

1 that price. Is that fair?

2 A. Is it the vendor and the company have,
3 you know, expectations about what the growth is
4 going to be? I was just quibbling, you know, that
5 the growth is not, you know, wire center specific,
6 state specific, switch specific, or anything else.

7 Q. Well, if I could interrupt you though,
8 you discussed expectations. Are these expectations
9 reduced to a discreet number anywhere in these
10 contracts?

11 A. You know, like specific numbers of
12 growth lines?

13 Q. X amount of growth, a minimum of X
14 amount of growth will take place.

15 A. Yeah, I think there are minimums
16 specified in the contracts.

17 Q. Okay. And when the minimum is reached,
18 what result occurs?

19 A. Nothing. It just goes on. You could
20 exceed the minimum.

21 Q. Okay. Now, are there adjustments in
22 these contracts for the contingency that replaced

1 the projected and, if you will, expected amount of
2 growth does not take place?

3 A. Yeah. I think, you know, there's
4 minimums specified in there, and I also understand
5 that, you know, if those expectations aren't met,
6 you know, for one reason or another, you know, and
7 I'm certainly not a contract lawyer, but it's my
8 understanding that either side could, you know,
9 seek to renegotiate the terms and provisions and
10 prices of the contract.

11 Q. Okay. So that if let's say there is --
12 and I'm picking this number at random -- 100,000
13 growth lines are expected. I'm assuming that
14 Ameritech would like to see it wasn't any more than
15 100,000, but let's say under the contract that
16 100,000 is the sort of set number, and growth over
17 the specified term does not meet that expectation.
18 Somebody would take a hit under the contract. It
19 would be subject to renegotiation or Ameritech
20 might pay relatively larger sums to execute the
21 remainder of the contract. Correct?

22 A. Yeah. If things don't work out I think

1 according to the expectations, either buyer or
2 seller, you know, there's loop holes, if you will,
3 in a contract whereby somebody could be penalized
4 or take a hit.

5 Q. And a good thing, too, that there are
6 loop holes in contracts, sir.

7 A. I think people should be punished.

8 (Laughter)

9 Q. In a room full of lawyers, you can
10 always assume that loop holes are good.

11 A. Oh. I guess I didn't understand.

12 Q. Now, unless I'm totally
13 mischaracterizing -- first of all, could I direct
14 you to page 12 of your surrebuttal testimony, if I
15 might, sir?

16 A. Okay. I'm there.

17 Q. Okay. Now your testimony is that -- and
18 I'll just refer you to page 20 -- or to line 20, a
19 literal reading of the contracts would apply the
20 growth prices to all the existing lines on digital
21 switches, since those growth prices, etc. do you
22 see that?

1 A. Yes, I do.

2 Q. Okay. And this is a -- is it your
3 testimony that all the contracts can be so
4 literally read or literally read in this manner?

5 A. Yes.

6 Q. Okay. Without -- let's do it this way.
7 Could you -- you have one of the contracts with
8 you. Correct?

9 A. No. I have selected pages from --

10 Q. Would you have any of the selected pages
11 that might contain the literal reading to which you
12 refer, or is one available to you?

13 A. You know, I don't know if there's a
14 specific package or page that I'm referring to
15 there. I think the point I'm trying to make here
16 is, you know, Dr. Ankum took one position that
17 says, hey, look, under TELRIC -- literally under
18 TELRIC I think he said the T stands for total. You
19 should apply these low replacement prices to your
20 whole network, and I think, you know, another
21 interpretation of that, another thing about TELRIC
22 is it's suppose to be forward-looking, and if I

1 start with the assumption that digital switches are
2 my forward-looking technology, you know, you can
3 make an argument that, you know, all my growth or
4 all my incremental costs should be at the higher
5 growth prices if I start from the premise that,
6 hey, I'm all digital to start with and, you know,
7 the real price should be the higher growth prices,
8 and I just pointed out that we didn't take that
9 extreme approach. We did something more in the
10 middle which was, you know, model the actual terms
11 and conditions and the prices in the contract as
12 accurately as possible.

13 Q. Well, at the risk of being rude here,
14 sir, I sort of want to stay away from that for just
15 a second. I just want to -- I mean I think this is
16 -- what I'm trying to do is understand where you're
17 coming from in these contracts. I guess I now do,
18 but what you're saying is this is your literal
19 reading of these contracts, and I assume it would
20 be Ameritech's reading of these contracts.
21 Correct?

22 A. I think it goes more beyond a reading,

1 you know. I mean these contracts reflect the way,
2 you know, Ameritech purchased, you know, switching
3 equipment. I mean these govern the purchase of
4 switching equipment. These contracts determine,
5 you know, the prices we pay for switching equipment
6 on the whole and on the average.

7 Q. Okay.

8 A. And that's what's in the cost model.

9 Q. And I fully understand that. What I'm
10 asking is, is the interpretation you refer to on
11 page 20 -- or on page 12, line 20, your
12 interpretation personally? And I assume that to be
13 the case, so who else's is it at Ameritech?
14 Everybody's?

15 A. Well, starting at line 18 where I say
16 this is clearly not an application of the
17 contracts, which limit the lower replacement prices
18 to a specified list of 1A analog switches, I don't
19 think that's subject to interpretation. I mean I
20 identified a specific list of analog switch
21 replacements, and if I went to my procurement
22 people and said, you know, Scott, can I get these

1 lower replacement prices on these other switches or
2 for growth on these other switches, the answer
3 would be no. That's inconsistent with the terms of
4 the contract.

5 Q. Have you gone to your procurement people
6 and tried to do that?

7 A. No, but I've asked those questions of
8 the procurement people. I'm not responsible for
9 purchasing switching equipment.

10 Q. I understand that. Now, to your
11 knowledge have the procurement people gone and
12 asked their opposite numbers at the switch vendors
13 the same question?

14 A. I wouldn't have knowledge of that.

15 Q. Okay.

16 Now, I have one final line of questions
17 kind of relating to the whole switch costs or the
18 sort of, if you will, ARPSM issues, Mr. Palmer, and
19 this is yet another acronym. We will one of these
20 days provide a glossary for the benefit of court
21 personnel.

22 Now the CCS cost is something that is

1 intimately related to your forward-looking CCS
2 investment in your modeling of this. Correct?

3 A. Correct.

4 Q. Okay. Now, is the CCS investment cost
5 associated with the intention of usage of the
6 existing investment or the investment that you
7 project you will have to put into place?

8 A. I think it's forward-looking investment
9 really.

10 Q. So the answer to that would be the
11 projected investment. Correct?

12 A. Correct.

13 Q. Okay. So would it be fair to say that
14 the projected investment is going to be the same,
15 at least over the short term, regardless of the
16 usage going forward?

17 A. I think here you're going to the heart
18 of the argument.

19 Q. I did it accidentally, sir.

20 A. Oh. Well, you said short term.

21 Q. Well, let's say short term, and then
22 let's try long term.

1 A. Yeah. I mean short term, short run.
2 You know, apparently the capacity provided -- the
3 switching capacity provided by the vendors at those
4 contract prices, you know, currently provide enough
5 capacity to handle current levels of usage.

6 Q. Okay.

7 A. You know, but that's not to say usage
8 should be free, usage doesn't cause a cost, and
9 there are not long-run usage costs.

10 Q. But we would agree that to the extent
11 that you projected an investment, that wouldn't be
12 really affected by forward-looking -- you know,
13 prospective increased usage.

14 A. Well, I think, you know, the investment,
15 you know, that we projected had an assumption --
16 well, it had a number of assumptions in there, but,
17 you know, it assumes a certain level of usage, and,
18 you know, it identifies a cost associated with that
19 certain level of usage, and, you know, the way we
20 do that is, you know, it's a --

21 Q. Well, if I can just interrupt you, let's
22 not worry so much about that right now. I just

1 want to understand how this -- let's say you've
2 projected a certain amount of usage and gotten the
3 -- and derived the amount of money you think you'll
4 have to invest going forward in that. Correct?

5 A. Correct.

6 Q. And this is in the model.

7 A. Correct.

8 Q. So to the extent we move back into the
9 grubby analog world that you provide phone service
10 in, we can -- and I'm not saying analog switches
11 necessarily. I'm just saying that the world
12 doesn't have -- where costs are sort of -- well,
13 I'll withdraw that.

14 Let's move back to providing actual
15 service instead of modeling the costs
16 prospectively. To the extent that there was in the
17 real world increased usage, the model would be
18 indifferent to that, wouldn't it?

19 A. Well, I think, you know, any time that
20 there's a real, a real world event that
21 significantly impacts your assumptions, then it's
22 time to recast your model and rerun your model to

1 reflect that.

2 Q. But you're saying that, at least having
3 run it the first time, actual usage doesn't affect
4 the investment at all.

5 A. Well, I think of course not because, you
6 know, one, we have a theoretical TELRIC model, and
7 then I think the other thing you're talking about
8 is what happens in the real world.

9 Q. Yeah.

10 A. And those could be -- you know, the
11 model could miss what happens in the real world by
12 100 percent, but I'm just saying then I have to go
13 back and do my model over again.

14 Q. But the short answer to my question
15 would be no, it does not. Correct?

16 A. No, the real world events, absent some
17 action on our part, does not affect the model.

18 Right.

19 Q. Okay. All right. Thank you,
20 Mr. Palmer.

21 If I could turn you to one other issue
22 here, and that is, again, a somewhat controversial

1 issue of shared and common costs and their effect
2 on this matter, and I understand that there is a
3 motion pending to strike. I have responded to
4 that. I'd like leave to proceed with this line of
5 examination.

6 EXAMINER WOODS: Actually, I've been through
7 this, and I'm prepared to rule on that at this
8 time.

9 MR. HARVEY: That probably would be a prudent
10 thing to do.

11 EXAMINER WOODS: Well thank you, Mr. Harvey.

12 (Laughter)

13 It's nice to know prudence has someplace
14 besides a place on a tombstone.

15 Actually, I have reviewed the motion to
16 strike. I've been through the testimony that's the
17 subject of the motion to strike. The motion to
18 strike will be denied.

19 From my review of Ms. Marshall's
20 testimony, I find it to be completely within the
21 bounds of the initiating order. I don't think
22 there's anything in there other than what we'd

1 normally see in an investigation of tariffs with an
2 adjustment to a specific element of the rate to be
3 charged for the services subject to the tariff and
4 a recommendation that at some point in the future
5 the Commission should examine Ameritech's overall
6 shared and common costs, so I find nothing
7 objectionable in it, and the motion to strike is
8 denied.

9 MR. HARVEY: Thank you, Mr. Examiner.

10 Q. Now, Mr. Palmer, could I direct you,
11 please, to -- and I think this is going to be page
12 56. I made a note of your rebuttal testimony, but
13 since your rebuttal testimony has only 55 pages,
14 I'm going to assume that it is your surrebuttal
15 testimony and Roman heading VII - Response to
16 Ms. Marshall, if you could turn to that.

17 A. I'm there.

18 Q. Now, if I could just discuss with you
19 kind of the nature of shared and common costs. We
20 agree that shared and common costs tend to be fixed
21 costs or costs that don't vary much based upon the
22 amount of whatever you're producing you produce.

1 A. I don't necessarily agree with that. I
2 think common costs, you know, are probably more
3 volume insensitive than shared costs. I think the
4 way we've identified shared costs, you know,
5 specifically being product support costs and
6 product management costs, that those are more
7 sensitive to the overall volume of product you
8 produce.

9 Q. Okay. If I could, just to follow up on
10 that, now you're saying that you probably agreed
11 with me, and correct me if I'm wrong, that shared
12 costs tend to be, if you will, non volume
13 sensitive. Am I hearing you correctly?

14 A. No. I think what I was trying to say
15 is, you know, we split the shared and common factor
16 into two components, a shared component and a
17 common cost component.

18 Q. Okay.

19 A. And I think the shared component is more
20 sensitive to the volume of product you provide than
21 the common component.

22 Q. All right. I'm sorry I misunderstood

1 you. So the common component is not terribly
2 sensitive to the volume of product produced.

3 Correct?

4 A. That's true.

5 Q. And the shared component it's your
6 testimony is relatively more so.

7 A. Yes.

8 Q. Okay.

9 A shared cost, Mr. Palmer, is, in your
10 understanding, not something you can necessarily
11 assign to a specific product. I mean that's why
12 it's a shared cost, right?

13 A. That's true.

14 Q. Now, if -- and we decided that the
15 common costs were the ones that tended not to vary
16 based on the amount produced. Correct?

17 A. I think they might vary some based on
18 the overall size of the business, but I don't think
19 there's a real direct correlation with how little
20 or much of a product you produce.

21 Q. I thank you for that.

22 Now, if common costs don't vary, but

1 relatively more units are produced, it's fair to
2 say that the portion of the common costs assigned
3 to each unit produced would be relatively smaller.
4 Correct?

5 A. Yeah. I think any time you spread a
6 fixed cost or a semi-fixed cost over more units,
7 each unit's assignment is going to be smaller than
8 it would otherwise be.

9 Q. Okay. Now we also agree that the shared
10 and common cost factor that you propose, I guess
11 somewhat grudgingly, to use in this docket was
12 developed prior to the merger?

13 A. Yes, it was.

14 Q. Okay. And it is, in fact, the same
15 factor that you propose -- the factor that you
16 propose in this docket is the same one that was
17 proposed by the company for use in the access cost
18 docket. Correct? Docket Number 97-0601 /0602?

19 A. No, I don't think that's correct.

20 MR. HARVEY: All right. I'm being assisted
21 here, Mr. Palmer. You'll have to bear with me for
22 a second.

1 Q. So is it your testimony that the shared
2 and common cost factor proposed is not the same one
3 that was proposed by the company in the dockets I
4 mentioned? Correct? I'm just --

5 A. I think I tried to address that on page
6 58 of the surrebuttal testimony and said even
7 though it came from the Arthur Andersen study, I
8 think the component pieces of it looked at
9 different business units than what was applied to
10 the unbundled elements.

11 MR. HARVEY: All right. Can I ask leave to
12 approach the witness and counsel? I'm going to
13 show you the one copy of this document I have.

14 Q. Mr. Palmer, I'm going to show you what I
15 will, if surly pressed, mark as Palmer Staff Cross
16 Exhibit Number 1 Proprietary, and I'm going to ask
17 you -- show it to you and ask you if you recognize
18 it. Is that, in fact, the shared and common cost
19 factor that you propose for use in this docket?

20 A. Yes, it is.

21 Q. Okay. And is that not the same shared
22 and common cost factor you proposed in 97-0601/

1 0602? If you know.

2 A. That I don't know.

3 Q. Okay. Fair enough.

4 A. I can't really tell where this came
5 from.

6 Q. Okay. You're familiar with the
7 document?

8 A. Well, it looks like a pretty standard
9 format where we have, you know, some cost elements
10 identified and then -- I've seen documents like
11 that.

12 Q. Okay. If I could show you the remaining
13 documents in the file, do you think that might help
14 you to recognize it?

