

DIRECT TESTIMONY
OF
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POLICY DEPARTMENT
TELECOMMUNICATIONS DIVISION
ILLINOIS COMMERCE COMMISSION

IMPLEMENTATION OF SECTION 13-712(g)
OF THE PUBLIC UTILITIES ACT

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1 **Q. Please state your name and business address.**

2

3 A. My name is Melanie K. Patrick, and my business address is 527 East Capitol Ave.,
4 Springfield, Illinois 62701.

5

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

7

8 A. I am employed by the Illinois Commerce Commission as a Policy Analyst in the Policy
9 Department of the Telecommunications Division.

10

11 **Q. Please describe your educational background.**

12

13 A. I graduated from Carnegie Mellon University in Pittsburgh, PA, with a Bachelor of
14 Science degree in Public Policy and Management in 1986, and with a Master of Science
15 degree in Public Management and Policy in 1987. In 1999, I received the degree of
16 Doctor of Philosophy in Political Science from Brown University in Providence, RI,
17 earning an additional Master of Arts degree from Brown University, also in Political
18 Science, in 1993.

19

20 **Q. Please describe your work experience.**

21

22 A. During the 1987-1988 legislative year (FY1988) in New York, I worked as a Legislative
23 Fiscal Analyst for the NYS Assembly Ways and Means Committee. As a fiscal analyst, I

24 was responsible for estimating the expected revenue streams for a set of taxes and user
25 fees imposed by the state, and for reviewing legislative proposals related to those taxes
26 and user fees. One of my areas of responsibility was modeling the expected revenue
27 collections for the gross receipts taxes on regulated utilities in New York.

28
29 I also worked as a staff economist in Arthur Andersen's Office of Federal Tax Services,
30 in Washington, DC. At Arthur Andersen, my principal focus was in transfer pricing
31 studies for multinational firms, which applied economic analysis to the earnings of large
32 companies with operating entities in foreign countries to determine if the level of
33 earnings in each country was defensible in the face of IRS scrutiny for tax evasion. I am
34 a co-author of 2 published articles related to my work at Arthur Andersen. The first
35 article was in the National Tax Journal on potential revenues and likely state response to
36 the introduction of value-added taxation, and the second was in Tax Notes on quantitative
37 methodologies in transfer pricing studies.

38
39 Before beginning my doctoral studies at Brown, I worked for the Joint Center for
40 Housing Studies, a research institute at Harvard University. While at the Joint Center, I
41 worked on creating a nationwide, city-based rental housing index, by applying a
42 regression methodology developed by another researcher at the center to Annual (now
43 American) Housing Survey data. When the resulting index was published in the 1990
44 State of the Nation's Housing report, it was the first historical, comparative, cross-
45 metropolitan rental index of its kind. I also worked on a project evaluating real estate

46 investment reports for the economic impact of the Low Income Housing Tax Credit
47 program.

48

49 At the Illinois Commerce Commission (Commission), I have been a Staff witness in
50 Docket 01-012, the proceeding currently before the Commission that addresses the
51 adequacy of Ameritech IL's wholesale performance remedy plan.

52

53 **Q. What is the purpose of your testimony?**

54

55 A. The purpose of my testimony is to introduce and describe portions of the draft Code Part
56 731 rule submitted by Staff (see Staff Exhibit 1.0, Attachment 1.1). Regarding Level 2
57 carriers, I have comments in support of the general nature of the measurements and
58 standards included in Section 731.605. In addition, my testimony will address the
59 remedy provisions of Section 731.610 and the reporting provisions contained in 731.620.
60 Regarding Level 3 carriers, my testimony also reviews the provisions of Subpart G.

61

62 **Q. How is your testimony structured?**

63

64 A. First, I present an overview of the Level 2 Measures and Standards. Next, I review the
65 remedy provisions for Level 2 carriers, followed by a review of the reporting
66 requirements for Level 2 carriers. A section on the provisions for Level 3 carriers is
67 followed by the recommendations section, which notes a developing issue and concludes
68 my testimony.

