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March 12, 2001

Ms. Blanca S. Bayo, Director
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Florida Public Service Commission
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Re: Docket No. 000075-TP (Phase II)

Dear Ms. Bayo:

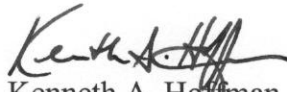
Enclosed herewith for filing in the above-referenced docket on behalf of Level 3 Communications, LLC are the following documents:

1. Original and fifteen copies of the Prefiled Direct Testimony of Timothy J. Gates; and
2. Original and fifteen copies of the Prefiled Direct Testimony of William P. Hunt, III.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me.

Thank you for your assistance with this filing.

Sincerely,


Kenneth A. Hoffman

KAH/rl
Enclosures
cc: All Parties of Record

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March 12, 2001

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By: 
KENNETH A. HOFFMAN, ESQ.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into appropriate)	
methods to compensate carriers for)	
exchange of traffic subject to Section)	Docket No. 000075-TP – Phase II
251 of the Telecommunications Act)	
of 1996.)	
)	

PREFILED DIRECT TESTIMONY OF
TIMOTHY J. GATES
ON BEHALF OF
LEVEL 3 COMMUNICATIONS, LLC

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Its Attorneys

1 **Q. PLEASE STATE YOUR NAME, TITLE, AND ADDRESS FOR THE**
2 **RECORD.**

3 **A:** My name is Timothy J. Gates. I am a Senior Vice President of QSI
4 Consulting. My business address is as follows: 15712 W. 72nd Circle,
5 Arvada, Colorado 80007.

6 **Q: WHO EMPLOYS YOU?**

7 **A:** I am employed by QSI Consulting, Inc., (“QSI”)

8 **Q: PLEASE DESCRIBE QSI AND IDENTIFY YOUR POSITION WITH**
9 **THE FIRM.**

10 **A:** QSI is a consulting firm specializing in the areas of telecommunications
11 policy, econometric analysis and computer aided modeling. I currently serve
12 as Senior Vice President.

13 **Q. ON WHOSE BEHALF WAS THIS TESTIMONY PREPARED?**

14 **A:** This testimony was prepared on behalf of Level 3 Communications, LLC
15 (“Level 3”).

16 **Q: PLEASE DESCRIBE YOUR EXPERIENCE WITH**
17 **TELECOMMUNICATIONS POLICY ISSUES AND YOUR**
18 **RELEVANT WORK HISTORY.**

19 **A:** Prior to joining QSI I was a Senior Executive Staff Member at MCI
20 WorldCom, Inc. (“MWC.COM”). I was employed by MWC.COM for 15 years
21 in various public policy positions. While at MWC.COM I managed various
22 functions, including tariffing, economic and financial analysis, competitive
23 analysis, witness training and MWC.COM’s use of external consultants. I

1 testified on behalf of MWCOT more than 150 times in 32 states and before
2 the FCC on various public policy issues ranging from costing, pricing, local
3 entry and universal service to strategic planning, merger and network issues.
4 Prior to joining MWCOT, I was employed as a Telephone Rate Analyst in
5 the Engineering Division at the Texas Public Utility Commission and earlier
6 as an Economic Analyst at the Oregon Public Utility Commission. I also
7 worked at the Bonneville Power Administration as a Financial Analyst doing
8 total electric use forecasts and automating the Average System Cost
9 methodology while I attended graduate school. Prior to doing my graduate
10 work, I worked for ten years as a forester in the Pacific Northwest for
11 multinational and government organizations. Exhibit __ (TJG-1) to this
12 testimony is a summary of my work experience and education.

13 **Q: HAVE YOU EVER TESTIFIED IN FLORIDA?**

14 **A:** Yes. I filed testimony in the Commission's Investigation into IntraLATA
15 Presubscription (Docket No. 930330-TP). That testimony was filed on
16 behalf of MCI Telecommunications Corporation in 1994. I also filed
17 testimony in recent arbitrations for US LEC (Docket No. 000084-TP) and
18 Level 3 (Docket No. 000907-TP).

19 **Q: WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

20 **A:** The purpose of my testimony is to address certain issues identified at the
21 Commission Staff's January 24, 2001 Issue Identification Meeting.
22 Specifically, I will address issues 13, 14 and 15.