15 A. Could be.

16 Q. Okay. See if you recognize any of
17 these.

18 (Pause in the proceedings.)

19 MS. HAMILL: Could we go off the record for a
20 second?

21 EXAMINER WOODS: Yes, we may.

22 (Whereupon at this point in

1 the proceedings an
2 off-the-record discussion
3 transpired.)

4 EXAMINER WOODS: Let's go back on the record.

5 MR. HARVEY: I'll mark this for identification
6 as Palmer Staff Cross Exhibit Number 1 Proprietary
7 and ask that it be introduced into evidence at this
8 time.

9 EXAMINER WOODS: Objections?

10 MR. LIVINGSTON: Can I take a quick look at
11 it? Is this the page you showed me?

12 MR. HARVEY: Well, here's the entire series of
13 documents, if that's a help.

14 MR. LIVINGSTON: Can we go off the record for
15 a second?

16 EXAMINER WOODS: Yes, we may.

17 (Whereupon at this point in
18 the proceedings an
19 off-the-record discussion
20 transpired, and Palmer Staff
21 Cross Exhibit 1 Proprietary
22 was marked for

1 identification.)

2 EXAMINER WOODS: Back on the record.

3 MR. LIVINGSTON: I have no objection.

4 MR. HARVEY: All right.

5 EXAMINER WOODS: The document is admitted
6 without objection.

7 (Whereupon Palmer Staff
8 Cross Exhibit 1 Proprietary
9 was admitted into evidence.)

10 MR. HARVEY: Okay.

11 Q. Could I just briefly, Mr. Palmer, turn
12 you back to page 56 of your rebuttal? You make a
13 reference there to Docket Number 98-0396.

14 A. Okay.

15 Q. Are you generally familiar with that
16 docket? I believe you indicated you were.

17 A. Yeah. That's the Illinois compliance
18 docket.

19 Q. Okay. And are you generally familiar
20 with -- do you know that Ruth Ann Cartee was the
21 Ameritech witness responsible for developing shared
22 and common costs in that docket?

1 A. Yes.

2 Q. You're generally familiar with
3 Ms. Cartee's work related to shared and common
4 costs in that docket?

5 A. Generally, yes.

6 Q. Okay. And you're generally familiar
7 with her testimony in that proceeding, correct? Is
8 that --

9 A. I can't say I really reviewed her
10 testimony, but I knew what she was up to.

11 (Laughter)

12 EXAMINER WOODS: We will all did.

13 (Laughter)

14 MR. LIVINGSTON: I'm sending her the
15 transcript.

16 (Laughter)

17 A. I thought she'd enjoy that.

18 Q. You knew what she was up to, and
19 apparently it wasn't too far out of line, correct?
20 I mean she didn't --

21 A. No. I mean it was her job to implement,
22 you know, the TELRIC order, you know, adjust the

1 shared and common cost pools per the order and
2 recompute shared and common costs.

3 Q. Now she revised her shared and common
4 calculation to reflect extended LRSIC, did she not?

5 A. I thought that that would be based -- if
6 it was from a TELRIC filing, it should have been
7 extended TELRIC.

8 Q. Okay. Fair enough. Let's move on and
9 get you out of here, sir.

10 All right, sir. I'm going to show you
11 what I will mark for identification as Palmer Staff
12 Cross Exhibit Number 2 Proprietary and ask if I
13 might approach.

14 EXAMINER WOODS: Go ahead.

15 (Whereupon Palmer Staff
16 Cross Exhibit 2 Proprietary
17 was marked for
18 identification.)

19 Q. And I'm going to show you a copy of this
20 and ask you if you recognize it.

21 A. It appears to be a run of our shared and
22 common cost factors model.

1 Q. Okay. Did you perhaps assist in the
2 preparation of this?

3 A. Probably not.

4 Q. Are you generally familiar with the
5 contents of it?

6 A. Yeah. I mean just so we're clear, I was
7 on the team and I directed the development of the
8 approach. Okay?

9 Q. So you --

10 A. But didn't collect all the data and make
11 this particular run. So I'm familiar with the
12 model and familiar with the methodology.

13 Q. You designed the -- you put this in
14 computer terms, you kind of designed the software,
15 but you didn't plug the numbers in and push the
16 button.

17 A. That's one way of looking at it, right.

18 MR. HARVEY: I'm told that this is excerpts
19 from this study. We have the entire study
20 available, if that's something that counsel needs
21 to see.

22 MR. LIVINGSTON: Well, I take it you're going

1 to ask that this be admitted into the record in the
2 case.

3 MR. HARVEY: I will certainly do that,
4 counsel.

5 MR. LIVINGSTON: It says preliminary data on
6 it. It's dated 2/14, and I think the actual study
7 was submitted I think April 6th?

8 THE WITNESS: April 6th.

9 MR. LIVINGSTON: April 6th, some two months
10 later. There's a lot of handwritten notations on
11 this, and by your own admission it's only part of
12 it. I think if this is going to be evidence of
13 what we did in compliance with the merger order,
14 this isn't it.

15 MR. HARVEY: Okay. Would you have any
16 objection to us obtaining that and stipulating that
17 it's what you submitted and enter that into this
18 record?

19 MR. LIVINGSTON: In light of the Hearing
20 Examiner's ruling just a few minutes ago, I don't
21 think I have a basis to object.

22 MR. HARVEY: Okay.

1 MR. LIVINGSTON: So I wouldn't object to
2 placing the entire cost study as submitted in the
3 record.

4 EXAMINER WOODS: So that's an on-the-record
5 data request?

6 MR. HARVEY: I think we can provide it, if
7 necessary.

8 MR. LIVINGSTON: They have it. We submitted
9 it.

10 MR. HARVEY: Okay. Well, we will certainly
11 then make an on-the-record data request for that,
12 and we'll stipulate that it is a proprietary
13 document and it will have to receive proprietary
14 treatment in the proceeding.

15 EXAMINER WOODS: And I'd just direct you to
16 confer during a break and see if it's already been
17 provided, and, if not, provide it, please.

18 MR. LIVINGSTON: I'll do so.

19 MR. HARVEY: That's all I have, subject to
20 counsel -- to the understanding that we're going to
21 get the updated -- or the cost study that counsel
22 referred to into the record in this proceeding .

1 EXAMINER WOODS: That's my understanding.

2 MR. HARVEY: Nothing further for you,
3 Mr. Palmer. I thank you very much for your
4 patience with me.

5 THE WITNESS: Thank you.

6 EXAMINER WOODS: Does anyone else have cross
7 of Mr. Palmer?

8 MR. O'BRIEN: Your Honor, I just have a couple
9 of quick questions, if I may.

10 EXAMINER WOODS: All right.

11 CROSS EXAMINATION

12 BY MR. O'BRIEN:

13 Q. Mr. Palmer, I'm Tom O'Brien. I'm
14 representing CoreComm Illinois in this proceeding.
15 I just have a couple of clarifying questions I'd
16 like to ask you, and this is follow-up to the
17 questions you were asked previously about the
18 vendor contracts for the switches.

19 A. Okay.

20 Q. Would you agree with me that all of
21 Ameritech's Lucent 1AE switches are going to get
22 replaced under the existing contracts?

1 EXAMINER WOODS: Is that 180 or 1A?

2 MR. O'BRIEN: 1AE.

3 A. I don't think that's true. I don't
4 think -- I think there's some that still aren't
5 scheduled for replacement.

6 Q. So under any --

7 A. Under these contracts.

8 Q. Under the contracts that we have been
9 discussing in this case, there are still some
10 analog switches that will not be subject to
11 replacement?

12 A. Right, that weren't addressed by these
13 deals.

14 Q. Is it true that say over the past five
15 years Ameritech Illinois has generally been
16 replacing its 1AE switches under these contracts?

17 A. Yes.

18 Q. Okay. Changing subjects. About how
19 many wire centers does Ameritech Illinois have
20 right now?

21 A. Can I check?

22 Q. Do you know roughly?

1 A. I'd rather be precise.

2 Q. Okay; by all means.

3 A. I show 381 local switches.

4 Q. Now, will that translate into the number
5 of wire centers?

6 A. Roughly.

7 Q. Okay. About how many wire centers did
8 Ameritech Illinois add last year, calendar 2000?

9 A. I don't know, and I don't know if they
10 added any.

11 Q. Would you know how many wire centers
12 Ameritech Illinois is proposing or is planning to
13 add in the upcoming year, say starting from today's
14 date?

15 A. No, but I'd only speculate that, you
16 know, it's not an everyday or regular occurrence
17 whereby you add wire centers.

18 Q. So it's going to be infrequent.

19 A. Right.

20 MR. O'BRIEN: Those are all the questions I
21 have. Thank you.

22 EXAMINER WOODS: Okay.

1 MS. HAMILL: I have a couple based on that.

2 EXAMINER WOODS: All right. Ms. Hamill.

3 CROSS EXAMINATION

4 BY MS. HAMILL:

5 Q. Mr. Palmer, the 381 local switches
6 that you just testified about, does that equate to
7 381 central offices then?

8 A. No.

9 Q. Is the number of central offices --

10 A. Because a central office location could
11 have multiple switch entities inside of it.

12 Q. Okay. So the number of central offices
13 would be less than 381?

14 A. Right.

15 Q. Do you know how many central offices
16 Ameritech has in Illinois?

17 A. No.

18 Q. You responded that there will still be
19 some Lucent 1AE switches that won't be replaced
20 under the current vendor contracts. Correct?

21 A. Correct.

22 Q. Is it Ameritech's intent, do you know,

1 to replace those switches at some point in time?

2 A. You know, I can't say I know what the
3 intent is right now.

4 Q. You just don't know?

5 A. I just don't know.

6 MS. HAMILL: Okay. Thank you. That's all I
7 have.

8 EXAMINER WOODS: Any additional cross?

9 Redirect? Do you want to take a few
10 minutes?

11 MR. LIVINGSTON: Can we take a break?

12 EXAMINER WOODS: Yes.

13 (Whereupon a short recess
14 was taken.)

15 EXAMINER WOODS: Back the record.

16 Mr. Harvey.

17 MR. HARVEY: Thanks, Mr. Palmer. I imagine
18 you thought you were done with me.

19 THE WITNESS: I was betrayed by my lawyer

20 (Laughter)

21 MR. HARVEY: As is so often the case, sir.

22

1 CROSS EXAMINATION (Cont'd)

2 BY MR. HARVEY:

3 Q. Now you're generally familiar with
4 Dr. Aron's testimony in this proceeding, right?

5 A. Yes.

6 Q. Now you're aware that she states in her
7 surrebuttal testimony that the single price
8 equivalent will remain at a certain level following
9 a change in the line mix of Ameritech's switch
10 purchase. Correct? Is that --

11 A. I don't have her testimony in front of
12 me, but I think that's a fair reading.

13 Q. You'd accept that if I represented to
14 you it was true and you had a chance to go check.

15 A. Yeah, that the average would stay the
16 same under other quantities; that the vendor would
17 try to extract the same average price.

18 Q. Okay. And to do that they would adjust
19 the replacement and growth prices to make that
20 number work, to maintain the single price at a
21 constant level. Correct?

22 A. Right. They could adjust one or the

1 other or both I guess.

2 Q. Okay.

3 Okay. Now, are you aware of specific
4 language in Ameritech's contracts with vendors that
5 indicates that the vendors would adjust the
6 replacement and growth prices in such a way as to
7 maintain the single price equivalent unchanged
8 following a change in the line mix?

9 A. No.

10 Q. You're not aware of any specific
11 language.

12 A. No. I mean I think the single price
13 equivalency is, you know, an economic construct,
14 and the contract is a contract.

15 Q. Okay. So as far as you know, it's not
16 specifically exclusively provided for by contract.

17 A. The single price equivalency
18 methodology?

19 Q. Yes.

20 A. No.

21 MR. HARVEY: Okay. I thank you very much,
22 and, again, I thank counsel for indulging me.

1 EXAMINER WOODS: Redirect?

2 MR. LIVINGSTON: Thank you, Your Honor.

3 REDIRECT EXAMINATION

4 BY MR. LIVINGSTON:

5 Q. Mr. Palmer, I'd like to direct your
6 attention back to some questions that Mr. Townsley
7 was asking you, specifically concerning
8 over-recovery and under-recovery, and I think he
9 used examples of the grandmother in Wisconsin and
10 the big, high usage business customer in Chicago.
11 Do you recall that testimony, those Q's and A's
12 generally?

13 A. Yes.

14 Q. Now, you also talked about your
15 Alternative 1 and Alternative 2, correct?

16 A. Correct.

17 Q. And did you recall that to compare those
18 two alternatives Ms. Karen Buckley of the Staff did
19 something that she refers to as a break-even
20 analysis?

21 A. Yes.

22 Q. And you commented on that in your

1 surrebuttal. Correct?

2 A. Yes, I did.

3 Q. And you recalculated the break-even
4 point as between your Alternative 1 and Alternative
5 2. Correct?

6 A. Yes, I did.

7 Q. Please tell us what the break-even point
8 is intended to denote and what that point is as
9 between Alternative 1 and Alternative 2.

10 A. Okay. Well, I think the way Ms. Buckley
11 set it up, you know, she evaluated Alternative 1
12 and Alternative 2 in terms of at how many minutes
13 of use is -- you know, do the two alternatives
14 break even in order to determine at what point, you
15 know, certain customers were benefited, and
16 benefited was defined I think as paying less.
17 Okay.

18 So you look at Alternative 2 as pretty
19 much being a flat rate proposal, you know, and you
20 start with that number, and you look at Alternative
21 1 and you take the flat piece, and you figure out
22 how many minutes of use you have to have whereby

1 the minutes of use in the flat piece equals the
2 total flat port price of Alternative 2, and when I
3 corrected her analysis, I came up with a point of
4 1,517 minutes would be the break-even point between
5 Alternative 1 and Alternative 2.

6 Q. Alternative 1, your preferred
7 alternative, is cheaper at all usage rates up to
8 1,517 minutes per month?

9 A. That's correct.

10 Q. Now did Mr. Gillan, to your knowledge,
11 in connection with submitting testimony in this
12 proceeding purport to go to the FCC website and
13 calculate an average usage for Ameritech Illinois'
14 switches?

15 A. Yes, he did.

16 Q. And what number did he come up with for
17 the average?

18 A. It was 800 and some minutes, you know,
19 maybe 850.

20 Q. So that's just a little over half of the
21 break-even point that you calculated as between
22 your Alternative 1 and Alternative 2?

1 A. That's correct.

2 Q. What conclusions do you draw from that?

3 A. I think in the context of the
4 cross-examination from Mr. Townsley that, you know,
5 you'd have to be significantly, like almost double
6 the average, you know, before there would be any
7 over-recovery under the way we've constructed our
8 Alternative 1 proposal.

9 Q. So for there to be any over-recovery
10 under Alternative 1, the usage would have to be
11 nearly double the average?

12 A. Right.

13 Q. Another question or area of questioning
14 that Mr. Townsley got into was billing inquiries.
15 Do you remember that? He talked about measurement
16 and he talked about billing inquiries?