69

69 **1 Overview of Level 2 Measures and Standards**

70

71 **Q. What aspects of Section 731.605 do you address in this testimony?**

72

73 A. Section 731.605 of Staff Ex. 1.0, Attachment 1.1 (“Staff Proposed Rule”), contains the
74 measures and standards for provision of wholesale service by Level 2 carriers. This
75 section describes the overall type of performance standard used in Section 731.605, and
76 provides support for this type of performance standard, known as benchmark testing.
77 The testimony of Staff Witnesses McClerren and Jackson will review the individual
78 sections of Section 731.605 in more detail.

79

80 **Q. Please describe the standards in Section 731.605.**

81

82 A. Section 731.605 establishes a set level of performance for each of the Services covered
83 by SubPart F: Obligations of Level 2 carriers. The standards contained in Section
84 731.605 are benchmark standards. That is, carriers are expected to meet the standards
85 contained in subsections 731.605 a)- 731.605 f). These standards can be considered as
86 “hard benchmarks,” in that all services provided by Level 2 carriers are expected to at
87 least meet, if not exceed, these standards. Performance that does not meet these
88 benchmark standards is considered to be failing, or sub-standard performance.

89

90 The standards expressed in this Code Part for Level 2 carriers are similar to the quality of
91 service standards contained in Code Part 732, which set forth quality of service standards
92 for retail service provision by all ILECs.

93

94 **Q. What relevant statutory authority provides the basis for the measures and**
95 **standards contained in Section 731.605?**

96

97 A. In addition to § 712 of the Public Utilities Act, § 251 (c) of the Telecommunications Act
98 of 1996 (“TA 96”) contains relevant language regarding quality of service standards.
99 According to § 251(c)(2)(C) of TA 96, each incumbent local exchange carrier (“ILEC”)
100 has the duty to provide interconnection:

101 that is at least equal in quality to that provided by the local exchange
102 carrier to itself or to any subsidiary, affiliate, or any other party to
103 which the carrier provides interconnection.¹

104 Accordingly, Section 251 (c) establishes that parity is the basic standard for quality of
105 service provided by ILECs to interconnecting carriers.

106

107 **Q. How is parity of service determined?**

108

109 A. As a general matter, parity is achieved if the wholesale services provided by an ILEC to
110 an unaffiliated competitor are of equal or equivalent quality when compared to the
111 service the ILEC provides to its affiliates or to its own retail customers. For example, for
112 Level 1 carrier Ameritech Illinois, parity of service can be determined by comparing the

¹ 47 U.S.C. Section 251(c)(2)(C).

113 level of service Ameritech Illinois provides to competitors to the level of service it
114 provides to its own customers or to a wholesale affiliate.

115

116 **Q. Are there any exceptions to this basic standard?**

117

118 A. Yes. As an alternative, there is precedent for expressing performance standards as
119 benchmark standards, instead of parity. As noted above, the Commission's rules and
120 relevant PUA sections establish standards for retail service using benchmark standards.
121 Examples of benchmark standards include the PUA requirement that telecommunications
122 carriers must restore basic local exchange service for customers within 24 hours of
123 receiving notice that a customer is out of service,² and Code Part 730 standards for
124 Transmission Requirements.³

125

126 Benchmark standards are generally considered to be a reasonable alternative to parity
127 wholesale performance comparisons if a specific activity, such as provisioning a
128 collocation space for a competitor, is unlike any of an ILEC's retail activities.

129

130 **Q. Are there existing Illinois precedents for benchmark standards for wholesale service**
131 **quality provision.**

132

² PUA Section 13-712 (d) (2).

³ See Code Part 730.525.

133 A. Yes. The “Pre-existing Plans” for both Ameritech Illinois and Verizon contain
134 benchmark standards as well as parity comparison standards.

