

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

**Southwestern Bell Communications)
Services, Inc. d/b/a SBC Long Distance)
)
Application for a Certificate of Service)
Authority to Operate as a Facilities Based)
and Resale Provider of Interexchange)
Services Within the State of Illinois)
Pursuant to Sections 13-403 and 13-404)
of the Illinois Public Utilities Act.)**

Docket No. _____

DIRECT TESTIMONY

OF

NORMAN W. DESCOTEAUX

February 24, 2003

1 **DIRECT TESTIMONY OF NORMAN W. DESCOTEAUX**

2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TITLE.**

3 A. My name is Norman W. Descoteaux. I am employed as Associate Director-Regulatory
4 for Southwestern Bell Communications Services, Inc. (“SBCS” or the “Company”), d/b/a
5 SBC Long Distance. My business address is 5850 W. Las Positas Blvd., Pleasanton,
6 California, 94588.

7 **Q. PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL**
8 **BACKGROUND.**

9 A. I received a Bachelor of Science Degree in Business from San Jose State University in
10 1976, and a Law Degree from Santa Clara University in 1996. I began working for
11 Pacific Telephone in 1982, and have been continually employed by Pacific Telephone,
12 Pacific Bell, and SBCS since then. During this time, I have held various management
13 positions in sales, marketing, and regulatory. I have been with SBCS regulatory for the
14 past three and a three-quarter years.

15 **Q. PLEASE DESCRIBE YOUR CURRENT EMPLOYMENT RESPONSIBILITIES.**

16 A. As Associate Director of Regulatory, I am responsible for regulatory compliance for
17 SBCS.

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 A. The purpose of my testimony is to provide the Illinois Commerce Commission
20 (“Commission”) with information in support of the Application of Southwestern Bell
21 Communications Services, Inc. d/b/a SBC Long Distance (hereinafter “Applicant”) for
22 Certificates of Service Authority under Sections 13-403 and 13-404 of the Illinois Public
23 Utilities Act (“PUA”) to become a telecommunications carrier and to provide facilities
24 based and resold interexchange service throughout the State of Illinois. Specifically, I

25 will explain the types of services that Applicant seeks to provide, and I will describe
26 Applicant's technical, managerial and financial authority to provide such services.

27 **Q. PLEASE BRIEFLY DESCRIBE THE APPLICANT.**

28 A. Applicant is a subsidiary of SBC Communications Inc. ("SBC") and an affiliate of
29 Illinois Bell Telephone Company ("SBC Illinois"). Applicant is a corporation
30 incorporated in the State of Delaware and the State of Virginia, with its principal office
31 located at 5850 W. Las Positas Boulevard, Pleasanton, California, 94588.¹ Applicant is
32 licensed by the Secretary of State of the State of Illinois to transact business in Illinois.²
33 Applicant currently offers intrastate resold long distance service in the following states:
34 Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware,
35 Florida, Georgia, Hawaii, Idaho, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland,
36 Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire,
37 New Jersey, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon,
38 Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah,
39 Vermont, Virginia, Washington, West Virginia, Wyoming and the District of Columbia.
40 Applicant also currently offers resold long distance service in both interstate and
41 international jurisdictions under authorization of the Federal Communications
42 Commission ("FCC").
43 Applicant was previously granted a Certificate of Interexchange Service Authority to
44 provide facilities based interexchange telecommunications services and a Certificate of
45 Service Authority to provide resold interexchange telecommunications services in Illinois

¹ Applicant's Certificates of incorporation for Delaware and Virginia are attached to the Application as Exhibit A.

² Applicant's Certificate to Transact Business in the State of Illinois is attached to the Application as Exhibit B.

46 in Docket No. 96-0493. In those Certificates, Applicant was identified as Southwestern
47 Bell Communications Services d/b/a Southwestern Bell Long Distance, d/b/a Nevada
48 Bell Long Distance, d/b/a Pacific Bell Long Distance. On February 16, 1999 Applicant
49 filed a petition to withdraw its Certificates, which was granted by the Commission on
50 May 9, 2001 in Docket No. 99-0096.

51 **Q. HAVE THERE BEEN ANY COMPLAINTS OR JUDGMENTS LEVIED**
52 **AGAINST APPLICANT IN OTHER JURISDICTIONS?**

53 A. A brief summary of complaints and judgments involving Applicant in other jurisdictions
54 is attached to the Application as Exhibit C.