17 A. Yes.

18 Q. Do you get billing inquiries or does
19 Ameritech get billing inquiries from CLECs?

20 A. Yes.

21 Q. Does Ameritech have to respond to those
22 inquiries?

1 A. Yes.

2 Q. Does that take time and money?

3 A. Yes.

4 Q. Any difference between answering a
5 question from a retail customer and a question from
6 a wholesale customer, a CLEC?

7 A. I think the wholesale customers are a
8 lot more sophisticated than the retail customers
9 and have more money at stake, and their questions
10 would probably be more technical and more difficult
11 and time-consuming to answer.

12 Q. So if you use the retail experience as
13 an analog to come up with a price for billing
14 inquiries from the wholesale customer, if anything,
15 you're being conservative. Is that correct?

16 A. That would be my judgment.

17 Q. If you're forced to charge a single flat
18 rate for ULS, unbundled local switching, CLECs
19 still might charge a usage-based rate to their end
20 user, correct?

21 A. Correct.

22 Q. And if they did that, they might have

1 questions for you about their customer's usage.

2 Would you agree?

3 A. Correct.

4 MR. LIVINGSTON: I don't have any more
5 questions, but I would -- this is not something
6 that I've talked to anybody about, but what I would
7 propose, since a lot of questions came up from
8 Mr. Harvey concerning what the contracts everybody
9 is using to try to come up with a forward-looking
10 price as an input to the cost of ULS, there's a lot
11 of debate over what those contracts say and don't
12 say, I think the best thing to do, since everybody
13 has it pursuant to data requests, is to put them
14 into the record as proprietary exhibits, and I
15 would therefore propose to put in the record -- I
16 don't have them right here so I can do it, but I
17 will, if they are admitted. I would propose to put
18 in the record as Palmer Redirect Exhibit 1 the six
19 contracts at issue, the three replacement contracts
20 and the three PIP contracts, and I think that the
21 best way to do that would be to move for admission
22 as Palmer Redirect 1 the data response, the data

1 request response to Mr. Graves' Data Request 2.02.

2 EXAMINER WOODS: Okay. Let's go off the
3 record just briefly.

4 (Whereupon at this point in
5 the proceedings an
6 off-the-record discussion
7 transpired.)

8 EXAMINER WOODS: During an off-the-record
9 discussion the parties agreed to confer in an
10 attempt to sort out of the various contracts the
11 pertinent parts that apply to the pricing inputs
12 into the forward-looking models, and they're going
13 to confer during lunch and perhaps during the rest
14 of the time today and see if they can come up with
15 a single exhibit that just contains the relevant
16 portions of the documents as opposed to entering
17 the entire documents in their entirety.

18 My understanding is that at the time of
19 the preparation of that exhibit, if possible,
20 there's no objection to it being introduced. Okay.
21 So upon receipt, we'll take that into evidence.

22 MR. LIVINGSTON: Okay. Thank very much.

1 I have nothing further with Mr. Palmer.

2 EXAMINER WOODS: Mr. Townsley?

3 MR. TOWNSLEY: Just one or two questions on
4 recross.

5 RECROSS EXAMINATION

6 BY MR. TOWNSLEY:

7 Q. Mr. Palmer, you were asked some
8 questions by your counsel about the inquiries that
9 competitive local exchange carriers may make
10 regarding their bills, and if I heard your
11 testimony correctly, you had said because of the
12 sophistication of the competitive local exchange
13 carriers, they may have billing questions that
14 would be more sophisticated than those of
15 residential or business customers, therefore
16 require more effort on Ameritech's part to research
17 and resolve. Is that correct?

18 A. Generally, yes.

19 Q. Pretty accurate?

20 Are you familiar with the Ordering and
21 Billing Forum that Ameritech is a part of and that
22 many carriers, including long distance carriers and

1 competitive local exchange carriers, are part of?

2 A. No, I'm not.

3 Q. You've never heard of the Ordering and
4 Billing Forum?

5 A. Forum.

6 Q. Forum. OBF?

7 A. No.

8 Q. To your knowledge --

9 A. You mean forum, F-O-R-U-M?

10 Q. Forum, F-O-R-U-M.

11 A. Like a group of people that get together
12 and discuss billing things?

13 Q. Yeah, get together and discuss problems
14 that might be anticipated with billing for
15 wholesale services up front; for example, carrier
16 access billing, billing systems that Ameritech has
17 in place, things that they would like to resolve,
18 problems that might be anticipated that they could
19 resolve up front and put into a formal document and
20 have agreement amongst industry members as to how
21 billing occurs and specifically how billing is done
22 for things such as unbundled local switching and

1 shared transport.

2 A. This is the first I've heard of it.

3 Q. Would it surprise you that those things
4 are talked about amongst industry members and
5 worked out to the best of their ability in an
6 up-front manner before questions might pop up on
7 the back end?

8 A. I think that sounds like a good thing.

9 Q. And if that is done, wouldn't that, in
10 your mind, greatly reduce the number of questions
11 that competitive local exchange carriers may have
12 about their bills?

13 A. You know, one would hope that would be
14 an outcome of that process, but.

15 Q. And if that were the case and there were
16 these documents in place, that would greatly reduce
17 the amount of time and effort that Ameritech would
18 have to devote to answering billing inquiries.
19 Isn't that correct?

20 A. I can't say, you know, as I sit here
21 that it would greatly reduce because, you know,
22 one, I'm not familiar with the work of the forum.

1 Q. Is there any other Ameritech witness --

2 A. And how successful or unsuccessful they
3 might be.

4 Q. Is there any other Ameritech witness in
5 this proceeding that would be familiar with that
6 forum and would be familiar with the documents that
7 I'm referencing?

8 A. I see Mr. Silver shaking his head no.

9 (Laughter).

10 MR. TOWNSLEY: Okay. Thank you. I have no --

11 A. I can't really thing of anything.

12 MR. TOWNSLEY: Thank you very much. I have no
13 further questions.

14 EXAMINER WOODS: Is that it? Thank you,

15 Mr. Palmer.

16 (Witness excused.)

17 EXAMINER WOODS: Let's go off the record.

18 (Whereupon an
19 off-the-record discussion
20 transpired, and Ameritech
21 Illinois Exhibits 1.0, 1.1,
22 and 1.2 were marked for

1 identification.)

2 EXAMINER WOODS: Back on the record.

3 MR. LIVINGSTON: Ameritech Illinois calls as
4 its next witness Mr. Mike Silver, Mr. Michael D.
5 Silver, S-I-L-V-E-R, and Mr. Silver has three
6 pieces of testimony.

7 He's assuming the -- he's adopting the
8 direct testimony submitted earlier in this case by
9 Jerry L. Hampton. Mr. Hampton filed direct
10 testimony, which Mr. Silver is adopting. That's
11 Ameritech Illinois Exhibit 1.0. It has 20 pages.
12 It's public, and it has two schedules attached to
13 it marked Schedules JLH-1 and JLH-2.

14 Mr. Hampton's rebuttal testimony,
15 Ameritech Illinois Exhibit 1.1, also public, being
16 adopted by Mr. Silver, has 18 pages and one
17 schedule marked JLH-3, and Mr. Silver has filed
18 surrebuttal testimony marked Ameritech Illinois
19 Exhibit 1.2. It has 12 pages. It formally adopts
20 the two prior pieces of testimony filed by
21 Mr. Hampton. It has no exhibits.

22 EXAMINER WOODS: All right.

1 MICHAEL D. SILVER
2 called as a witness on behalf of Ameritech
3 Illinois, having been first duly sworn, was
4 examined and testified as follows:

5 DIRECT EXAMINATION

6 BY MR. LIVINGSTON:

7 Q. Mr. Silver, I'd like to direct your
8 attention to Ameritech Illinois Exhibit 1.0, the
9 Direct Testimony of Jerry L. Hampton. Are you
10 adopting this testimony?

11 THE WITNESS:

12 A. Yes, I am.

13 Q. And are you adopting the schedules
14 attached thereto, JLH-1 and 2?

15 A. Yes, I am.

16 Q. Have you reviewed the entire text of
17 this piece of testimony as well as the exhibits?

18 A. Yes, I have.

19 Q. If I were to ask you the questions that
20 appear in 1.0 today, would your answers be the
21 same?

22 A. Yes, they would.

1 Q. I forgot to ask you, do you have any
2 corrections or changes you wanted to make to that?

3 A. No, I do not.

4 Q. Let's move on to Mr. Hampton's rebuttal
5 testimony which you're adopting. This is Ameritech
6 Exhibit 1.1. Are you adopting this testimony as
7 yours?

8 A. Yes, I am.

9 Q. And does that include the Schedule
10 JLH-3?

11 A. Yes, it does.

12 Q. Have you carefully reviewed this piece
13 of testimony and the schedule?

14 A. Yes, I have.

15 Q. Do you have any changes or corrections
16 you would like to make to that?

17 A. No, I do not.

18 Q. If I were to ask you the same questions
19 that appear in this document today, would your
20 answers be the same?

21 A. Yes, they would.

22 Q. I direct your attention to your

1 surrebuttal, Exhibit 1.2. Was this prepared by you
2 or under your direction and supervision?

3 A. Yes, it was.

4 Q. Do you have any changes or corrections
5 you'd like to make to it?

6 A. No, I do not.

7 Q. If I were to ask you the questions that
8 appear in this document today, would your answers
9 be the same?

10 A. Yes, they would.

11 MR. LIVINGSTON: I would like to move the
12 admission into the record of Ameritech Illinois
13 Exhibits 1.0, 1.1, and 1.2 and Schedules JLH -1, 2,
14 and 3.

15 EXAMINER WOODS: Objections?

16 MS. HAMILL: Your Honor, on behalf of AT&T, I
17 would like to move to strike the following portion
18 from Exhibit 1.1, the rebuttal testimony of Jerry
19 Hampton: Page 16, line 14, through page 17, line
20 8, and Schedule JLH, 3 as well as the surrebuttal
21 testimony of Mr. Silver, Ameritech Illinois Exhibit
22 1.2, page 11, lines 11 through 16, on the same

1 bases that I moved to strike the testimony
2 regarding AIN customized routing for OS and DA of
3 Mr. Palmer this morning.

4 EXAMINER WOODS: The objection is overruled.

5 MR. LIVINGSTON: Is the testimony and
6 schedules admitted?

7 EXAMINER WOODS: Yes.

8 (Whereupon Ameritech
9 Illinois Exhibits 1.0, 1.1,
10 and 1.2 were received into
11 evidence.)

12 MR. LIVINGSTON: I tender the witness for
13 cross-examination.

14 EXAMINER WOODS: The witness is available for
15 cross.

16 MS. HAMILL: Thank you. I'll start.

17 CROSS EXAMINATION

18 BY MS. HAMILL:

19 Q. Good afternoon, Mr. Silver. Cheryl
20 Hamill on behalf of AT&T. How are you?

21 A. Good afternoon. Good. Thank you.

22 Q. Good.

1 I don't have a lot today, and hopefully
2 I'm going to try to limit my cross-examination to
3 your surrebuttal testimony, which is Ameritech
4 Illinois Exhibit 1.2. Okay?

5 A. All right.

6 Q. Now, would you turn to page 4 of your
7 surrebuttal testimony, please? And assuming our
8 pagination lines up, you indicate -- well, strike
9 that.

10 Turning to page 4 of your surrebuttal
11 testimony, you're talking there, are you not, about
12 the issue of routing intraLATA toll traffic over
13 shared transport? Correct?

14 A. Yes.

15 Q. And you indicate on line 11, for
16 example, that that would cause a situation where
17 CLECs could somehow avoid paying access charges.
18 Do you see that?

19 A. Yes, I do.

20 Q. And, similarly, on line 18 you say nor
21 would they, they being the CLECs, be paying access.
22 Correct?

1 A. That's correct.

2 Q. Okay. Now, is it your understanding,
3 Mr. Silver, that a CLEC is a competitive local
4 exchange carrier?

5 A. Yes.

6 Q. Okay. Now, CLECs don't pay the access
7 charges when intraLATA toll traffic is routed over
8 an intraLATA toll network. Correct?

9 A. The local provider CLEC does not.
10 That's correct.

11 Q. Okay. So if a call is -- if an
12 intraLATA call is routed over shared transport, the
13 CLECs don't pay any access charges. Correct?

14 A. Well, it --

15 Q. The CLEC being the competitive local
16 exchange carrier.

17 A. It depends on whether the CLEC is also
18 the interexchange carrier in that case.

19 Q. But I'm talking about the CLEC -- well,
20 CLEC meaning competitive local exchange carrier,
21 correct?

22 A. Right. The interexchange -- if, for

1 instance, in AT&T, their local provider would not,
2 but the interexchange carrier part would.

3 Q. So the interexchange -- AT&T as the
4 interexchange carrier or intraLATA toll provider
5 would pay access to AT&T, the competitive local
6 exchange carrier?

7 A. Well, that would be between them.
8 They'd have that choice, but AT&T, the
9 interexchange carrier, would be paying terminating
10 access to whoever the terminating provider was. If
11 the end user, for instance, was an Ameritech end
12 user, AT&T, the interexchange carrier, would be
13 paying access to Ameritech in that case.

14 Q. Well, let me ask you this. When you use
15 the word CLECs on page 4 of your surrebuttal
16 testimony, are you talking about competitive local
17 exchange carriers or are you talking about some
18 other entity?

19 A. What we're really talking about here is
20 the joint provider being under the assumption that
21 a CLEC and interexchange carrier may be one in the
22 same company.

1 Q. So you are not talking about CLEC in the
2 sense that the CLEC is a competitive local exchange
3 carrier. When you're talking about CLEC here, what
4 you really mean is intraLATA toll provider.
5 Correct?

6 A. That's who would pay the access charges.

7 Q. So there's no situation, is there,
8 Mr. Silver, where CLECs would avoid paying access
9 charges by routing intraLATA toll over shared
10 transport because CLECs don't pay access charges in
11 any event. Isn't that correct, Mr. Silver?

12 A. The local provider side, that's correct.

13 Q. Turning to page 5 of your surrebuttal
14 testimony, in the answer on page 5 you posit a
15 scenario and specifically on lines 15 through 17
16 where Ameritech would lose revenue equal to the
17 difference between the blended transport rate used
18 for shared transport and the charges for tandem
19 switching and common transport at access rates. Do
20 you see that?

21 A. Yes.

22 Q. And that's a situation where the CLEC

1 routes the intraLATA toll traffic over shared
2 transport. Correct?

3 A. Yes.

4 Q. Would you agree with me, Mr. Silver,
5 that that statement is not true if the end user on
6 the terminating end is not an Ameritech end user?

7 A. That Ameritech would not lose the
8 revenue? That's correct.

9 Q. Okay. Would you turn to page 6 of your
10 surrebuttal testimony, please, and specifically
11 line 21. In the answer appearing there you refer
12 to an interim Texas PUC Order temporarily enjoining
13 SWBT from enforcing the terms offered. Do you see
14 that?