135

136 **Q. What advantages are there to benchmark standards?**

137

138 A. Performance standards that are expressed as benchmarks allow for dichotomous
139 determination of passage and failure. The performance standard would either be met, or
140 not. As noted above, hard benchmarks provide more consistency with other Commission
141 rules regulating service quality. For example, the retail standards referenced above from
142 Code Parts 730 and 732 are hard benchmark standards.

143

144 The principal advantage of benchmark standards is that they minimize the reliance on
145 statistical testing for determining whether acceptable performance has been provided or
146 achieved. Statistical testing methods, such as parity testing or expressing standards as a
147 “a percentage within” a standard, could be administratively burdensome on Level 2
148 carriers.

149

150 **Q. Please discuss the advantages and disadvantages of statistical testing.**

151

152 A. Statistical methods can provide a way of accounting for “random” error in any
153 assessment. Truly random error, however, is generally associated with large samples.
154 Further, any kind of explainable deficiency is not random error, and shouldn’t be
155 confused with random error.

156

157 **Q. Are there specific reasons why statistical testing may not be the best choice for**
158 **assessing the service provision of Level 2 carriers?**

159

160 A. Yes. Statistical testing is useful for specific kinds of exercises. In particular, it is good
161 for designing tests and drawing conclusions about a population based on some kind of
162 sample or sampling technique. Given the likelihood that medium-sized carriers will be
163 providing low volumes of interconnection services, assessment of their monthly
164 performance can easily be based on a direct assessment of the totality of service
165 provided. That is, assessments can be made about the entire population of service
166 provided. Therefore, inferences do not have to be drawn about a sample of observations.
167 Further, if statistical methods were used on low volumes of services provided by Level 2
168 carriers, only small-sample techniques could be recommended for use. The “power” of
169 small-sample techniques is problematic, leading to less reliability for drawing
170 conclusions about services quality.

171

172 **Q. Please summarize this section.**

173

174 A. The Measures and Standards expressed in Section 731.605 are benchmark standards,
175 which will require that Level 2 carriers provide services that meet or exceed those
176 standards. Benchmark standards represent a reasonable approach, supported by existing
177 practice in Illinois, for establishing carrier to carrier service quality expectations.

178

179 **2 Remedy Provisions – Level 2 carriers**

180

181 **Q. Please describe the provisions of Section 731.610: Remedies.**

182

183 A. Section 731.610 contains the provisions for remedies for Level 2 carriers. In the event
184 that a Level 2 ILEC provides service to a connecting carrier that fails to meet the
185 standards established in Section 731.605, a remedy will be assessed. Remedies will be
186 applied as credits on the purchasing carrier's bill.

187

188 **Q. Why are there remedies associated with the standards established in Section**
189 **731.605?**

190

191 A. As noted by Staff Witness McClerren, this rule-making proceeding is based on the
192 provisions of Section 13-712(g) of the PUA, which states:

193 The Commission shall establish and implement carrier to carrier
194 wholesale service quality rules and establish remedies to ensure
195 enforcement of the rules.

196 Subpart F of Code Part 731 establishes the obligations of Level 2 carriers. Establishing
197 standards and reporting obligations alone would provide little in the way of meaningful
198 implementation of HB2900 (PA 92-0022). Connecting carriers are vitally interested in
199 procuring service that is of good quality. Standards establish the expectations of the
200 Commission, but without remedies, standards are empty. In the absence of remedies, the
201 reporting obligations would be a meaningless regulatory burden for the providing
202 carriers. Monthly assessment of performance, accompanied by remedies if established

203 standards are not met, provides the best method of ensuring that all competitors receive
204 service that will allow them to compete in a meaningful way.

205

206 **Q. Please provide a general description of the remedy provisions contained in Section**
207 **731.610.**

208

209 A. With two exceptions, the amounts for the remedies established in Section 731.610 are
210 expressed as a proportion of the monthly recurring charge for each type of service. The
211 two exceptions are for Loss Notification Failures and Customer Service Record Failures,
212 Section 731.610 (d) and (e), respectively, which are established as fixed dollar amounts
213 per failure.