55 **Q. HAS APPLICANT EVER BEEN DENIED A CERTIFICATE OF SERVICE OR**
56 **HAD A CERTIFICATE OF SERVICE REVOKED OR SUSPENDED IN ANY**
57 **JURISDICTION?**

58 A. No. Applicant has never been denied authority to offer telecommunications services nor
59 has it had a certificate of authority to provide service revoked or suspended in any
60 jurisdiction .

61 **Q. ISN'T APPLICANT PRECLUDED FROM PROVIDING INTERLATA**
62 **INTEREXCHANGE SERVICE THROUGHOUT ILLINOIS UNTIL SBC**
63 **ILLINOIS OBTAINS APPROVAL FROM THE FCC TO PROVIDE SUCH**
64 **SERVICES UNDER SECTION 271 OF THE FEDERAL**
65 **TELECOMMUNICATIONS ACT OF 1996 ("TA 96")?**

66 A. Yes. However, Applicant seeks its Certificates of Service Authority to provide service in
67 advance of SBC Illinois's receipt of Section 271 approval so that Applicant will possess
68 the necessary regulatory approval to provide facilities based and resold interexchange
69 services throughout Illinois when SBC Illinois receives Section 271 approval from the
70 FCC. Applicant will not invoke its Certificates of Service Authority to provide
71 interexchange service unless and until SBC Illinois obtains all requisite approvals under

72 Section 271 of TA 96 to provide interLATA interexchange service throughout the State
73 of Illinois.

74 **Q. PLEASE DESCRIBE THE TYPES OF SERVICE APPLICANT SEEKS TO**
75 **PROVIDE.**

76 A. Applicant requests authority to provide, on a resold basis, a full range of switched and
77 data services. Upon SBC Illinois's receipt of Section 271 approval to provide interLATA
78 interexchange service throughout the State of Illinois, Applicant will offer intrastate
79 switched and dedicated inbound and outbound interexchange services, toll free services,
80 calling card services, operator services, inmate services, directory assistance, private line
81 services, frame relay service, asynchronous transfer mode/cell relay services, and primary
82 rate interface-integrated services digital network to commercial, residential,
83 governmental, and not-for-profit customers. Applicant may offer additional resold
84 switched and data services in the future.

85 **Q. DOES APPLICANT PLAN TO OFFER FACILITIES BASED INTEREXCHANGE**
86 **SERVICE IN ILLINOIS?**

87 A. Other than a single calling card platform located in Illinois, Applicant does not otherwise
88 control, operate, own or manage any long distance facilities or switches in Illinois at this
89 time. However, Applicant does seek authority under Section 13-403 of the PUA to the
90 extent such authority is required to provide this calling card platform and to allow
91 Applicant to develop and operate additional facilities in the future to support its products
92 and services in Illinois.

93 **Q. DOES APPLICANT PLAN TO OFFER PAYPHONE EQUIPMENT OR**
94 **SERVICE?**

95 A. No.

96 **Q. IS APPLICANT AWARE THAT IT MUST FILE TARIFFS WITH THE**
97 **COMMISSION PRIOR TO PROVIDING TELECOMMUNICATIONS SERVICE**
98 **IN ILLINOIS?**

99 A. Yes. Applicant will file all necessary tariffs with the Commission prior to providing
100 service in Illinois.

101 **Q. DOES APPLICANT HAVE THE TECHNICAL ABILITY TO PROVIDE THE**
102 **SERVICES IT SEEKS TO PROVIDE?**

103 Yes. To provide its services, Applicant intends to primarily use the facilities of WilTel
104 Communications Group, Inc. (“WilTel”), and may use the facilities of other major
105 providers. The technical ability of these telecommunications carriers have been
106 demonstrated by their operations. Because Applicant plans to use the facilities of WilTel
107 and other major providers, no significant capital expenditures are required by Applicant
108 at this time. Further, as explained below, Applicant possesses the managerial and
109 technical expertise to operate and maintain its calling card platform and to develop and
110 operate additional facilities in the future.

111 **Q. DOES APPLICANT HAVE THE MANAGERIAL RESOURCES TO PROVIDE**
112 **INTEREXCHANGE SERVICE THROUGHOUT ILLINOIS?**

113 A. Yes. Applicant’s executive officers have been recruited from SBC and its affiliates, and
114 possess considerable experience in the telecommunications industry, including
115 operations, interconnection, network, marketing, sales, finance, regulatory and legal
116 issues. Together, Applicant’s executive officers have several decades of experience in
117 the telecommunications industry. The executive officers, consequently, have the
118 managerial ability to operate the company and provide the services that Applicant
119 proposes to provide within Illinois. Descriptions of the professional backgrounds of
120 Applicant’s executive officers and other key management personnel are attached to the
121 Application as Exhibit D.