15 A. Yes, I do.

16 Q. Is the interim Texas PUC, Public
17 Utilities Commission, Order that you're referring
18 to the order that you reference in footnote 2 on
19 page 6 of your surrebuttal?

20 A. Yes, it is.

21 Q. Okay. And SWBT stands for Southwestern
22 Bell Telephone Company. Correct?

1 A. Correct.

2 Q. All right.

3 Now, am I correct, Mr. Silver, that the
4 interim order that you refer to in footnote 2 is
5 the interim order that temporarily enjoined
6 Southwestern Bell Telephone Company from requiring
7 Birch Telecom of Texas and Sage Telecom from
8 requiring Birch and Sage to route intraLATA toll
9 calls to an intraLATA toll network?

10 A. What the interim order did was required
11 Ameritech -- not Ameritech -- SWBT to continue to
12 carry Birch and Sage Telecom's intraLATA toll
13 traffic over its network due to the fact that Birch
14 and Sage had argued that they did not have enough
15 time to put the necessary information to create
16 their individual CICs so they could do it
17 themselves.

18 Q. So, in essence, isn't it true,
19 Mr. Silver, that that interim order required
20 Southwestern Bell Telephone Company to continue to
21 allow Sage and Birch to route intraLATA toll
22 traffic over the SWBT shared transport network,

1 correct?

2 A. Into those limited circumstances, yes.

3 Q. Okay. But they did require SWBT to do
4 that.

5 A. On an interim basis, yes.

6 Q. Now you say on an interim basis. Isn't
7 it true, Mr. Silver, that that interim order that
8 you referred to in footnote 2 provides that this
9 interim ruling shall remain in effect throughout
10 the dispute resolution proceeding until a final
11 decision is issued in this case? Correct?

12 A. That sounds right, yes.

13 Q. Okay. Now, that was Texas Public
14 Utility Commission Docket Numbers 20745 and 20755,
15 correct?

16 A. Yes.

17 Q. And, in fact, a final order was issued
18 in those same dockets by the Texas Commission on or
19 about November 4th of 1999. Correct?

20 A. Yes.

21 Q. And somewhere in between the April 26,
22 1999 date of the interim order and the November 4,

1 1999 date of the final order SWBT implemented
2 intraLATA dialing parity. Correct?

3 A. Yes.

4 Q. Okay.

5 A. Well, actually no. We implemented
6 intraLATA dialing parity prior to that. The reason
7 that Sage and Birch filed the complaint was because
8 with the implementation of interim dialing parity,
9 SWBT had issued an Accessible Letter notifying all
10 the CLECs in their territory that they would have
11 to then start providing their own CIC so they could
12 provide their own intraLATA code, and therefore
13 Sage and Birch said they couldn't do so in that
14 time frame.

15 Q. Okay. Now is it fair to state,
16 Mr. Silver, that the interim order that you refer
17 to in footnote 2 on paragraph -- I'm sorry --
18 footnote 2 on page 6 of your surrebuttal testimony
19 was finalized or superseded by, if you will, the
20 final order in that same docket dated 11/4/99?

21 A. If you're asking whether we were -- SWBT
22 was then required to continue on a going-forward

1 basis to provide intraLATA toll over shared
2 transport for those two carrier, the answer is yes.

3 Q. Well, I guess what I'm asking you is you
4 agreed with me earlier that the interim order
5 stated that this interim ruling shall remain in
6 effect throughout the dispute resolution proceeding
7 until a final decision is issued. I guess what I'm
8 asking you is, isn't it correct that the November
9 4, 1999 order in those same dockets was that final
10 decision?

11 A. Yes.

12 Q. Okay. And is it also true that from
13 April 26, 1999, through November 4, 1999, SWBT
14 continued to allow Sage Telecom and Birch Telecom
15 to route intraLATA toll traffic over the shared
16 transport network? Is that correct?

17 A. I'm not sure I'd use the word allow.
18 What we did was we were required to continue to
19 carry their traffic. We weren't doing it for any
20 other carrier. We were just doing it for those two
21 carriers.

22 Q. So the only problem you had with my

1 question is my question assumed you were doing it
2 voluntarily when, in fact, you were actually
3 required by the Texas Commission to do it.

4 A. For those two carriers.

5 Q. But you were doing it for those two
6 carriers, were you not, from April 26, 1999 --
7 well, before April 26, 1999 through 11/4/99.

8 A. Yes, we were.

9 Q. And isn't it also correct, Mr. Silver,
10 that the -- well, strike that.

11 The final award in this docket, Texas
12 Utility Commission Dockets 20745 and 20755 -- I
13 don't want to enter it into the record again. Is
14 it fair to say that that's the same award that's
15 attached to the direct testimony of Joe Gillan of
16 AT&T, the direct testimony of James Webber of
17 CoreComm, and the direct testimony of Christopher
18 Graves of the Staff?

19 A. Subject to check, I'll agree with that.

20 Q. Okay. And isn't it correct, Mr. Silver,
21 that that award continues to require --

22 MR. LIVINGSTON: Is it the arbitration --

1 MS. HAMILL: Arbitration award, yes.

2 MR. LIVINGSTON: Okay.

3 Q. Continues to require SWBT to allow, and
4 I know you have a problem with the word allow,
5 continues to require SWBT to allow Birch and Sage
6 to transport their end users' intraLATA toll calls
7 over the SWBT shared transport network? Is that
8 correct?

9 A. Again, changing the word allow to we're
10 required to carry their traffic over our network,
11 yes.

12 Q. Okay. So when you use the word
13 temporary or temporarily on page 6 of your
14 surrebuttal testimony, you didn't mean to imply,
15 did you, that that was a temporary requirement that
16 at some point went away?

17 A. What that meant to imply or what it
18 meant to state, not imply, was that, in fact, the
19 interim order said for that interim basis, until
20 such time as a final ruling took place, we would be
21 required to carry their traffic.

22 Q. And the final order was then consistent

1 with the interim ruling in terms of requiring SWBT
2 to continue to route this traffic over the shared
3 transport network.

4 A. Yes, it was.

5 Q. This traffic being the intraLATA traffic
6 of Sage and Birch.

7 A. Sage and Birch, correct.

8 Q. Just so the record is clear.

9 Now, you've read that Texas order,
10 correct, Mr. Silver?

11 A. Yes, I have.

12 MR. LIVINGSTON: Which one? The last one?

13 MS. HAMILL: I'm sorry. Yes, the final order,
14 11/4/99.

15 Q. And is it fair to state that the Texas
16 Commission determined that Birch and Sage were
17 allowed to use the same routing instructions in the
18 switch to route the intraLATA toll traffic of their
19 customers that SWBT uses to route the intraLATA
20 toll traffic of its customers?

21 A. I'm not sure if I'd say the same -- I
22 think we're probably going to say the same thing.

1 What I would say is it required us that we would
2 use the SWBT CIC to route their traffic.

3 Q. Okay. Okay. Thank you. And, in fact,
4 the Texas Commission determined, did it not, that
5 the routing instructions, or the CIC code, which --
6 well, strike that.

7 The CIC code is essentially routing
8 instructions. Is that correct?

9 A. It tells -- by having that CIC code,
10 each CIC code has an associated route -- has
11 associated routing instructions that go with that
12 particular code.

13 Q. Okay. And the Texas Commission
14 determined, in fact, that these routing
15 instructions were a feature or function of the
16 unbundled local switching element. Isn't that
17 correct?

18 A. I'm not positive about that, but .

19 Q. You just don't recall?

20 A. I don't recall, no.

21 Q. Okay. In any event, the Texas
22 Commission allowed -- required SWBT to allow Sage

1 and Birch to use the Southwestern Bell Telephone
2 Company CIC code to route its intraLATA toll
3 traffic over the shared transport network.

4 Correct?

5 A. Yes.

6 Q. Okay. Thank you.

7 And on page 6 of your surrebuttal
8 testimony in the middle you have a quote, do you
9 not, from interconnection agreements in place
10 between SWBT and CLECs in Texas?

11 A. I'm sorry.

12 Q. In the middle of page 6 of your
13 surrebuttal testimony, the block quote.

14 MR. LIVINGSTON: Lines 9 through 12?

15 MS. HAMILL: Yes. Thank you, Mr. Livingston.

16 A. I'm sorry. I guess I misunderstood what
17 you said.

18 Q. You have a block quote there.

19 A. Yes, I do.

20 Q. Okay. And, in fact, that language was
21 language that was included in the interconnection
22 agreements between Sage and SWBT and Birch and

1 SWBT. Correct?

2 A. Yes, it was.

3 Q. And, in fact, the Texas Commission in
4 its final order dated 11/4/99 addressed that exact
5 language, did it not?

6 A. I don't recall specifically.

7 Q. Okay.

8 Now you indicate on page 7 of your
9 surrebuttal testimony -- well, the question is, on
10 line 17, "Was the provision of end to end intraLATA
11 toll over shared transport generally available to
12 any other carriers in Texas as of August 27,
13 1999?", and your answer is no. Then you go on to
14 say other things. Correct?

15 A. Right.

16 Q. Isn't it true, Mr. Silver, that the
17 interconnection agreement -- well, strike that.

18 Isn't it correct that the agreement at
19 issue between Sage and SWBT and Birch and SWBT was,
20 in fact, the AT&T/SWBT interconnection agreement
21 that Sage and Birch opted into under Section 252
22 (i)?

1 A. I don't know.

2 Q. Well, assume that it is.

3 A. Okay.

4 Q. Okay? Assuming that Sage and Birch
5 opted into the AT&T/SWBT interconnection agreement,
6 isn't it also fair to say that the provisions -- or
7 the Texas order was also applicable to AT&T since
8 AT&T had the exact same agreement?

9 A. I'm not an attorney so I can't do
10 interpretation, but my understanding is that the
11 ruling that came out in that interim ruling and
12 then later was due to Birch and Sage's complaint
13 that they did not have the capability to develop
14 the CIC, so I guess my understanding is that it was
15 limited to those two carriers.

16 Q. Okay. So your understanding is that
17 despite the fact that -- well, strike that.

18 The Texas order at footnote 9 states
19 that both Sage and Birch --

20 MR. LIVINGSTON: Do you have a copy of this?

21 THE WITNESS: No, not right here.

22 MR. LIVINGSTON: Would it be helpful if you

1 had a copy?

2 MS. HAMILL: Well, I do. I have an extra
3 copy.

4 Q. And I'll refer your attention to
5 footnote 9 on page 3 of that order. Do you see
6 footnote 9, Mr. Silver?

7 A. Yes, I do.

8 Q. And, in fact, footnote 9 states that
9 both Sage and Birch /ALT have adopted the SWBT/AT&T
10 interconnection agreement pursuant to FTA Section
11 252(i). Do you see that?

12 A. Yes, I do.

13 Q. Do you have reason to doubt that that's
14 true, Mr. Silver?

15 A. No, but it also then goes on to say:
16 "Therefore, all the relevant contract provisions
17 apply equally to both CLECs. Any reference in the
18 award that is a generic term 'interconnection
19 agreement' should be understood to apply to both
20 CLECs." So that seems to be limiting it to those
21 two CLECs.

22 Q. That's your interpretation of that

1 footnote.

2 A. Yes.

3 Q. Could it also be that because these two
4 CLECs both opted into the same agreement, the
5 Commission was addressing them together?

6 MR. LIVINGSTON: I'm going to object. We've
7 been going on and on about this. The order speaks
8 for itself. Mr. Silver is not a lawyer. Ms.
9 Hamill can argue till her heart's content about the
10 legal significance of their ruling.

11 MS. HAMILL: I'll withdraw the last question,
12 Your Honor.

13 EXAMINER WOODS: Okay.

14 Q. Is it your understanding, Mr. Silver,
15 then that despite the fact that Sage and Birch
16 opted into the AT&T/SWBT interconnection agreement,
17 that only Sage and Birch, but not AT&T, were
18 beneficiaries of or entitled to the benefits of the
19 Texas Commission's Order dated 11/4/99?

20 A. That's been my understanding.

21 Q. Is it your understanding -- well, strike
22 that.

1 Isn't it true, Mr. Silver, that other
2 CLECs in Texas, as Sage and Birch did, had the
3 opportunity to opt into the AT&T/SWBT
4 interconnection agreement?

5 A. I would think so.

6 Q. And to the extent that they opted in,
7 would they have the benefit of the Texas
8 Commission's decision in your view?

9 A. Again, my understanding is the decision
10 was limited to the complaints from Sage and Birch.

11 Q. Okay. Now you're aware, Mr. Silver,
12 aren't you, that the Illinois Commerce Commission's
13 order in Docket Number 98-0555, the SBC/Ameritech
14 merger order, requires Ameritech to offer -- well,
15 Joint Applicants, requires SBC/Ameritech to offer
16 shared transport in Illinois on terms that are
17 substantially similar to the most favorable terms
18 offered by SBC to CLECs in Texas as of the merger
19 closing date?

20 A. Yes.

21 Q. Okay, and that's Condition 28.

22 A. Right. I'm not sure of the number, but

1 okay.

2 Q. Okay. And, similarly, are you aware
3 that the FCC's order approving the merger has a
4 similar requirement, but that requirement is
5 substantially similar to or more favorable than the
6 most favorable terms SBC offers to carriers in
7 Texas as of August 27, 1999?

8 A. Yes.

9 Q. Okay. In your opinion, Mr. Silver, do
10 you think that allowing CLECs to carry intraLATA
11 toll over the shared transport network is a
12 favorable term or one of the most favorable terms
13 of SWBT's shared transport product offering in
14 Texas as of either August 27, '99 or the merger
15 closing date?

16 MR. LIVINGSTON: I object. It calls for a
17 legal conclusion.

18 MS. HAMILL: I think he can answer that
19 question. He started talking about what would be
20 required --

21 A. I was going to say I'm not an attorney.

22 EXAMINER WOODS: Speak one at a time. He said

1 he was not an attorney.

2 MS. HAMILL: Right. I don't think he needs to
3 be an attorney to answer that question. Clearly,
4 he's here talking about what they're required and
5 not required to provide in Illinois.

6 EXAMINER WOODS: I think that's correct. He
7 can answer.

8 A. I guess my interpretation, based on
9 talking to various people in Texas and our
10 attorneys, is that the key there was that it
11 requires us based on what we offer, and in this
12 case we weren't offering that to anybody. We were
13 required to provide it in the limited instance to
14 those two carriers.

15 Q. But you would agree that you were --
16 well, strike that.

17 Thank you. I have no further questions.

18 EXAMINER WOODS: Okay. Mr. O'Brien.

19 CROSS EXAMINATION

20 BY MR. O'BRIEN:

21 Q. Good morning, Mr. Silver. My name is
22 Tom O'Brien. I'm representing CoreComm in this

1 proceeding?

2 A. Good morning. Good afternoon.

3 Q. Just a relative handful of questions
4 here. I've got just a quick clarifying questions
5 based on Ameritech Exhibit 1.0 and 1.1 that I'd
6 like to just get out of the way.