214

215 Monthly recurring charges for the types of services covered by Subpart F, with only two
216 exceptions, appear in tariff, so the amounts will be publicly known, in advance, for all
217 services. These exceptions are the same as the ones just noted, for Loss Notifications and
218 Customer Service Records.

219

220 **Q. Please describe the remedy provision for Firm Order Confirmations and**
221 **Provisioning.**

222

223 A. The standard for Firm Order Confirmations is established in Section 731.605(a). Level 2
224 carriers are expected to provide a response to a carrier's request for service, in the form

225 of either a Firm Order Confirmation (“FOC”) or Reject Notice, within specific time
226 periods. These time periods are established for each service type in Section 731.605 (a).

227

228 If a carrier fails to meet the established time periods for returning either a FOC or a reject
229 notice for a particular service, Section 731.610 (a) specifies that the carrier will provide a
230 bill credit to the purchasing carrier equal to 20% of the monthly recurring charge for that
231 particular service.

232

233 Similarly, Section 731.610 (b) specifies that if a Level 2 carrier fails to provision a
234 specific wholesale service within the standard time period established in Section 731.605
235 (b), that carrier will provide a bill credit to the purchasing carrier equal to 20% of the
236 monthly recurring charge for that particular service.

237

238 **Q. Please describe the remedy provisions for Maintenance and Repair Failures.**

239

240 A. The standards for Maintenance and Repair failures are established in Section 731.605(c).

241

242 If a carrier fails to meet the established time periods for clearing trouble reports, Section
243 731.610 (c) specifies that the carrier will provide a bill credit to the purchasing carrier
244 equal to 20% of the monthly recurring charge for Unbundled Local Loops and Resold
245 Local Services, per day. For Interconnection Trunks and Collocation services, bill
246 credits will accrue at the rate of 10% of the monthly recurring charge for each type of
247 service per 8 hour period.

248

249 **Q. Please comment on the remedy provisions just described (731.610 (a)-(c)).**

250

251 A. The remedy provisions for FOCs, Provisioning, and Maintenance and Repair failures are
252 all expressed as a percentage of monthly recurring charges. This approach provides a
253 common remedy measure, or proportion, across these types of services, and also makes
254 the remedies sensitive to the different price levels of each type of service. For FOCs and
255 provisioning failures, failures will result in a single remedy credit calculation for a
256 missed standard. For Maintenance and Repair Failures, a missed standard will result in a
257 remedy credit amount that is a function of the duration of the “miss.” Maintenance and
258 Repair failures are considered to be more serious, and can affect the end-user services
259 provided by requesting carriers. Staff recommends that the penalties for this type of
260 missed standard should increase the longer it takes to clear the trouble.

261

262 **Q. Please describe the remedy provisions for Loss Notification and Customer Service**
263 **Record Failures.**

264

265 A. The 24-hour standards for Loss Notifications and Customer Service Records are
266 established in Section 731.605(d) and (e), respectively. If a Level 2 carrier fails to meet
267 those standards, the proposed remedy level is a \$1 credit on the requesting carrier’s bill
268 (see Sections 731.610 (d) and (e)).

269

270 **Q. Please comment on the remedy provisions just described (731.610 (d)-(e)).**

271
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A. At this time, Staff proposes that the remedy level for Level 2 carriers be set at \$1 per violation for the purposes of this Code Part only. This recommendation for line loss notifications failures and customer service record failures reflect a balance of competing considerations.

First, Level 2 carriers receive no compensation for providing this information. Thus, it is not possible to use any market cost, or demand price, for this information as a basis for a remedy. Although the cost to provide the information is undoubtedly greater than zero (or non-zero), the cost for providing this service could be negligible, especially for customer service records maintained electronically. Customer Service Records and Loss Notification requests are dissimilar from the other measured services covered in Subpart F, in that the other services have a one-to-one relationship with a service provided to a requesting carrier, for which the Level 2 carrier submits a bill. The information is critical for the requesting carriers to obtain in order to attract and keep customers, and prevent harm from being done to their reputation in the marketplace.⁴

Second, CLECs need this information, and presumably advocate an extremely high penalty to represent the value they place on this information. Level 2 carriers, on the other hand, argue for negligible penalties, given the economic price and accounting cost arguments outlined above.