122 **Q. PLEASE DESCRIBE HOW APPLICANT PLANS TO BILL FOR ITS SERVICES.**

123 A. To bill for its services, Applicant plans to use cycle billing, and the billing period will be
124 one (1) month. Applicant will utilize direct billing and LEC billing, or an authorized
125 billing agent. The web address for Applicant's electronic bill used in other states is
126 <https://sbclld-ebill.sbc.com/Welcome.html>. While the paper bill to be used in Illinois is
127 currently being developed, a substantially similar sample bill is attached to the
128 Application as Exhibit E.

129 **Q. HOW WILL APPLICANT HANDLE SERVICE, BILLING, AND REPAIR**
130 **COMPLAINTS?**

131 A. For billing complaints, a customer may contact customer service by writing to Applicant
132 or by calling a toll-free telephone number. Customer service will be available to serve
133 customers five days a week, generally, Monday through Friday, and on certain Saturdays
134 when there is a projected need. Applicant's customer service representatives are trained
135 to resolve customer problems in a timely fashion. The complaint resolution procedure
136 will vary by type of complaint. When possible, customer service representatives try to
137 resolve any inquiry during the initial contact with the customer.

138 Repair service will be available twenty-four hours per day, 365 days per year. Applicant
139 also will provide a group of highly trained specialists whose expertise is data
140 communications. Customer service representatives are trained to question the customer
141 to determine if a reported problem is in the customer's local access lines, customer
142 provided equipment or a problem with the long distance service provided by Applicant.
143 For example, if the customer service representative determines the problem is a network
144 problem, the problem will be immediately reported to the underlying carrier, WilTel,
145 which also maintains a twenty-four hour trouble bureau. In most cases, WilTel is already

146 aware of a problem in their long distance network since they continuously monitor their
147 network and are advised of problems as they develop.

148 If the customer is not satisfied with any aspect of the resolution of a dispute, the customer
149 may contact Applicant's Customer Escalation Manager. Escalated calls will be answered
150 live whenever possible. However, in the event an Escalation Manager is not immediately
151 available, an overflow voice mailbox will permit callers to leave a message. Response time
152 will vary depending upon the urgency of the matter. An initial response by an Escalation
153 Manager will generally be made within four business hours (business hours are normally
154 Monday – Friday 8AM – 5PM CST), and a follow-up call regarding the status of the issue
155 will be made by the end of the next business day, or according to a time commitment agreed
156 to by the customer. The Escalation Manager will make three attempts to reach the
157 Customer. If all three attempts fail, a letter will be sent to the customer advising our
158 inability to reach them regarding their complaint, providing the call-in number and case
159 number for the customer to contact the Escalation Manager. If the Escalations Manager
160 does not have the information to resolve the inquiry, a subject matter expert or resource
161 person will be contacted by the manager for further investigation or to obtain the requested
162 information. Subsequent calls to the customer generally will be made within forty-eight
163 hours, or according to a time commitment agreed to by the customer. When the information
164 has been obtained, the customer is contacted for resolution. If the Escalation Manager is
165 unable to resolve the customer complaint, the manager will advise the customer that he may
166 contact the Commission to seek review of the matter.

167 **Q. WHAT TELEPHONE NUMBERS WILL APPLICANT MAKE AVAILABLE TO**
168 **CUSTOMERS?**

169 A. Applicant will provide toll-free access numbers for customer inquiries. While the
170 specific numbers are not yet available, Applicant will provide toll-free numbers (which
171 will be included on customers' bills) for the following: Residence Customer Service;
172 Residence Repair Service; Small Business Customer Service; Small Business Repair
173 Service; Medium and Large Business Customer Service; and Medium and Large
174 Business Repair Service.