7 If you could turn to Ameritech Exhibit
8 1.0 at page 6 -- no, that's the testimony of my
9 witness. Line 16, this testimony states that, in
10 short, shared transport refers to all local
11 transmission facilities connecting Ameritech's
12 switches. The use of the term all local
13 transmission facilities, where did you get this
14 definition? Or where did Mr. Hampton get this
15 definition, if you know?

16 A. It goes on to say that this is as
17 described in the FCC's Third Reconsideration Order,
18 which is basically the Shared Transport Order.

19 Q. Okay. So the answer to my question then
20 would be the Third Reconsideration Order.

21 A. Correct.

22 Q. Okay. Thank you.

1 Turning now to Ameritech Exhibit 1.1,
2 page 6, the answer beginning on line 12, and the
3 reference there is to CLECs using shared transport
4 for intraLATA toll in exactly the same manner that
5 Ameritech Illinois does. You don't mean to suggest
6 that Ameritech would allow CLECs to use exactly the
7 same facilities to route that intraLATA traffic by
8 that statement.

9 A. No, I do not.

10 Q. So then is it fair then to say Ameritech
11 is going to allow CLECs to route the traffic in
12 exactly the same manner if they're not going to let
13 CLECs use exactly the same facilities?

14 A. What this was leading -- the intent of
15 this statement is is that, as Mr. Hampton goes on
16 to talk about later, is that we route the traffic
17 for intraLATA toll based on the routing
18 instructions, based on whoever the presubscribed
19 toll provider is for the individual end user, and
20 whether it's an Ameritech end user who dials an
21 intraLATA toll call or whether it's a CLEC end
22 user, however the -- based on whatever routing

1 instructions are given based on whoever the
2 presubscribed carrier is, it will be routed in that
3 -- based on that -- those instructions.

4 Q. Okay. So can I take your testimony to
5 mean that Ameritech would make routing instructions
6 available to CLECs that are identical to the
7 routing instructions that Ameritech uses for its
8 own intraLATA toll traffic?

9 A. I'm not really clear on the question.
10 Are you asking whether we would, as we do today, if
11 a CLEC end user makes a call, when that call comes
12 in, the routing instructions that are resident in
13 the switch today will determine where the call gets
14 routed, and that's exactly the same thing we do for
15 our customers.

16 Q. Okay. So then you are saying that you
17 would allow CLECs to use the identical routing
18 instructions as Ameritech uses to route its own
19 intraLATA toll traffic.

20 A. The Shared Transport Order requires us
21 to use the same routing tables for shared transport
22 as we have in our system already.

1 Q. So then that traffic will get routed in
2 the identical manner over the identical facilities
3 as Ameritech's traffic?

4 A. No, not necessarily the exact identical
5 facilities. It will be in the same manner. Again,
6 for instance, if an end user dials and their
7 presubscribed carrier happens to be AT&T, when the
8 call comes in -- and I'm not a technician; I'm just
9 talking from people I've talked to here -- is that
10 when the call comes in, based on the CIC of that
11 presubscribed carrier, it will then be determined
12 as to whether it will -- where it will route, and
13 in the case of AT&T, if it's an intraLATA toll
14 call, it will then route to AT&T's POP and then be
15 sent back to completion, and that's true for our
16 customers or anybody else's.

17 If it's an Ameritech end user and they
18 dial and their presubscribed carrier happens to be
19 Ameritech, it will come into that same switch, and
20 the routing instructions will tell it where to
21 route that call.

22 Q. Okay. I think I followed that.

1 If the CLEC happens to be the intraLATA
2 toll carrier, would Ameritech allow that CLEC to
3 use the 999 CIC to route that, its intraLATA toll
4 traffic?

5 A. No. As our testimony talks, we don't
6 think that's required of us, and we don't think
7 that's part of shared transport.

8 Q. So in that sense Ameritech is not going
9 to allow CLECs to route traffic in exactly the same
10 manner as Ameritech does, if it's not going to
11 allow CLECs access to that particular CIC code.

12 A. Well, no, I disagree, because in the
13 case of an Ameritech customer, their CIC -- and
14 they have presubscribed for Ameritech as their
15 intraLATA toll provider, then they would get the
16 999 CIC code. If, in fact, an AT&T end user, CLEC
17 end user, happened to choose Ameritech to be its
18 intraLATA toll provider, then it would get the 999
19 CIC code. If they chose AT&T to be their intraLATA
20 toll provider, they would get whatever the CIC code
21 is for AT&T.

22 Q. Does the CIC code determine what

1 facilities will be used to route a particular
2 intraLATA toll call to its end office destination?

3 A. That's my understanding.

4 Q. So the only way that a let's, for
5 example, use an example of a CoreComm customer
6 could use Ameritech's intraLATA toll facilities to
7 complete an intraLATA toll call is if CoreComm's
8 customer presubscribes to Ameritech's intraLATA
9 toll service?

10 A. That's how I understand it, yes.

11 Q. And that would be true even if CoreComm
12 happened to be an intraLATA toll provider as well.

13 A. If CoreComm was an intraLATA toll
14 provider and the customer chose to use CoreComm for
15 their intraLATA -- and the end user, the CLEC end
16 user chose to use CoreComm, then they would have
17 their CIC, and the traffic would be routed
18 according to whatever the instructions for that CIC
19 are.

20 Q. But the instructions in that CIC could
21 not include the shared transport facilities of
22 Ameritech Illinois that carry Ameritech Illinois

1 intraLATA toll traffic.

2 A. It would include the shared transport
3 facilities to the point of handing off to the
4 interexchange provider.

5 Q. And if that interexchange provider was
6 CoreComm, CoreComm would not be able to lease the
7 shared transport facilities it would require within
8 Ameritech's network to carry that traffic to the
9 end office destination.

10 A. Termination? That's our argument, yes.

11 EXAMINER WOODS: What would they have to do?

12 THE WITNESS: Well, under the current rules
13 for shared transport, the way the FCC has set it
14 up, it would be routed based on the routing table
15 for that particular CIC code. It would be sent to
16 the interexchange carrier that that customer has
17 been presubscribed to, and then that interexchange
18 carrier would then send it to the terminating end
19 office.

20 EXAMINER WOODS: Okay. But from an
21 engineering perspective, if you know, how does that
22 happen? What do they have to do as far as just the

1 hardware?

2 THE WITNESS: I don't know.

3 EXAMINER WOODS: Okay.

4 MR. O'BRIEN:

5 Q. Does Ameritech Illinois use a third
6 party interexchange carrier to carry its intraLATA
7 toll traffic?

8 A. I'm not sure. I don't know. If we do,
9 I don't know. I really don't know.

10 Q. So you're not familiar with Ameritech's
11 intraLATA toll network as talked about in the
12 testimony?

13 A. The network itself. The configuration
14 of the network I'm not really certain of.

15 EXAMINER WOODS: Is there a witness that can
16 address that?

17 THE WITNESS: Mr. Kirksey would have.

18 MR. LIVINGSTON: I think Mr. Kirksey would
19 have.

20 EXAMINER WOODS: Or he will tomorrow?

21 MR. LIVINGSTON: Pardon?

22 EXAMINER WOODS: Or he will tomorrow?

1 MR. LIVINGSTON: Been waived, so he's in
2 Dallas.

3 EXAMINER WOODS: Okay.

4 MR. O'BRIEN:

5 Q. Mr. Silver, if you could turn to page 8
6 of Ameritech Exhibit 1.1, and I refer you down to
7 the sentence beginning on line 18 and continuing
8 through line 20. The statement is made: "A basic
9 purpose of unbundling is to help promote
10 competition in a market where it may not currently
11 exist." What's your authority for this statement
12 of the basic purpose of unbundling?

13 A. That's my understanding of TA96, the
14 Telecommunications Act of 1996.

15 Q. Any particular provision of TA96?

16 A. Not off the top of my head, no.

17 Q. Okay. Okay. Turning now to your
18 surrebuttal testimony, Ameritech Exhibit 2.2 --
19 1.2; excuse me.

20 A. And, by the way, let me go back. I was
21 just thinking about that earlier question. In
22 terms of are you asking if there was -- did you ask

1 whether there was another carrier that we would use
2 to complete our traffic?

3 Q. Yeah. I asked does Ameritech --

4 A. I'm sorry. I misunderstood your
5 question.

6 Q. -- use another carrier to carry --

7 A. No, we would not use another carrier.

8 Q. Thank you.

9 Going back to the quoted language from
10 the Texas arbitration decision, I want to try and
11 get a better understanding of your interpretation
12 of the language that's quoted here, and I want to
13 ask you specifically, what language in this quoted
14 language, and this is language being quoted out of
15 the underlying interconnection agreements that were
16 in issue in that arbitration --

17 A. Are you back in my surrebuttal?

18 Q. Yeah. I'm sorry. I'm back on page 6 of
19 your surrebuttal testimony.

20 MR. LIVINGSTON: This is the block quote from
21 the interconnection agreements?

22 MR. O'BRIEN: Right.

1 MR. LIVINGSTON: At 9 through 12?

2 MR. O'BRIEN: Correct.

3 Q. Have you got it?

4 A. Yeah.

5 Q. In your opinion, what language in that
6 quoted section is the expressed term that does not
7 permit CLECs to use shared transport to route
8 intraLATA toll traffic end to end?

9 A. Prior to the implementation of intraLATA
10 dialing parity, there was no way for -- at least as
11 I understand it, there was no way for the
12 individual CLECs to -- they didn't have their own
13 CICs for the customers to choose from, so there was
14 no 2PIC. That's what 2PIC means.

15 What prior to that was as a general rule
16 it was the end users were unable to choose who was
17 going to carry their intraLATA toll traffic for
18 them on a regular basis. With the implementation
19 of 2PIC, that opened the intraLATA toll market open
20 to competition. Prior to that, interLATA the
21 customers would be able to presubscribe who they
22 were going to use for their toll provider for

1 interLATA. With the implementation of 2PIC -- and
2 this was nationwide. This went on in each
3 individual state, depending on the time frames.
4 With the implementation of 2PIC, the end user was
5 then able to even choose their intraLATA toll
6 provider.

7 So prior to that 2PIC, since the
8 customers didn't have that ability, SWBT was
9 allowing them to route their intraLATA toll traffic
10 over its network. With the implementation of 2PIC,
11 and that's what this language is talking, after
12 implementation of intraLATA dialing parity, or i.e.
13 2PIC, since the CLECs would be able to route their
14 own traffic and carry their own traffic, the
15 customers would be able to -- they would compete
16 with SWBT for the intraLATA toll traffic. That
17 gave them the ability then to start routing their
18 traffic over their own networks, which is what they
19 had been asking for all along.

20 Q. Now let me make sure I'm clear on this.
21 Prior to the implementation of 2PIC in Texas, could
22 Sage and Birch route their own intraLATA toll

1 traffic over SWBT's network on a UNE basis?

2 A. I guess I'm not sure if the UNE -- was
3 it on a UNE basis?

4 Q. Let me ask the question a different way.
5 In order to get intraLATA toll traffic routed prior
6 to the implementation of 2PIC, did a customer of
7 Sage or Birch have to presubscribe to SWBT's
8 intraLATA toll service?

9 A. I don't believe so, but I'm not
10 positive.

11 Q. So then the only change that really
12 occurred at the implementation of the 2PIC process
13 was the ability to use a variety of different CICs
14 to route intraLATA toll traffic?

15 A. Could you ask the question again? I'm
16 sorry.

17 Q. Was the material change in the way the
18 network operated with the implementation of the
19 2PIC process that carriers, like Birch or Sage,
20 were able to use a variety of CIC codes to route
21 intraLATA toll traffic rather than having to use
22 SWBT's CIC code?

1 A. I don't know.

2 Q. Okay. So back to my starting question
3 about this, this passage out of the Texas
4 arbitration decision. What, in your opinion, is
5 reflected in this quoted language that would
6 prohibit a CLEC who is also the intraLATA toll
7 carrier from routing the traffic over SWBT's
8 network but on a UNE basis?

9 A. Before or after the implementation of
10 2PIC?

11 Q. After.

12 A. Well, this language basically led to the
13 Accessible Letter that I referred to on page 7 of
14 my testimony where we notified the CLECs that based
15 on the terms of their agreement, once 2PIC was
16 implemented, we would no longer be carrying their
17 traffic over -- end to end over our network, and
18 they would have to implement their own CICs and
19 route the traffic via according to the
20 interexchange carrier as appropriate.

21 Q. So, in essence, the terms and conditions
22 of the shared transport UNE changed with the

1 implementation of the 2PIC process?

2 A. I'm sorry?

3 Q. Well, prior to the implementation of the
4 2PIC process a CLEC was able to route intra LATA
5 toll traffic on an end to end basis, and once they
6 were given the ability to use multiple CICs to
7 route that traffic, suddenly they were going to
8 lose that ability under SWBT's interpretation of
9 this language. Correct?

10 A. Well, again, what we were doing, we were
11 carrying the -- as far as the technical methodology
12 and how it was done I can't answer you. What we
13 were doing is prior to the implementation of 2PIC
14 we were carrying the CLECs' intraLATA toll traffic
15 -- the end users of the CLECs' intraLATA toll over
16 the SWBT network.

17 Per the language in the agreements with
18 each individual CLEC, and this was the standard
19 language out there, once intraLATA dialing parity
20 took place, as it says, intraLATA toll calls from
21 the CLEC, unbundled ports will be routed to the end
22 user's primary CIC, so therefore the routing tables

1 would have then -- as each carrier got their own
2 CIC, the routing tables would recognize that CIC
3 and route the traffic accordingly to that CLEC
4 provider.

5 Q. But assume for a moment I'm CoreComm of
6 Texas, CLEC. CoreComm simply wants to use SWBT's
7 CIC. Under the terms of this language, how would
8 that run afoul with what's stated here?

9 A. Under the terms of this language, each
10 CLEC had to get their own CIC at that point in
11 time. That's my understanding.

12 Q. Okay.

13 Let me ask you another question about
14 the effect of the Texas arbitration decision, and,
15 again, this has to do with the language that we're
16 talking about here quoted from that order having to
17 do with the underlying interconnection agreements.

18 After the conclusion of this arbitration
19 proceeding and the order issued by the Texas
20 Commission, do you know if any of the language that
21 was contained in those interconnection agreements
22 was changed by the Commission's decision?

1 MR. LIVINGSTON: Are you talking about the
2 Sage and Birch interconnection agreements?

3 MR. O'BRIEN: Correct.

4 A. I'm not aware of any. There may have
5 been. I don't know.

6 MR. O'BRIEN: I have one final question.

7 May I approach the witness, Your Honor?

8 EXAMINER WOODS: Sure.

9 Q. Mr. Silver, I'm going to hand you a
10 document. It's actually an attachment to
11 Mr. Webber's rebuttal testimony, JDW-4, that we'll
12 be introducing into the record hopefully later on
13 this afternoon, and I want you to read this couple
14 of sentences there.

