

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

AT&T Communications of Illinois, Inc.,)
TCG Illinois and TCG Chicago)
) Case No. 03-0239
)
Petition for Arbitration of Interconnection)
Rates, Terms and Conditions and Related)
Arrangements With Illinois Bell Telephone)
Company d/b/a SBC Illinois Pursuant to)
Section 252(b) of the Telecommunications)
Act of 1996)

REBUTTAL TESTIMONY
OF
PATRICIA H. PELLERIN

On Behalf of
SBC ILLINOIS
EXHIBIT 10.1

Dated: June 11, 2003

OFFICIAL FILE
03-0239
SBC Ill 10-1
P. Pellerin
6-1803

ISSUES
Intercarrier Compensation 1, 2a, 9
UNE 27, 29
Pricing 4
Interconnection 2

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Patricia H. Pellerin. I am Associate Director - Wholesale Marketing for The
3 Southern New England Telephone Company ("SBC SNET"), a subsidiary of SBC
4 Telecommunications. My business address is 1441 North Colony Road, Meriden, CT
5 06450.

6 **Q. HAVE YOU PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THIS**
7 **PROCEEDING?**

8 A. Yes. On May 20, 2003, I submitted direct testimony identified as SBC Illinois Exhibit
9 10.0.

10 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

11 A. The purpose of my rebuttal testimony is to address issues in this arbitration related to
12 Intercarrier Compensation (Issues 1, 2a and 9), UNEs (Issues 27 and 29), Pricing
13 (Issue 4), and Interconnection (Issue 2) in response to Staff's testimony on these issues
14 proffered by its witness Dr. Zolnierek.

15 **INTERCARRIER COMPENSATION ISSUES (1, 2a, 9)**

16 **ISSUE 1: Should The Terms Of This Article Apply To Traffic Where AT&T Is Using**
17 **ULS-ST Provided By SBC Illinois?**

18 **(Intercarrier Compensation Section 21.1.1)**

19

19 **Q. WHAT IS STAFF'S RECOMMENDATION REGARDING THIS AND RELATED**
20 **ISSUES?**¹

21 A. Dr. Zolnierек recommends that the Commission adopt SBC Illinois' language in Section
22 21.1.1 and the related language in UNE Issues 27 and 29 and Pricing Issue 4. Staff
23 reached the proper conclusion.

24 **Q. SINCE STAFF HAS RECOMMENDED ADOPTION OF SBC ILLINOIS'**
25 **LANGUAGE ON THIS AND RELATED ISSUES, WHY ARE YOU PROVIDING**
26 **REBUTTAL TESTIMONY?**

27 A. There are a couple of points I would like to emphasize that I think are important for the
28 Commission to consider in its review of this issue. In evaluating the Commission's
29 decision in Docket No. 00-0700 with respect to SBC Illinois' removal of a discrete rate
30 for ULS-ST reciprocal compensation, Dr. Zolnierек concludes that, "[t]his directive is
31 unambiguous and SBC was correct not to include reciprocal compensation terms in its
32 ULS-ST tariff."² Thus, it is clear that SBC Illinois complied with the Commission's
33 order in that docket and properly revised its tariff to remove the ULS-ST reciprocal
34 compensation rate. That tariff continues in effect today.

35 Dr. Zolnierек concurred with AT&T's witnesses, however, that SBC Illinois' cost study
36 on which its reciprocal compensation charges are based may not properly reflect the non-
37 traffic sensitive switch costs.³ But whether the costs that were used to establish the
38 current tariffed reciprocal compensation rates properly reflect such costs or not, the

¹ The issue raised in Intercarrier Compensation Issue 1 is also included under UNE Issues 27 and 29 (Schedule 9.2.7, Sections 9.2.7.4.1 and 9.2.7.5) and Pricing Issue 4 (Pricing Schedule, Lines 485-486).

² Staff Ex. 1.0 at 56.

³ *Id.*

39 existing approved tariff rates must prevail unless and until they are revised.
40 Dr. Zolnierek correctly recognizes that since ULS-ST utilizes the identical switching
41 components as other SBC Illinois switch-based services, there is no evidence in the
42 record and no rational justification for imposing different rates.⁴ Importantly, AT&T has
43 accepted these rates for all other reciprocal compensation traffic based on the same cost
44 study. Thus, any suggestion that the cost study may be outdated and/or flawed is not
45 germane to the issue.

46 **Q. HOW SHOULD THE COMMISSION RULE ON THIS ISSUE?**

47 A. SBC Illinois agrees with Staff's recommendation to adopt SBC Illinois' language and
48 reject AT&T's on this and all related issues.

49 **ISSUE 2A: Can the Terminating Party Charge Exchange Access To The Originating**
50 **Party For Traffic Within The Originating Party's Local Calling Area?**

51 **(Intercarrier Compensation Section 21.2.7)**

52 **Q. WHAT IS STAFF'S RECOMMENDATION REGARDING ISSUE 2A?**

53 A. Dr. Zolnierek generally accepts SBC Illinois' position regarding the definition of local
54 calling areas, but proposes that the Commission delete a portion SBC Illinois' proposed
55 language in Section 21.2.7.