175 **Q. HOW WILL APPLICANT PROTECT CUSTOMERS FROM SLAMMING AND**
176 **CRAMMING?**

177 A. Applicant will abide by all Federal and State slamming and cramming laws pursuant to
178 Sections 13-902 and 13-903 of the PUA and Section 258 of TA 96. In addition,
179 Applicant will implement procedures to prevent slamming and cramming of customers
180 and to ensure that customers make an affirmative and educated decision to use
181 Applicant's services. Specifically, Applicant is currently negotiating a joint marketing
182 agreement with SBC Illinois. Through this agreement, procedures relative to slamming
183 and cramming will be in place to ensure that all customers are protected from
184 unauthorized changes in their long distance telecommunications provider and
185 unauthorized charges for services. Moreover, Applicant will maintain records of all
186 changes and customer verifications for a period of two years.
187 Applicant also has procedures in place to ensure that all customers are protected from
188 unauthorized charges on their bills (*i.e.* cramming). These procedures involve: informing
189 the customer of the service being offered, including all associated charges; informing the
190 customer that the associated charges for the service will appear on the customer's bill;
191 and obtaining the customer's clear and explicit consent to have the product or service and
192 all associated charges appear on their bill. In order to ensure that the customer consents

193 to having the product or service appear on his bill, a sales representative will: obtain the
194 date of consent and verification of authorization; obtain the name and telephone number
195 of the customer; ensure that the customer is qualified to order the product or service and
196 to authorize the billing; explain each product or service offered and all applicable
197 charges; obtain explicit customer acknowledgement that the charges will be assessed on
198 the customer's telephone bill; explain how the product or service can be cancelled;
199 describe how the charge will appear on the customer's telephone bill; and provide contact
200 information and a working, toll-free telephone number for customer inquires. In
201 addition, except in customer-initiated transactions for which Applicant has the
202 appropriate documentation, Applicant will obtain the customer's consent and verification
203 by written notification. Applicant will mail a letter to the subscriber no later than ten
204 days after initiation of the service. This letter will be a separate document sent for the
205 sole purpose of describing the service, and will contain a toll-free telephone number that
206 subscriber can call to cancel the service. Applicant will maintain proof of this written
207 notification for two years.

208 **Q. DOES APPLICANT HAVE THE FINANCIAL ABILITY TO PROVIDE**
209 **INTEREXCHANGE SERVICE THROUGHOUT ILLINOIS?**

210 A. Yes. Applicant is a wholly owned subsidiary of SBC. The financial ability of Applicant
211 to provide the interexchange services for which it seeks certification is demonstrated by
212 Applicant's successful provisioning of those services in the other states in which it
213 already provides service. Applicant is a wholly owned subsidiary of SBC, and SBC's
214 financial ability is demonstrated by its most recent annual report, attached to the
215 Application as Exhibit F.

216 **Q. BY WAY OF THE APPLICATION, DOES APPLICANT SEEK WAIVER FROM**
217 **ANY OF THE COMMISSION'S RULES?**

218 A. Yes. Applicant requests that the Commission waive application of 83 Illinois
219 Administrative Code Part 710 with respect to the requirement to maintain records under
220 the Uniform System of Accounts (“USOA”). Applicant presently maintains its books
221 and records in an accounting system that complies with Generally Accepted Accounting
222 Principles (“GAAP”) and that accurately reflects the operations and financial condition of
223 Applicant. Applicant’s accounting system will provide an assessment of Applicant’s
224 operations and financial conditions substantially equivalent to that provided by the
225 USOA. Applicant will maintain its records in sufficient detail to facilitate the calculation
226 of all applicable taxes. In addition, requiring Applicant to maintain its books and records
227 for its Illinois operations pursuant to Part 710 would require Applicant to maintain its
228 books and records in a manner different than that employed in other jurisdictions, and
229 thus, would constitute an unreasonable economic burden.

230 In addition, Applicant also requests that the Commission waive application of 83 Illinois
231 Administrative Code Part 735 relating to the Procedures Governing the Establishment of
232 Credit, Billing Deposits, Termination of Service and Issuance of Telephone Directories
233 for Telephone Utilities in the State of Illinois. The market in which Applicant plans to
234 provide service is extremely competitive, and granting this waiver is necessary in order
235 not to place Applicant at a competitive disadvantage with other competitors that have
236 been granted a waiver or to which Part 735 does not apply. Moreover, waiving Part 735
237 would reduce the economic burden of regulation, and such waiver is not inconsistent with
238 the purposes of Article XIII of the PUA.

239 Finally, Applicant currently maintains the books and records concerning its operation at
240 its principal place of business located at 5850 W. Las Positas Boulevard, Pleasanton,

241 California 94588, and it would constitute an undue economic burden to require
242 Applicant to keep all of its books and records within the State of Illinois. For this reason,
243 Applicant further requests permission pursuant to 83 Illinois Administrative Code Section
244 250.20 to maintain its books and records outside of the State of Illinois.

245 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

246 **A. Yes.**