⁴ See also Staff Ex. 5.0 regarding the importance of these standards.

293 To balance these competing concerns, Staff proposes a remedy of \$1 per missed standard.
294 This proposed remedy attracted few comments from workshop participants. I will
295 respond to any additional information brought by the participants in this case regarding
296 remedy levels for these measures in a later round of testimony.

297

298 There are few precedents for remedies associated with these types of measures.

299 Currently, the definition for Loss Notification standards are being considered by the
300 Commission in Docket 02-0160 for Ameritech Illinois, a Level 1 carrier in this state.

301 Staff's recommendation for Sections 731.610 (d) and (e) are intended to be limited, and
302 only for the particular applications covered in Subpart F. Although a final Commission

303 Order is expected shortly in Docket 02-0160, the current Administrative Law Judge's

304 Decision, filed April 23, 2002, orders Ameritech Illinois to address problems with its

305 existing performance measurement for Loss Notifications, and provide additional

306 information to Staff about its efforts to correct those problems.⁵ Clearly, the issues are

307 not settled for Level 1 carriers, which receive larger volumes of requests for Loss

308 Notifications and for Customer Service Records. I would like to reserve the ability to

309 comment on this issue further as the standards are developed more completely.

310

311 **Q. Please summarize this section.**

312

313 A. Remedies are a necessary part of this rule, principally due to statutory direction in

314 Section 13-712 (g). Remedies will be paid to purchasing carriers for every failure to

⁵ ALJ's Decision, Docket 02-0160, April 23, 2002, at 24

315 meet the standards established in Section 731.605. Remedies are calculated as either a
316 proportion of monthly recurring charge, or as a flat fee per failure to meet the
317 performance standard.

318

319 **3 Reporting Requirements – Level 2 carriers**

320

321 **Q. Please describe the provisions of Section 731.620: Reporting.**

322

323 A. Section 731.620 contains the reporting requirements for Level 2 carriers. According to
324 Section 731.620 (a), Level 2 carriers will have to provide quarterly reports of their
325 monthly service provision to all carriers to the Commission. According to Section
326 731.620 (b), Level 2 carriers also have to provide quarterly performance reports to their
327 interconnecting carriers. Finally, according to Section 731.620 (c), Level 2 carriers have
328 to provide documentation to the Commission every two years regarding their
329 performance standards definitions, or Business Rules.

330

331 **Q. Please describe the provisions for reports of monthly service to the Commission.**

332

333 A. On a quarterly basis, Level 2 carriers will have to file reports with the Commission on
334 their monthly performance. At a minimum, according to Section 731.620 (a), carriers
335 have to report the following items:

336

- Wholesale service quality credits (total dollar amount)

337

- Any credit amounts that are being protested by purchasing carriers

338 • Level of wholesale performance provided to carriers, by performance
339 standard, measured on an aggregate basis

340 • A list of the top 3 carriers receiving wholesale service quality credits

341

342 **Q. Please describe the provisions for reports of monthly service to requesting carriers.**

343

344 A. On a quarterly basis, Level 2 carriers will have to report wholesale service performance

345 information to each carrier that has purchased services during the previous three months.

346 According to Section 731.620 (b), at a minimum, the monthly reports to each carrier must

347 contain the following information items:

348 • The number of reportable transactions

349 • The number of instances (or “observations”) for which the Level 2
350 performance standards were not met

351 • Calculations to support the remedy credits given as a result of missed
352 performance standards

353 The performance standards for Level 2 carriers are contained in Section 731.605, and the

354 remedy provisions are contained in Section 731.610. Both of these sections are described

355 earlier in my testimony.