15 MR. LIVINGSTON: What's that attached to?
16 Webber's testimony. Which testimony?

17 MR. O'BRIEN: Rebuttal testimony, JDW-4.

18 MR. LIVINGSTON: Webber's rebuttal.

19 A. Okay.

20 Q. Do you have any problem with what was
21 being -- what CoreComm was being advised to do in
22 that message?

1 A. We were required -- what this says is
2 that in Michigan CoreComm could use the Ameritech
3 CIC to route the intraLATA toll traffic, and we
4 were required to do so by the Michigan Commission.

5 Q. Are you aware of whether Ameritech
6 Michigan is, in fact, allowing CLECs to use the
7 Ameritech Michigan CIC to route intraLATA toll
8 traffic at this time?

9 A. I know that we're required to carry the
10 CLECs' traffic over -- intraLATA toll traffic over
11 our network. I don't know whether anybody has
12 actually done so so they're using our CIC.

13 MR. O'BRIEN: Okay. Thank you.

14 That's all the questions I have, Your
15 Honor.

16 EXAMINER WOODS: Mr. Townsley, any questions
17 of this witness?

18 MR. TOWNSLEY: I have nothing.

19 EXAMINER WOODS: Okay. Let's go off the
20 record.

21 (Whereupon at this point in
22 the proceedings an

1 off -the-record discussion
2 transpired.)

3 EXAMINER WOODS: Let's go back on the record.

4 We're approaching a lunch break, so
5 we're going to utilize the rest of this morning's
6 session to mark and admit into evidence exhibits of
7 witnesses for whom there is no cross-examination.

8 Ms. Hertel. Mr. Livingston. I'm sorry.

9 MS. HERTEL: Are we off the record?

10 EXAMINER WOODS: We can.

11 (Whereupon AT&T/PACE
12 Coalition/Z-Tel Joint
13 Exhibits 1.0, 2.0, and 2.0P
14 and Ameritech Illinois
15 Exhibits 4.0, 4.0P, 4.1,
16 4.1P, 5.0, and 5.1, and
17 WorldCom Palmer Cross
18 Exhibits 1P, 2P, and 3P were
19 marked for identification.)

20 EXAMINER WOODS: Let's go back on the record.

21 Ms. Hamill.

22 MS. HAMILL: I've submitted to the Court

1 Reporter the Direct Testimony of Joseph P. Gillan
2 on Behalf of AT&T, PACE Coalition, and Z-Tel which
3 has been marked as AT&T/PACE Coalition/Z-Tel Joint
4 Exhibit 1.0, along with Schedule JPG-01, with
5 affidavit of Mr. Gillan.

6 I've also submitted to the Court
7 Reporter the Rebuttal Testimony of Joseph P. Gillan
8 on Behalf of AT&T, PACE Coalition, and Z-Tel which
9 has been marked as AT&T/PACE Coalition/Z-Tel Joint
10 Exhibit 2.0, along with Schedules 2.1 and 2.2, JPG
11 2.1 and 2.2.

12 And, finally, I have submitted the
13 Rebuttal Testimony, Proprietary Version, of Joseph
14 P. Gillan on Behalf of AT&T, PACE Coalition, and
15 Z-Tel, and that's been labeled AT&T/PACE Coalition/
16 Z-Tel Joint Exhibit 2.0P, along with Schedules JPG
17 2.1 and JPG 2.2, along with an affidavit from
18 Mr. Gillan for his rebuttal testimony, and I will
19 note that only the testimony, the rebuttal
20 testimony of 2.0P is proprietary. The schedules
21 are not.

22 EXAMINER WOODS: Okay. Those documents will

1 be admitted without objection.

2 (Whereupon AT&T/PACE
3 Coalition/Z-Tel Joint
4 Exhibits 1.0, 2.0, and 2.0P
5 were received into
6 evidence.)

7 EXAMINER WOODS: Mr. Livingston.

8 MR. LIVINGSTON: We have submitted on behalf
9 of -- we've submitted testimony, both rebuttal and
10 surrebuttal testimony, of Dr. Debra J. Aron. Her
11 rebuttal testimony has both a public version and a
12 proprietary version, 4.0 and 4.0P, and 4.0P has two
13 schedules marked Schedule 1 Aron and Schedule 2
14 Aron.

15 With respect to her surrebuttal
16 testimony, that also has a confidential version and
17 a public version. That's 4.1P for the confidential
18 and 4.1 for the public, and there is an exhibit
19 marked Schedule P [sic] that is attached to both
20 and schedule -- Schedule 3, excuse me -- is not
21 proprietary.

22 In addition, we have submitted rebuttal

1 testimony of Michael Kirksey, Ameritech Illinois
2 Exhibit 5.0. It's public, and it has no exhibits,
3 and we've submitted Mr. Michael Kirksey's
4 surrebuttal testimony, Ameritech Exhibit 5.1. It's
5 public, and it has no exhibits.

6 EXAMINER WOODS: Okay.

7 MR. LIVINGSTON: Our intention is to submit
8 affidavits from both Mr. Kirksey and Dr. Aron as
9 soon as those are available; we hope within the
10 next day.

11 EXAMINER WOODS: Okay.

12 MR. LIVINGSTON: And we'd ask their admission
13 contingent on receipt of those affidavits.

14 EXAMINER WOODS: The document are admitted.

15 (Whereupon Ameritech
16 Illinois Exhibits 4 .0, 4.0P,
17 4.1, 4.1P, 5.0, and 5.1 were
18 received into evidence.)

19 MS. HAMILL: I need to do my objections to
20 Kirksey so you can deny them.

21 EXAMINER WOODS: Okay. We'll have to do that
22 after lunch.

1 MS. HAMILL: Okay.

2 (Whereupon an
3 off-the-record discussion
4 transpired, and the hearing
5 was thereafter in lunch
6 recess until 2:30 P.M.)

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1 A F T E R N O O N S E S S I O N

2 (Whereupon the proceedings were
3 hereinafter stenographically
4 reported by Carla Boehl.)
5 (Whereupon WorldCom Exhibits 1.0
6 and 1.1, and CoreComm
7 Exhibits 1 and 2 were marked
8 for purposes of
9 identification as of this
10 date.)

11 EXAMINER WOODS: Back on the record. As I
12 recall I think Ms. Hamill was about to get trashed on
13 the bench again. So do you want to state your
14 objection?

15 MS. HAMILL: Yes, I move to strike Ameritech
16 Illinois Exhibit 5.0, the rebuttal testimony of
17 Michael Kirksey from page 4, line 31, through page 8,
18 line 2; and the surrebuttal testimony of Michael
19 Kirksey, Ameritech Illinois Exhibit 5.1 from page 4,
20 line 27, through page 5, line 8, on the same bases as
21 my motion to strike earlier today in connection with
22 Mr. Palmer and Mr. Hampton and Silver regarding

1 customized routing of OS and DA using AIN.

2 EXAMINER WOODS: Okay, that objection is
3 overruled. And somebody -- let's go off the record
4 just briefly.

5 (Whereupon there was then had
6 an off-the-record
7 discussion.)

8 EXAMINER WOODS: Back on the record.
9 Mr. Kirksey's testimony and rebuttal will be admitted.

10 (Whereupon Ameritech Illinois
11 Exhibits 5.0 and 5.1 were
12 admitted into evidence.)

13 Do we have another one?

14 MR. LIVINGSTON: We had Aron also.

15 EXAMINER WOODS: I think we did that one.

16 MS. HAMILL: Uh-huh, and Kirksey.

17 EXAMINER WOODS: Mr. Townsley?

18 MR. TOWNSLEY: Your Honor, I have got a
19 couple of matters. Earlier today I had marked and
20 admitted into the record WorldCom Palmer Cross
21 Exhibits 1, 2 and 3, and it has come to my attention
22 that those are all the responses to the WorldCom data

1 requests and are all proprietary. So at the break I
2 had asked the reporter to remark those as WorldCom
3 Palmer Cross Exhibit 1P, WorldCom Cross Exhibit Number
4 2P and WorldCom Cross Exhibit Number 3P, and designate
5 those as proprietary documents.

6 EXAMINER WOODS: I have those before me.
7 They have been remarked, and they will be afforded
8 proprietary treatment.

9 MR. TOWNSLEY: And I would also like to at
10 this time move into the record the direct and rebuttal
11 testimonies of Sherry Lichtenberg on behalf of
12 WorldCom Incorporated. I have asked the court
13 reporter to mark the direct testimony of Sherry
14 Lichtenberg as WorldCom Incorporated Exhibit 1.0 and
15 that document has attached to it two schedules, and I
16 have asked the court reporter to mark as WorldCom
17 Incorporated Exhibit 1.1 the rebuttal testimony of
18 Sherry Lichtenberg. That document has attached to it
19 five schedules, Rebuttal Schedule SL-1 through
20 Rebuttal Schedule SL-5. All parties have agreed to
21 waive cross of Ms. Lichtenberg. Her testimonies are
22 supported by affidavit and I have given that to the

1 court reporter as well. So I would move at this time
2 to admit into the record WorldCom Incorporated
3 Exhibits 1.0 and 1.1 and the associated schedules.

4 EXAMINER WOODS: Admitted without objection.

5 MR. LIVINGSTON: No objection, Your Honor.

6 (Whereupon WorldCom Exhibits 1.0
7 and 1.1 were admitted into
8 evidence.)

9 EXAMINER WOODS: Mr. Harvey?

10 MR. HARVEY: A couple of matters,
11 Mr. Examiner. Ms. Hamill was kind enough to agree to
12 the admission of some -- the answer to a Staff data
13 request prepared by Mr. Gillan, and I suppose the
14 easiest way to do that would be to just mark it as a
15 cross exhibit.

16 EXAMINER WOODS: All right.

17 MR. HARVEY: And that would be, obviously,
18 Staff Gillan Cross Exhibit 1. I would ask -- I am
19 going to circulate copies of that and ask that that be
20 admitted at this time.

21 EXAMINER WOODS: Has that been provided to
22 the court reporter?

1 MR. HARVEY: Oh, good.

2 CHRISTOPHER L. GRAVES

3 called as a Witness on behalf of Staff of the Illinois
4 Commerce Commission, having been first duly sworn, was
5 examined and testified as follows:

6 DIRECT EXAMINATION

7 BY MR. HARVEY:

8 Q. Mr. Graves, would you please state your
9 name and spell it for the record.

10 A. Christopher L. Graves, G-R-A-V-E-S.

11 Q. I am going to ask you if you have several
12 documents in front of you, specifically Staff
13 Exhibit -- a document marked for identification as
14 Staff Exhibit 1.0?

15 A. Yes.

16 Q. And Staff Exhibit 1.0P?

17 A. Yes.

18 Q. Those are in front of you right now. Do
19 each of those documents consist of 28 pages of text in
20 question and answer format?

21 A. Uh-huh.

22 Q. Do these documents constitute your direct

1 testimony in this proceeding?

2 A. Yes, they do.

3 Q. Were they prepared by you or at your
4 direction and supervision?

5 A. Yes.

6 Q. What is the difference between the two
7 documents?

8 A. Staff Exhibit 1.0P is a proprietary
9 exhibit and Staff Exhibit 1 is the public version.

10 Q. All right. Is there a schedule or
11 schedules attached to or rather are there attachments
12 to those documents?

13 A. There are two attachments.

14 Q. And do the attachments consist of a
15 number of pages of text and diagrams?

16 A. Yes.

17 Q. If I were to ask you the questions
18 contained in Staff Exhibit 1.0 or, depending upon
19 whether we were in camera or not, 1.0P, would your
20 answers be the same as they were when you prepared and
21 submitted the exhibits in question?

22 A. Yes, they would.

1 Q. Thank you. And do you have any changes
2 or amendments to make to any of these exhibits?

3 A. No.

4 Q. Can I turn your attention, please, to
5 Staff Exhibit Number 5? Is that your rebuttal
6 testimony in this proceeding?

7 A. Yes, it is.

8 Q. Does that consist of 13 pages of text in
9 question and answer format?

10 A. Yes, it does.

11 Q. Was that prepared by you or at your
12 direction or under your supervision?

13 A. Yes, it was.

14 Q. Do you have any changes or corrections to
15 make?

16 A. No, I don't.

17 Q. If I were to ask you the questions
18 contained and set forth in Staff Exhibit Number 5,
19 would your answers be the same as they were on the day
20 that you prepared the exhibit?

21 A. Yes, they would.

22 MR. HARVEY: Thank you very much, Mr. Graves.

1 I would move for the admission of Staff Exhibits 1.0
2 and 1.0P with attached schedules, and Staff Exhibit
3 Number 5.

4 EXAMINER WOODS: Without objection.
5 (Whereupon Staff Exhibits 1.0,
6 1.0P and 5 were admitted into
7 evidence.)

8 MR. LIVINGSTON: No objection.

9 EXAMINER WOODS: Anybody else? Okay. Call
10 the next witness. Ms. Buckley?

11 MS. KELLY: We call Karen Buckley as a staff
12 witness.

13 EXAMINER WOODS: Ms. Buckley, were you
14 previously sworn?

15 THE WITNESS: I don't think so.

16 EXAMINER WOODS: Please raise your right
17 hand.

18 (Whereupon the Witness was duly
19 sworn by Examiner Woods.)

20 EXAMINER WOODS: Thank you. Have a seat.

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KAREN BUCKLEY

called as a Witness on behalf of the Staff of the Illinois Commerce Commission, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MS. KELLY:

Q. Ms. Buckley, can you please state your full name and business address for the record.

A. Karen Buckley. My address is 527 East Capitol, Springfield, Illinois.

Q. And, Ms. Buckley, do you have in front of you copies of ICC Staff Exhibit 4.0?

A. Yes, I do.

Q. And does this document have seven pages?

A. Yes, I do.

Q. Was this prepared -- is this your direct testimony in this proceeding?

A. Yes, it is.

Q. And was this prepared by you or under your direction?

A. Yes, it is.

Q. Is there anything in this document that

1 you would like to change?

2 A. No, I don't.

3 Q. And if I were to ask you the same
4 questions found in here, would you be able to answer
5 them the same way today?

6 A. Yes, I do, I would.

7 Q. And do you have also in front of you
8 copies of ICC Staff Exhibit 8.0?

9 A. Yes, two versions.

10 Q. The public and proprietary?

11 A. Yes, I do, two versions.

12 Q. And the public version consists of 13
13 pages?

14 A. Yes.

15 Q. And there are three attachments to the
16 public version?

17 A. Yes, there is.

18 Q. Each consisting of one page?

19 A. Yes.

20 Q. And your proprietary testimony...

21 A. Yes.

22 Q. ..Consists also of 13 pages?

1 A. Yes.

2 Q. And the proprietary testimony has three
3 attachments?

4 A. Yes, yes.

5 Q. Attachment 1 consisting of four pages?

6 A. I have the original one, yes, there is
7 four pages.

8 Q. And Attachment 2 consisting of four
9 pages?

10 A. Yes.

11 Q. And Attachment 3 consisting of one page?

12 A. Yes, it is.

13 Q. And this is your rebuttal testimony in
14 this proceeding?

15 A. Yes.

16 Q. And were these documents prepared by you
17 or under your direction?

18 A. Yes.

19 Q. And do you have any changes to make to
20 these documents?

21 A. I made some changes according to the
22 errors pointed out by Mr. Palmer.

1 Q. They are already prefiled in your
2 testimony?

3 A. No, no, it's just prepared for the errors
4 that he pointed out.

5 Q. Can you please briefly summarize them for
6 us?

7 A. Mr. Palmer pointed out that in
8 preparation -- oh, I'm sorry, the corrections that I
9 made was not part of my testimony. He addressed
10 something I prepared for the team.