56 **Q. WHAT LANGUAGE DOES DR. ZOLNIEREK SUGGEST REMOVING?**

57 A. Dr. Zolnierek recommends removing the following SBC Illinois language:

58 Local Calls must actually originate and terminate to End Users
59 physically located within the same common local or common

⁴ *Id.* at 57.

60 mandatory local calling area within operating areas where SBC
61 Illinois is the ILEC.

62 **Q. WHY IS IT IMPORTANT TO RETAIN THIS LANGUAGE?**

63 A. There are two aspects to this language that are important for the Parties' interconnection
64 agreement. First, this language makes clear that it is the physical location of the end
65 users that determines whether a call is local or toll for intercarrier compensation
66 purposes. Removing this language would be inconsistent with Dr. Zolnierек's
67 recommendation under Issue 2c that reciprocal compensation be determined based on the
68 geographic end points of a call and that SBC Illinois' language in Section 21.2.7 be
69 adopted.⁵

70 And second, SBC Illinois' language indicates that intercarrier compensation between
71 AT&T and SBC Illinois under this agreement is limited to AT&T providing local service
72 to its customers residing in SBC Illinois' service territory.

73 **Q. DR. ZOLNIERЕК SUGGESTS THAT SBC ILLINOIS' LANGUAGE WOULD**
74 **RESULT IN LOCAL CALLING AREAS BEING DETERMINED BY WHO THE**
75 **INTERCONNECTING CARRIERS ARE.⁶ DO YOU AGREE?**

76 A. No, and that was certainly not SBC Illinois' intention in crafting this language. It is
77 important to recognize that this interconnection agreement is between SBC Illinois and
78 AT&T *doing business in SBC Illinois' service territory*. When AT&T serves a customer
79 in an adjacent LEC's territory and interconnects with SBC Illinois for exchange of traffic,
80 that interconnection is not encompassed by this agreement. Rather, compensation for this

⁵ *Id.* at 74.

⁶ *Id.* at 62.

81 arrangement may be covered under a separate agreement. SBC Illinois is not suggesting
82 that calls that are local between SBC Illinois and another ILEC would become toll calls
83 when AT&T operates in that ILEC's territory.⁷

84 **Q. DO YOU RECOMMEND ANY ADDITIONAL LANGUAGE?**

85 A. I have two suggestions for language modifications if the Commission is concerned that
86 SBC Illinois' language is ambiguous on this matter. First, I suggest modifying the first
87 sentence of Section 21.2.7 to reflect that this definition of local calls is limited to traffic
88 exchanged under this Article as follows:

89 "Local Calls", for purposes of intercarrier compensation **under**
90 **this Article**, is traffic where all calls are within the same common
91 local and common mandatory local calling area, i.e., within the
92 same or different SBC-Illinois Exchange(s) that participate in the
93 same common local or common mandatory local calling area
94 approved by the Illinois Commission.

95 In addition, I propose retaining the language that Dr. Zolnierек has suggested removing
96 and inserting this sentence following that language:

97 Traffic exchanged between SBC Illinois and AT&T when AT&T
98 is operating outside of SBC Illinois' service territory is not subject
99 to this Article, but may be compensated under a separate
100 agreement consistent with the local calling areas established by the
101 Commission.

102 I believe that this additional language will eliminate the concern raised by Staff regarding
103 SBC Illinois' language in Section 21.2.7.

⁷ In my direct testimony on this issue and in response to a concern raised by AT&T in its testimony, I state on page 11 that SBC Illinois removed language in Section 21.2.8 that would have had the same, unintended effect as that which concerns Dr. Zolnierек in Section 21.2.7.

104 **ISSUE 9:** **Shall SBC Illinois Be Required To Make Available To AT&T Comparable**
105 **Compensation Arrangements As Those Between SBC And Other Incumbent**
106 **Local Exchange Carriers (“ILECs”) and Competitive Local Exchange**
107 **Carriers (“CLECs”)?**

108 **(Intercarrier Compensation Section 21.3.7)**

109 **Q. WHAT IS STAFF’S RECOMMENDATION REGARDING THIS ISSUE?**

110 A. Dr. Zolnierек recommends that the Commission reject AT&T’s proposed language in
111 Section 21.3.7. Dr. Zolnierек properly recognizes that AT&T’s language would permit it
112 to circumvent the FCC’s rules and adopt reciprocal compensation terms and conditions
113 that predate the *ISP Remand Order*.