356

357 **Q. Why does Subpart F require the reporting of monthly information?**

358

359 A. For Level 2 carriers, performance is assessed monthly, for services provided to each
360 requesting carrier. The performance month should correspond to the calendar month, as
361 opposed to a billing month, a four-week month, etc.

362
363 There are two reasons behind Staff's recommendation for monthly assessment of
364 performance for Level 2 carriers. First, many service arrangements are done according to
365 a monthly calendar. That is, services are usually recorded and billed on a monthly basis.
366 A carrier would be interested in an assurance that their service quality will be good this
367 month, and having their service quality assessed monthly will support the ability of
368 competing carriers to remain in the market. Second, Staff is responsible for providing
369 information to decisionmakers, notably to the Commission and to the State Legislature.
370 Putting the burden on carriers to consistently assess performance and provide reports to
371 Staff will make it possible for Staff to provide timely reports to the Commissioners and
372 the Legislature regarding the status of competition in Illinois.

373

374 **Q. What other policy considerations will be supported through the reporting**
375 **requirements contained in Section 731.620?**

376

377 A. Another policy consideration is that these reports will facilitate Staff's understanding
378 regarding how well the code part is functioning. Staff review of the reports provided by
379 the Level 2 carriers to the Commission will indicate what areas of Subpart F require
380 review and revision in the future.

381

382 For example, additional penalties could be designed for a situation in which a Level 2
383 carrier “chronically” misses a standard, either for a single CLEC or for a group of
384 CLECs. Currently, Staff has little basis for designing a remedy for chronic sub-standard
385 performance, although such behavior might be a theoretical possibility, or even a likely
386 outcome. Information gathered through reports provided by carriers will allow Staff to
387 determine whether a remedy for chronic “misses” is needed, and will assist Staff in
388 designing an appropriate remedy when this Code Part is reviewed.

389

390 **Q. Please summarize this section.**

391

392 A. The reporting requirements contained in Section 731.620 will allow purchasing carriers
393 and the Staff to monitor Level 2 carrier performance every quarter, based on monthly
394 performance and service credits paid. Staff’s ability to update and refine Code Part 731
395 will be aided by the performance reports filed by Level 2 carriers.

396

397 **4 Provisions for Level 3 carriers**

398

399 **Q. What is contained in Subpart G?**

400

401 A. Subpart G contains the provisions for Level 3 carriers. Level 3 carriers, as defined in
402 Section 731.115 (c), are Illinois Local Exchange Carriers which retain a Rural Exemption
403 from the obligations of Section 251 (c) of TA 96.

404

405 For the reasons outlined below, carriers that retain a Rural Exemption are exempted from
406 the service responsibilities outlined in Code Part 731 (see Section 731.700). Section
407 731.705 contains provisions for conversion of a Level 3 carrier to a Level 2 carrier.

408

409 **Q. Please explain.**

410

411 A. As noted in Section 731.700, the Rural Exemption for certain carriers is provided in
412 Section 251 (f) of TA 96. The Rural Exemption effectively excludes rural
413 telecommunications carriers from the duties enumerated in Section 251 (c) of TA 96
414 regarding interconnection and unbundling requirements.

415

416 According to Section 251 (f) (1), carriers retain their Rural Exemption until a Company
417 receives a bona fide request for “interconnection, services, or network elements” (section
418 251 (f) (1) (A)). Once a carrier with a Rural exemption receives such a bona fide⁶
419 request, and the State Commission receives a notice of that request from the requesting
420 carrier, the “State Commission shall conduct an inquiry for the purpose of determining
421 whether to terminate the exemption ...” (Section 251 (f) (1) (B)). Staff notes that TA 96
422 provides that, if the Rural Exemption is terminated, it is still possible for a carrier to
423 petition for a suspension or modification of the Commission’s findings.⁷

424

425 **Q. Please describe the provisions for conversion to Level 2 carrier.**

⁶ Staff notes that the phrase “bona fide” request has no defined meaning that is particular, or even contained in, Title 47, Chapter 5 of TA 96

426

427 A. Section 731.705 enumerates the procedures for conversion of a Level 3 carrier to a Level
428 2 carrier. As noted in Section 731.705 (a), if a telecommunications carrier has its Rural
429 Exemption terminated through a Commission order, that carrier will be considered a
430 Level 2 carrier. Within 90 days after the date of the Commission's order, that carrier will
431 have to comply with the requirements contained in Subpart F for Level 2 carriers.