11 Q. Okay. So you don't have any changes in
12 your rebuttal testimony?

13 A. No, no. I'm sorry.

14 Q. It's okay. And if I were to ask you the
15 same questions found in these documents, you would be
16 able to answer them the same way?

17 A. Yes.

18 MS. KELLY: Mr. Hearing Examiner, I move to
19 admit into the record Staff Exhibits 8.0 consisting of
20 three attachments, and Staff Exhibit 4.0.

21 MS. HAMILL: I move to strike Staff Exhibit
22 8.0, page 7, line 150, through page 12, line 251. The

1 text in that particular section is responsive to the
2 Ameritech OS and DA custom routing testimony that I
3 moved to strike from Mr. Palmer, Mr. Kirksey and
4 Mr. Hampton and Silver this morning.

5 EXAMINER WOODS: With the same success, I
6 might add.

7 (Laughter)

8 MS. HAMILL: Thank you, I might add.

9 EXAMINER WOODS: Objection is overruled. Any
10 other objections? Documents are admitted with the
11 objections noted.

12 (Whereupon Staff Exhibits 4.0
13 and 8.0 were marked for
14 purposes of identification as
15 of this date and admitted
16 into evidence.)

17 EXAMINER WOODS: The witness is available for
18 cross.

19 MR. LIVINGSTON: Thank you.

20 CROSS EXAMINATION

21 BY MR. LIVINGSTON:

22 Q. Good afternoon, Ms. Buckley.

1 A. Hi.

2 Q. You indicated that you corrected some
3 errors pointed out by Mr. Palmer in some document?

4 A. I'm sorry?

5 Q. Can you explain what you were referring
6 to?

7 A. In his rebuttal testimony, the section he
8 addressed to my rebuttal testimony which is not
9 included in my rebuttal testimony. I am not familiar
10 with if he should have addressed that in his
11 surrebuttal testimony. But he talked about in his
12 data request, that he has found out that I have
13 prepared spreadsheets for Staff members to accumulate
14 rates according to their reviews. And he criticized
15 my spreadsheet was wrong. But none of the spreadsheet
16 rates was included in my rebuttal testimony. Did I
17 answer your question?

18 Q. I think so. Did you review Mr. Palmer's
19 surrebuttal testimony that was filed after you filed
20 your rebuttal?

21 A. I have reviewed that section that he
22 addressed my rebuttal testimony.

1 through 31, specifically the testimony that talks
2 about the end office CCS investment per line cost
3 decreasing and the end office trunk termination
4 investment per trunk cost increasing. Do you see
5 that?

6 A. Uh-huh.

7 Q. And I won't give you the numbers, because
8 I believe they are proprietary. When you talk about
9 the end office trunk termination investment for trunk
10 increasing, you are talking about what happened in
11 revised cost studies that were filed with Bill
12 Palmer's rebuttal testimony, correct?

13 You have to answer audibly. She can't
14 get a nod.

15 A. My answer is proprietary.

16 (Laughter)

17 No, just kidding. Yes.

18 Q. Now, with respect to the change in the
19 trunk termination investment per trunk cost, are you
20 aware that Mr. Palmer thinks you made a mistake there?
21 And I would direct your attention to Mr. Palmer's
22 testimony at page 44, lines 14 through 19.

1 MR. HARVEY: Could you give us those line
2 numbers again please, counselor?

3 MR. LIVINGSTON: Yes, I am contrasting Palmer
4 at page 44, lines basically 14 through 19. I am
5 contrasting that with Ms. Buckley's proprietary
6 rebuttal at page 2, lines 30 and 31.

7 Q. Do you have the Palmer testimony that I
8 am referring to?

9 A. Yes, I do.

10 Q. Is he right?

11 A. I am not certain.

12 Q. According to your testimony, by revising
13 his cost study, Mr. Palmer's end office trunk
14 termination investment for trunk costs increased by
15 what, nearly six times?

16 A. I think that is the beginning investment
17 cost, but this does not talk about the accumulation of
18 average costs. So I was just addressing at top level
19 what input you get, output from the Hobson model. And
20 I don't see that he mentioned the impact as a result
21 of this change which I included in my rebuttal
22 testimony which is no impact.

1 Q. He says that the investment per trunk
2 went down and you say that the investment per trunk
3 actually went up by a factor of six. Now, do you
4 believe you are right or are you uncertain as to
5 whether he is right?

6 A. I believe I am right. Maybe we are
7 looking at different cost studies. Which one was he
8 referring to? Did he refer to a particular cost
9 study?

10 Q. The cost study at issue in this case, the
11 revised cost study that he filed in connection with
12 his rebuttal testimony.

13 A. Okay.

14 Q. The same one that you are addressing in
15 your testimony.

16 A. All right. There is two cost studies
17 that are attachments to his 2.1, and WCP -1 through 6
18 represents two different cost studies with two
19 different alternatives as a result of those studies.
20 And that is the part my analyzations are based on.

21 Q. So you think you are right; you think the
22 end office trunk termination investment per trunk

1 actually went up six times, a factor of six? My last
2 question on this subject.

3 A. And what was your question? Now, I
4 wanted to for the last time confirm your question.
5 What was it?

6 Q. Let me ask you. If you look at lines 30
7 and 31 on page 2?

8 A. Okay.

9 Q. What you are trying to talk about is
10 input changes for the revised study, correct?

11 A. Right.

12 Q. And you say that one of those inputs, the
13 CCS investment per line cost, went down, correct?

14 A. Uh-huh.

15 Q. And then you say the end office trunk
16 termination investment per trunk cost increased from
17 -- and I won't say the number.

18 A. Okay.

19 Q. But it increased from that number to the
20 next number, and you would agree that that increase is
21 nearly a six-fold increase, correct?

22 A. Right.

1 Q. And so my question is, do you think you
2 are right or do you think you made a mistake?

3 A. I am right. Because if you look at the
4 next sentence in addition to that, that shows you the
5 computation math that was used was changed, therefore,
6 the end result.

7 Q. Was the end result a decrease in costs as
8 opposed to an increase in costs if you went from per
9 line to per trunk?

10 A. Right.

11 Q. So that the trunk termination investment
12 actually went down, but it's measured in a different
13 way so it appears to go up?

14 A. Yes.

15 Q. Could we move on to your break-even
16 analysis?

17 A. Yes.

18 Q. I think I told your counsel yesterday --
19 I am sorry for the digression, I really want to talk
20 about your break-even analysis between Alternative 1
21 and Alternative 2?

22 A. Yes.

1 Q. And I want to talk about some of your
2 testimony concerning the non-recurring cost for our
3 AIN customer routing solution. Let's turn first to
4 the break-even analysis. In the break-even analysis I
5 think you talk about that basically beginning at the
6 bottom of page 5 and then running over to page 7,
7 correct, of your proprietary rebuttal?

8 A. Yes.

9 Q. And what you are doing -- basically, you
10 did three break-evens and the first break-even is the
11 one that compared Alternative 1 and Alternative 2.
12 And I am referring to alternatives that were proposed
13 in Mr. Palmer's rebuttal testimony, correct?

14 A. Correct.

15 Q. Alternative 1 was a flat rate coupled
16 with an MOU or minutes of use rate per usage, correct?

17 A. Would you repeat that?

18 Q. Alternative 1 is a two-part rate
19 structure, one, a flat rate for the port and, two, a
20 minutes of use rate for usage; that's number one,
21 correct? I won't say the numbers but --

22 A. Not according to my understanding is not

1 correct.

2 Q. How am I wrong?

3 A. You might not be wrong. I might be. But
4 to me there is two components in Alternative 1,
5 actually three. One we will not be discussing at this
6 part which is directory assistance and operator
7 assistance.

8 Q. We will set that aside.

9 A. We set that aside. Now we are just
10 talking about shared transport. Shared transport has
11 six elements. One of them -- actually, I am referring
12 to WCP-6R. It is alternatives represented in a
13 spreadsheet format.

14 Q. What are the two components we are
15 talking about?

16 A. First component, it is called ULS shared
17 transport, Alternative 1. Under this part there are
18 six elements.

19 Q. For ULS?

20 A. Yes, shared transport. That's the first
21 part of Alternative 1 we are talking about. Well,
22 actually, if you went to directly right above my one

1 page, the question directly above what you are talking
2 about, I list those alternatives, those elements.

3 Q. Let me just ask this question. Could you
4 explain your break-even analysis? What were you
5 trying to accomplish?

6 A. Okay. First I must explain, I am not an
7 engineer. When I look at this component for shared
8 transport and the switch in port, I look at it as if
9 the first part has six elements. One of them is not
10 usage sensitive which is per message. I call that
11 fixed monthly costs which is ULS ST SS7 signaling
12 transport per message, okay. I call that a fixed cost
13 in that component for message. And the rest of them
14 is per minute of use and they vary as to the length of
15 the message, increase and decrease, okay.

16 Second component, when you said a flat
17 rate, you refer to a basic port charge and a local
18 switching usage per minute of use. To me, basic port
19 is a fixed monthly cost. The local switching usage
20 per minute of use, to me that is a variable cost. So
21 to perform this break-even analysis, I have to first
22 assess the total minutes of use as X. Then I set the

1 number of messages as Y. And then the rest of them
2 are variable costs. So I don't know if this is
3 appropriate, I will spell out the whole formula.

4 Q. Well, let me ask this question. If you
5 want to compare Alternative 1 and Alternative 2 to see
6 where in terms of minutes of use one becomes more
7 expensive than the other...

8 A. Yes.

9 Q. ..If you want to do that, if you look at
10 Alternative 1 and Alternative 2, there is only one
11 difference between the two and that is how ULS is
12 priced, would you agree with that?

13 A. I am afraid you talked above me.

14 Q. I don't mean to.

15 A. So I can't agree or disagree.

16 Q. You have reviewed Mr. Palmer's exhibits
17 and his testimony, whether it's Alternative 1 or
18 Alternative 2...

19 A. Uh-huh.

20 Q. ..The shared transport is the same, the
21 SS7 is the same, common transport is the same, tandem
22 switching is the same. The only question is, do you

1 have a low flat rate and a relatively high usage
2 number for local switching or do you have a higher
3 flat rate and a very small usage rate for local
4 switching. Those are the differences as I understand
5 them. Is that your understanding as well?

6 A. No. I am not there yet.

7 Q. Did you -- when you read Mr. Palmer's
8 surrebuttal testimony, he attached as Exhibit WCP -2S
9 what he called a corrected break-even analysis. Did
10 you review that?

11 A. No, I haven't.

12 Q. Are you aware that he determined that the
13 break-even point between Alternative 1 and Alternative
14 2 is 1517 minutes of use per month?

15 A. Yes, I am. I was tuned in to his
16 explanation this morning. Yes, I remember.

17 Q. But you didn't review the exhibit to his
18 testimony where he demonstrates that number, is that
19 right?

20 A. But I believe he is right because Doctor
21 Ankum, according to Mr. Palmer, also come up with that
22 answer, is that correct?

1 Q. Well, I am really not supposed to answer
2 questions, but I don't know that that's true. But I
3 think the math is pretty straight forward and maybe I
4 can persuade Doctor Ankum the fact that that is true.

5 A. Okay.

6 Q. Did you review Mr. Gillan's testimony in
7 this matter?

8 A. No, I haven't. Testimony or rebuttal?

9 Q. Are you aware that Mr. Gillan prepared an
10 analysis which purported to show that the average
11 usage per customer usage in Illinois is somewhere
12 between 800 and 850 minutes a month?

13 A. Yes.

14 Q. You are aware of that?

15 A. Yes.

16 Q. So that's the average?

17 A. Okay.

18 Q. Would you agree that if you have a
19 break-even point of 1517 minutes, that's almost two
20 times the average?

21 A. All right.

22 Q. Would you agree with that?

1 A. On the face of the numbers, yes. I can
2 multiply.

3 Q. So if that were the break-even point,
4 1517 minutes, would you agree that Alternative 1 would
5 be more attractive to a purchaser for most usage
6 ranges as opposed to Alternative 2?

7 A. I like Alternative 2 myself because I am
8 a business customer and my usage is generally not
9 average in nature.

10 Q. So Alternative 2 would be better for a
11 very high usage business customer, for instance,
12 correct?

13 A. Above average users, yes.

14 Q. And if the break-even point is 1517,
15 quite a bit above average?

16 A. I like my break-even point better.

17 Q. I would like to direct your attention to
18 rebuttal testimony, in your rebuttal testimony to page
19 7 and there is a Q and A that starts at line 137. Do
20 you have that, Ms. Buckley?

21 A. Is it, "How do you evaluate a Pricing 2
22 alternative process"?

1 Q. Yes.

2 A. Yeah, mine starts at lines 139.

3 Q. Oh, it does start at line 139? The
4 second sentence reads, "It is my understanding" -- the
5 second sentence in your answer reads, "It is my
6 understanding that most existing CLECs target large
7 users." Do you see that?

8 A. Uh-huh.

9 Q. That's your testimony, correct?

10 A. Yes.

11 Q. And by large users, you are talking about
12 customers who would have high minutes of use in terms
13 of their use of telecommunications service, correct?

14 A. Uh-huh.

15 Q. Like the business customer you just
16 talked about?

17 A. Above average use usage customers.

18 Q. Now, is it true that Ameritech basically
19 has to serve everybody, so Ameritech can't target
20 large users, would you agree with that?

21 A. They are not supposed to.

22 Q. They are not supposed to what, target the

1 high users?

2 A. Right.

3 Q. They are supposed to serve everybody?

4 A. Right.

5 Q. So the usage profile of the Ameritech
6 customer would be closer to average than the usage
7 profile for the CLECs who target large users, would
8 you agree?

9 A. The whole profile, I wasn't looking at
10 the whole profile.

11 Q. Talking about the usage profile.

12 A. Okay.

13 Q. That is, if CLECs target large users,
14 then CLECs' users on average are going to have more
15 minutes of use than the average Ameritech customer,
16 would you agree?

17 A. We are talking about business users? Are
18 we talking about residential users?

19 Q. I am talking about the users you refer to
20 in your testimony when you say most existing CLECs
21 target large users?

22 A. Okay.

1 Q. So if CLECs really do that -- and you
2 believe they do that, correct?

3 A. They are interested in doing that, yes.

4 Q. So if they are interested in doing that
5 and they are successful in doing that, their average
6 user will have more minutes of use than Ameritech's
7 average user because Ameritech can't target just high
8 users. They have to make a service available to
9 everyone, would you agree with that?