114 **Q. WHAT CONCERNS WITH AT&T’S PROPOSED LANGUAGE DO YOU HAVE**
115 **THAT WERE NOT IDENTIFIED BY DR. ZOLNIERЕК?**

116 A. In his analysis of this issue in testimony, Dr. Zolnierек cites to the Parties’ position
117 statements wherein the Parties focus on Section 252(i) of the Act as it relates to
118 reciprocal compensation. Dr. Zolnierек is correct that SBC Illinois’ fundamental dispute
119 with AT&T’s language relates to AT&T’s ability to opt into reciprocal compensation
120 provisions from other interconnection agreements.

121 However, the practical result of incorporating AT&T’s language into this agreement
122 would go beyond the basic application of Section 252(i) of the Act, even if AT&T were
123 permitted to adopt another carrier’s reciprocal compensation provisions, which it is not.
124 As I stated in my direct testimony on this issue, AT&T’s language would permit it to
125 adopt another carrier’s reciprocal compensation terms and conditions *on an end user*
126 *specific basis*. Thus, AT&T could have the contracted minute of use reciprocal
127 compensation rates with SBC Illinois for the majority of its end users, while having a
128 different rate for other end users, and even having a bill and keep arrangement for yet

129 another set of end users. Clearly, this would be an absurd and totally inappropriate result.
130 Furthermore, AT&T would be permitted to select alternate reciprocal arrangements after
131 the execution of this agreement.

132 **Q. HOW SHOULD THE COMMISSION RULE ON THIS ISSUE?**

133 A. The Commission should conclude, as Dr. Zolnierек did for Staff, that AT&T's language
134 is inconsistent with the FCC's *ISP Remand Order* in that it would permit AT&T to adopt
135 another carrier's reciprocal compensation terms and conditions that pre-date the *ISP*
136 *Remand Order*. In the event the Commission disagrees with Dr. Zolnierек's rationale on
137 this issue, the Commission should still reject AT&T's language because it would permit
138 AT&T to pick and choose reciprocal compensation arrangements on an end user specific
139 basis at any time during the term of the Parties' interconnection agreement.

140 **INTERCONNECTION ISSUES (2)**

141 **ISSUE 2: Does AT&T Have The Right To Use UNEs For The Purpose Of Network**
142 **Interconnection On AT&T's Side Of The POI?**

143 **(Interconnection Section 3.3.2)**

144 **Q. WHAT IS STAFF'S RECOMMENDATION REGARDING THIS ISSUE?**

145 A. Dr. Zolnierек supports AT&T's position that SBC Illinois is required to offer unbundled
146 dedicated transport to AT&T for the purpose of interconnection on AT&T's side of the
147 POI. Dr. Zolnierек also states that the FCC's Press Release may not be accurate and is
148 therefore unreliable.

149 **Q. DR. ZOLNIEREK SUGGESTS THAT IT IS PREMATURE TO CONSIDER THE**
150 **FCC's TRIENNIAL REVIEW AS SET FORTH IN ITS PRESS RELEASE IN**
151 **CONSIDERING THIS ISSUE. HOW DO YOU RESPOND?**

152 A. The FCC's intention to redefine dedicated interoffice transmission facilities is crystal
153 clear in its Press Release, specifically limiting this UNE to connection between ILEC
154 switches or wire centers. Dr. Zolnierек references a statement by Commissioner Powell
155 (provided as Staff Schedule 1.03) that the Press Release contained erroneous information.
156 However Commissioner Powell's mention of an inadvertent statement regarding
157 retirement of copper loops and subloops is totally irrelevant to the issue of interoffice
158 transmission facilities. In all the discussion concerning transmission facilities, there was
159 not even a hint of a suggestion that the new definition would be anything other than that
160 represented in the Press Release.

161 **Q. GIVEN THAT THE TRIENNIAL REVIEW RELEASE IS IMMINENT, HOW**
162 **SHOULD THE COMMISSION ADDRESS THIS ISSUE?**

163 A. Dr. Zolnierек offers testimony under GT&C Issue #1-A / SBC 1 on the application of the
164 Triennial Review to this arbitration and concludes that the final interconnection
165 agreement should reflect the FCC's rules in effect at the time the agreement is approved.
166 In recognition of the fact that it will likely take time to reach closure on some of the
167 necessary contract modifications and the fact that new issues can no longer be raised in
168 this arbitration, Dr. Zolnierек recommends acceptance of SBC Illinois' second proposal.⁸

169 In the case of the about-to-be-revised definition of dedicated interoffice transmission
170 facilities, we are not talking about either a prolonged analysis or about a new issue. The

⁸ *Id.* at 14.

171 issue that is already teed up in this arbitration can be plainly resolved in SBC Illinois'
172 favor by examining the simple definition contained in the Triennial Review once it is
173 released, which should be well before the final order in this arbitration. In accordance
174 with the simplicity of this issue, SBC Illinois requests that the Commission find that SBC
175 Illinois is not required to offer interconnection to AT&T on AT&T's side of the POI at
176 UNE prices.

177 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY.**

178 **A. Yes.**