432

433 Section 731.705 (b) describes the process that Level 3 carriers that have lost their Rural
434 Exemption can use to petition the Commission for an exemption from some or all of the
435 Level 2 requirements. This subsection requires that the burden of proof be on the
436 petitioner, and provides a list of considerations that the Commission can use in
437 considering its findings.

438

439 The provisions of Section 731.705 are reasonable in that they are based on the provisions
440 for establishing 251 (c) obligations, under TA 96, for carriers that have had their Rural
441 Exemption terminated pursuant to the findings of a State commission. Within 90 days
442 after a Commission order, the carrier whose Rural Exemption was terminated will have
443 to comply with the interconnection and unbundling requirements listed in Section 251 (c)
444 of TA 96 within 90 days. TA 96 also allows for carriers to petition for a full or partial
445 exemption from these interconnection duties using procedures that are nearly identical to
446 the procedure enumerated in Section 731.705.⁸ Since an Illinois carrier with a Rural

⁷ See Section 251 (f) (2) of TA 96. See also 47 C.F.R. Section 51.

⁸ ibid.

447 Exemption must comply with the interconnection duties of the Federal Act within 90
448 days, it is reasonable for such a carrier to comply with the provisions of Code Part 731
449 for Level 2 carriers within the same time frame.

450
451 While the federal act places certain size restrictions on whether a carrier can petition for a
452 modification of the requirements of Section 251(c), Code Part 731 provides a more
453 generous standard, allowing any carrier to petition for an exemption of part or all of the
454 service quality requirements set out in Subpart F for Level 2 carriers. According to
455 recent FCC data, any Illinois carrier with a rural exemption would be eligible to petition
456 for modifications of the Section 251(c) requirements under TA 96.⁹

457

458 **Q. Please summarize this section.**

459

460 A. The provisions for Level 3 carriers in Subpart G exempt those carriers from service
461 quality standards. Currently, Level 3 carriers are exempted from obligations to
462 interconnect with carriers under TA 96. Once a requesting carrier approaches a Level 3
463 carrier for interconnection, and the Commission is notified of that request, such carrier
464 could lose its Rural Exemption. Section 731.705 contains provisions for converting a
465 Level 3 carrier whose Rural Exemption is terminated to a Level 2 carrier.

466

467 **5 Recommendations**

468

469 **Q. What is your recommendation?**

470

471 A. That the Commission adopt Staff's Proposed Code Part 731.

472

473 **Q. Is there anything else you would like to add?**

474

475 A. Yes. I am aware of a developing issue regarding unbundled loop returns. The testimony
476 provided by Staff Witness Jackson provides information regarding definitions related to
477 requests for unbundled loop returns submitted by ILECs to CLECs. At this time, Staff is
478 not advocating any standards or remedies associated with unbundled loop returns. Staff
479 Witness Jackson has requested, in her testimony (see Staff Ex. 5.0), that carriers propose
480 and support specific standards that could accompany an unbundled loop return
481 requirement. Similarly, any party to the case that would like to submit information in
482 support of a remedy to accompany an unbundled loop return requirement can do so in the
483 upcoming round of intervenor testimony. I would like to review information provided
484 about this issue by other parties, and comment on any additional information provided by
485 the other parties in a later round of testimony.

486

487 **Q. Does this conclude your testimony?**

488

489 A. Yes, it does.

⁹ Common Carrier Bureau, *Trends in Telephone Service*. August 2001, Table 8.3