10 A. Well, large users, when I refer to the
11 usage, basically it has something to do with customer
12 base as well. So if you have high users with a small
13 customer base versus large and small usage customers
14 in a quantified way, I don't know if I can make that
15 comparison.

16 Q. Okay. Let's get back to basics then.
17 It's your understanding that most existing CLECs
18 target large users, correct?

19 A. Yes.

20 Q. Is it your understanding that they have
21 been generally successful in marketing to large users
22 and obtaining the business of large users?

1 A. I don't know.

2 Q. But it's your understanding that their
3 business plan is to do that, correct?

4 A. I think that that is their interest.

5 Q. And you will agree with me that that's
6 not something Ameritech can do because Ameritech has
7 to serve everyone?

8 A. I don't know.

9 MR. HARVEY: I think we will stipulate that
10 Ameritech has an obligation to serve under Section
11 8-101 of the Public Utilities Act, if that's any help.

12 Q. Thank you, I will accept that and I will
13 move on. Can we talk about your non-recurring costs
14 or your analysis of the non-recurring costs for custom
15 routing?

16 A. Yes, please.

17 Q. Ameritech has proposed a non-recurring
18 charge and you are familiar with that, correct?

19 A. I reviewed that study they filed with
20 their rebuttal testimony, yes.

21 Q. And you have made some adjustments to
22 that and as a result you proposed a non-recurring

1 charge for custom routing and your proposal is
2 reflected, I think, at page 12 of Mr. Graves' revised
3 rebuttal testimony, is that right?

4 A. Yes.

5 Q. Now, let's talk about your adjustments.

6 A. All right.

7 Q. Your first adjustment was you deleted the
8 disconnection cost, correct?

9 A. Yes.

10 Q. Now, do you agree that this custom
11 routing service will likely be disconnected at some
12 time?

13 A. In the future, yes.

14 Q. And do you agree that Ameritech will
15 incur a cost when it has to disconnect the service?

16 A. Yes.

17 Q. Do you agree that that's a cost that
18 should be recovered?

19 A. When the event take place, yes, I do.

20 Q. Do you have a proposal for how Ameritech
21 should recover that cost?

22 A. As any other agreement, I think it would

1 be proper to say that parties to the contract should
2 understand at the end of this relationship a
3 disconnection charge will take place.

4 Q. So you don't have a problem with the
5 amount of the disconnection charge; you have a problem
6 with when we charge it?

7 A. My problem is clearly lying in the
8 futuristic cost of a futuristic event at present time.

9 Q. But you think that if a CLEC buys the
10 service customer routing, then the CLEC should make a
11 contractual commitment at that time to pay the
12 disconnection fee when disconnection occurs?

13 A. Yes.

14 Q. And I take it you have no problem with
15 the labor rates that were used in computing our
16 connection and disconnection charges?

17 A. No.

18 Q. You thought those were reasonable?

19 A. It is according to the ACAR of Ameritech.
20 I verified it with what is in place.

21 Q. You state at page 8, line 168 and 169,
22 the labor estimations were reasonable and supported by

1 established labor rates, am I correct?

2 A. Yes, that's ACAR's, yes.

3 Q. So Adjustment 1 is you take out the
4 disconnection charge although you agree that's
5 something we ought to collect in the future and a CLEC
6 ought to commit to pay us in the future when
7 disconnection occurs?

8 A. Right.

9 Q. The second adjustment I believe you make
10 is you take our development cost, and I won't say the
11 number, but you take our development cost, our
12 estimate of the development cost for this service, and
13 you reduce it by ten percent, correct?

14 A. Yes, sir.

15 Q. What was your basis for reducing the
16 development cost by ten percent?

17 A. This proprietary information, proprietary
18 attachment -- I will not mention the numbers -- but I
19 will mention that according to an e-mail transacted
20 between two people, one person who is responsible to
21 put together this pricing package said to the other,
22 "Now that we have completed this project, this is the

1 budget number. Now that the project is completed,
2 could you provide me the actual numbers," okay. And
3 this expertise person said, "I don't have the actual
4 number. However, use the budgetary number." In
5 addition, I said a certain percentage of this number
6 should be attributable to this OS/DA. And that two
7 estimates form the basis for the cost.

8 Q. Just so I can understand, basically
9 Ameritech came up with an estimate of the development
10 costs for the product shared transport, correct?

11 A. For the product of directory assistance
12 and operator assistance.

13 Q. Well, they had a number and then it took
14 80 percent of that number and said that 80 percent is
15 what's attributable to custom routing?

16 A. Right.

17 Q. So you took the original number and
18 reduced it by ten percent and then you applied the
19 same 80 percent?

20 A. Right.

21 Q. But the upshot was the whole thing came
22 down by ten percent?

1 A. Right.

2 Q. And if I look at your testimony at page
3 11 and I am looking down at the bottom at lines 240
4 and 241, hopefully we are dealing with the same
5 document, there is a parenthetical that reads, "It is
6 not unusual in my opinion for cost estimates to be off
7 by as much as ten percent." Do you see that?

8 A. Yes, sir.

9 Q. And you are talking there about your
10 decision to reduce the first number by ten percent,
11 right?

12 A. Right.

13 Q. Because in the sentence before you talk
14 about recommending that the development costs be
15 adjusted downward to this other number which is ten
16 percent less than the number Ameritech used, right?

17 A. Right.

18 Q. Now, when you say that cost estimates
19 could be off by as much as ten percent, they could be
20 off either way, right? They could be too low or they
21 could be too high?

22 A. Exactly.

1 Q. Now, the third adjustment you make, I
2 think is in the number of central offices or the
3 number of switches over which you spread this cost, is
4 that right?

5 A. Yes, sir.

6 Q. You want to come up with a per unit cost?

7 A. Right.

8 Q. Because this is going to be a cost that
9 is, what, a one-time cost per CLEC per central office,
10 the charge that we are trying to come up with here?

11 A. Yes.

12 Q. So it would be important to come up with
13 a demand number that we would spread this development
14 cost over to come up with a unit price, right?

15 A. Yes.

16 Q. And so the third adjustment you made was
17 in the number of central offices that you used as
18 compared to Ameritech to spread this development cost,
19 right?

20 A. Right.

21 Q. Now, as I understand it, what Ameritech
22 did was they took central offices in three states

1 where they thought there was going to be demand for
2 this product or there might be demand for this
3 product; the three states were Ohio, Illinois, and
4 Michigan, is that right?

5 A. I am trying to see how Mr. Palmer
6 answered that.

7 Q. Okay. If you take a look at your
8 testimony at page 8 and look down at the bottom on
9 lines 172 through 175.

10 A. Okay.

11 Q. Am I right that that's how the company
12 allocated or spread the development costs over the
13 demand to come up with a per unit cost?

14 A. Since we are on different lines, could
15 you repeat what you are referring to?

16 Q. I think I can tell you what this is.
17 They took a certain number of CLECs -- and I won't say
18 the number because I think that's proprietary -- and
19 they multiplied it by 507 central offices which are
20 the number of central offices in Illinois, Michigan,
21 and Ohio, is that right?

22 A. Yes, yes.

1 Q. And then they multiplied that number by
2 two because you have OS and DA?

3 A. Yes, sir.

4 Q. That's how they did it?

5 A. Yes.

6 Q. They took the specific number of CLECs,
7 multiplied it by 507 central offices, and then
8 multiplied that result by two?

9 A. Exactly.

10 Q. And do you understand that they picked
11 the 507 central offices in those three states because
12 that's where their subject matter experts told them
13 there was potential demand for this product? Do you
14 understand that that was the rationale for selecting
15 these offices?

16 A. I didn't understand. What are you
17 talking about, subject expert?

18 Q. Do you have an understanding of why
19 Ameritech selected the 507 central offices in those
20 three states, Illinois, Ohio, and Michigan?

21 A. Yes.

22 Q. What was their rationale, to your

1 understanding?

2 A. It was just through the e-mail, the same
3 e-mail, and they allocated certain switches and they
4 added those up, those three states, they come up with
5 a number. I am describing here what the process is
6 that took place, yes.

7 Q. Right. And do you understand that they
8 picked those three states and those offices because
9 that's where they felt there was a demand for this
10 product?

11 A. I understand that's how they felt, yes.

12 Q. Now, if we turn over to page 11, you talk
13 about 666 central offices in five states, right?

14 A. Right.

15 Q. Then we flip over to your adjustment on
16 page 12, and use the same number of CLECs...

17 A. Right.

18 Q. ..That Ameritech did, that proprietary
19 number?

20 A. Right.

21 Q. But instead of using 507 central offices
22 or 666 central offices which is, what, the number of

1 central offices in all five states?

2 A. Right.

3 Q. You used 1447 switches?

4 A. Okay, I did.

5 Q. And I take that to be the total number of
6 switches, end office switches, in the Ameritech region
7 that belong to Ameritech, that's the total number of
8 switches in all five states?

9 A. Right, yes.

10 Q. Why did you go from central offices to
11 total switches?

12 A. Based on my understanding, I think this
13 is a per switch charge that you agree to charge the
14 CLECs, is it right, or is it per central office, this
15 OS/DA.

16 Q. This is based on your understanding that
17 it is a per CLEC per central office per switch charge,
18 is that right?

19 A. It's per switch at the end.

20 Q. And so you have included here every
21 single switch in the Ameritech region?

22 A. Right.

1 Q. Do you have any reason to believe that
2 there is a realistic potential for demand for this
3 product in every single switch in the Ameritech
4 region?

5 A. I don't have reason not to believe.

6 Q. You don't have a reason to believe one
7 way or the other, is that a fair statement?

8 A. True.

9 Q. Now, in coming up with your non-recurring
10 charge, your proposed non-recurring charge, do you
11 apply the joint and common costs markup that is
12 suggested on an interim basis by Ms. Marshall?

13 A. I did.

14 Q. So that's another adjustment that we
15 haven't talked about, but that's not an adjustment you
16 made, that's an adjustment a fellow staff member made
17 and you just applied, is that a fair statement?

18 A. Yes.

19 MR. LIVINGSTON: Thank you very much. I have
20 no further questions.

21 EXAMINER WOODS: Anyone else have cross?

22 Redirect?

1 MS. KELLY: Can we just have a few minutes?

2 EXAMINER WOODS: Yes, you may.

3 (Whereupon the hearing was in
4 a short recess.)

5 MS. KELLY: No redirect.

6 EXAMINER WOODS: So let's go off the record.

7 (Whereupon there was then had
8 an off-the-record
9 discussion.)

10 EXAMINER WOODS:

11 MR. O'BRIEN: I call to the stand James T.
12 Webber.

13 EXAMINER WOODS: Mr. O'Brien?

14 MR. O'BRIEN: Mr. Examiner, as the witness
15 was not within the county when you did your mass
16 swearing this morning, could the witness be sworn,
17 please?

18 EXAMINER WOODS: Would you raise your right
19 hand?

20 (Whereupon the Witness was duly
21 sworn by Examiner Woods.)

22 EXAMINER WOODS: Be seated if you wish to or

1 you can stand if you wish to.

2 JAMES D. WEBBER

3 called as a Witness on behalf of CoreComm Illinois,
4 having been first duly sworn, was examined and
5 testified as follows:

6 DIRECT EXAMINATION

7 BY MR. O'BRIEN:

8 Q. Would you please state your name and
9 business address for the record, please.

10 A. My name is James D. Webber, W-E-B-B-E-R.
11 My business address is 225 West Ohio, Chicago,
12 Illinois.

13 Q. And in what capacity are you employed?

14 A. I am the Director of Carrier Relations
15 and Regulatory Activities for CoreComm, and I deal
16 with the Ameritech states.

17 Q. Mr. Webber, I am going to hand you now a
18 document that the court reporter has previously marked
19 as CoreComm Exhibit Number 1. Could you describe for
20 the record what this document is?

21 A. That is my direct testimony which I
22 believe was filed on March 6, 2001. It has a couple

1 of attachments. I believe there are two.

2 Q. Could you tell us how the attachments are
3 designated and give us a brief description of those
4 attachments?

5 A. The first attachment is designated as
6 JDW-1 and it's a one-page document which has a summary
7 of the state regulatory proceedings in which I
8 participated. The next attachment is designated as
9 JDW-2 and it is a Public Utility Commission of Texas
10 Order in Docket Number 20755 which I believe was
11 consolidated with another docket, 20754.

12 Q. If I were to ask you the questions
13 contained in this document today, would your answers
14 be the same?

15 A. They would.

16 Q. Do you have any additions or corrections
17 to make to this document?

18 A. No.

19 Q. Thank you. I now hand you a document
20 which the court reporter has previously marked as
21 CoreComm Exhibit Number 2. Could you please describe
22 for the record what this document is?

1 A. That is rebuttal testimony that I filed
2 in this case on May 11, and it has, I believe, two
3 attachments, JDW-3 and JDW-4.

4 Q. Could you briefly describe what those
5 attachments purport to be?

6 A. JDW-3 is an order from the Michigan
7 Public Service Commission in Case Number U-12622, and
8 JDW-4 is e-mail correspondence between myself and one
9 of our service representatives from Ameritech, Michael
10 Sullivan.

11 Q. If I were to ask you the questions
12 contained in this document today, would your answers
13 be the same?

14 A. They would.

15 Q. Do you have any additions or corrections
16 to make to this document?

17 A. No, I do not.

18 MR. O'BRIEN: Your Honor, I would move for
19 the admission of CoreComm Illinois Exhibits 1 and 2 at
20 this time.

21 EXAMINER WOODS: Objections? Documents
22 admitted without objection.

1 (Whereupon CoreComm Exhibits 1
2 and 2 were admitted into
3 evidence.)

4 I understand that cross has been waived
5 on Mr. Webber. I don't believe we have any additional
6 witnesses to take this afternoon. So we will continue
7 this cause to 10:00 a.m. tomorrow morning, June 28.

8 (Whereupon the hearing in this
9 matter was continued until
10 June 28, 2001, at 10:00 a.m.
11 in Springfield, Illinois.)

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1 STATE OF ILLINOIS)
)SS
2 COUNTY OF SANGAMON)
CASE NO.: 00-0700
3 TITLE: ICC vs. ILLINOIS BELL TELEPHONE COMPANY

4 CERTIFICATE OF REPORTER

5 We, Cheryl Davis and Carla Boehl, do hereby
6 certify that we are court reporters contracted by
7 Sullivan Reporting Company of Chicago, Illinois; that
8 we reported in shorthand the evidence taken and
9 proceedings had on the hearing on the above -entitled
10 case on the 27th day of June, 2001; that the
11 foregoing pages are a true and correct transcript of
12 our shorthand notes so taken as aforesaid and contain
13 all of the proceedings directed by the Commission or
14 other persons authorized by it to conduct the said
15 hearing to be so stenographically reported.

16 Dated at Springfield, Illinois, on this 2nd day
17 of July, A.D., 2001.

18

19

20 Certified Shorthand Reporter

21

22