1 **Q: PLEASE DESCRIBE THE QUESTIONS POSED BY THE**
2 **COMMISSION FOR EACH OF THE ISSUES YOU INTEND TO**
3 **ADDRESS.**

4 **A: The question associated with Issue 13 asks:**

5 **How should a “local calling area” be defined, for purposes of**
6 **determining the applicability of reciprocal compensation?**
7

8 The question associated with Issue 14 has two subparts, and asks:

9 **(a) What are the responsibilities of an originating local**
10 **carrier to transport its traffic to another local carrier?**
11

12 **(b) For each responsibility identified in part (a), what form of**
13 **compensation, if any, should apply?**
14

15 The question associated with Issue 15 also has two subparts, and asks:

16 **(a) Under what conditions, if any, should carriers be**
17 **permitted to assign telephone numbers to end users**
18 **outside the rate center in which the telephone number is**
19 **homed?**
20

21 **(b) Should the intercarrier compensation mechanism for calls**
22 **to these telephone numbers be based upon the physical**
23 **location of the customer, the rate center to which the**
24 **telephone number is homed, or some other criterion?**
25

26 **Q: HOW IS YOUR TESTIMONY ORGANIZED?**

27 **A: My testimony is organized by issue. The various discussions of the issues**
28 **can be found on the following pages:**

29 Summary of Conclusions Page 4

30 Issue 13 Page 6

31 Issue 14 Page 14

1
2 **Q: PLEASE SUMMARIZE THE CONCLUSIONS YOU REACH IN**
3 **YOUR TESTIMONY.**

4 **ISSUE 13** – The Commission should establish a policy that calls are “local”
5 by comparing the NXX codes of the calling and called numbers. There are
6 several benefits to this approach. First, this proposal continues the status quo.
7 The industry has used this process to determine the treatment of calls for
8 many decades. Central office switches – of both ILECs and ALECs – have
9 this processing ability in them today. No feature or hardware development
10 will be required. As such, there will be no additional expenses for the
11 industry or delays in implementing this proposal. Second, this proposal will
12 work for all providers regardless of their local calling area definition.
13 Comparing NPA/NXX codes will provide a consistent and fair method of
14 determining whether a call is local. Finally, this proposal avoids consumer
15 confusion by maintaining existing conventions in rating and routing calls.

16 **ISSUE 14** – The FCC has established rules of the road that govern LECs’
17 interconnection obligations. The first rule is that the ALEC may select the
18 Point of Interconnection (“POI”) for the exchange of traffic. Congress and
19 the FCC gave ALECs the right to select the POI because ILECs would have
20 the incentive and ability to impose unnecessary costs on their competitors if
21 they had the right to unilaterally designate POIs. The second rule is that each
22 LEC is responsible for delivering its traffic to the POI and paying the other

1 LEC reciprocal compensation for accepting the traffic at the POI and
2 delivering it to the called party. Because a LEC recovers the costs of
3 originating traffic through the rates it charges its end users, the FCC prohibits
4 LECs from assessing other carriers for the costs of delivering the LEC's
5 traffic to the POI. As the Commission found in Docket 000907-TP, taken
6 together, these two rules establish that each LEC must deliver its traffic to the
7 POI selected by the ALEC and each LEC recovers the cost of delivering its
8 traffic to the POI from its end users, not its competitors.

9 **ISSUE 15** – Level 3, other ALECs, and ILECs currently assign NXX codes
10 to customers who are not physically located in the exchange area associated
11 with a particular NXX. These calls have been and are currently treated as
12 local calls. For example, BellSouth has offered “foreign exchange service”
13 (“FX”) with this capability for many years. This practice has many benefits
14 to the public, including allowing consumers and small businesses, especially
15 those in isolated or rural areas of the state, efficient, reasonably priced access
16 to Internet service providers (“ISPs”) and other businesses that otherwise
17 would be impossible if such calls were treated as toll calls or anything other
18 than local.

19 There is no economic, engineering, factual or policy basis for making
20 intercarrier compensation depend on the actual location of the terminating
21 carrier's customer. Indeed, from the standpoints of both cost and
22 functionality, the physical location of the terminating carrier's customer is

1 irrelevant. Historically, the telecommunications industry has compared NXX
2 codes to determine the appropriate treatment of calls as local or toll. Calls to
3 a given NXX code use the same path and the same equipment to reach the
4 POI and the terminating carrier's switch regardless of the location of the
5 terminating customer. To single out a class of calls and to suggest that no
6 compensation should be paid for carrying those particular calls is not
7 equitable and ignores the simple economic and engineering reality that both
8 kinds of calls are functionally identical and should be subject to the same
9 intercarrier compensation framework that the parties have negotiated. Such
10 treatment would also be inconsistent with the overarching goals and
11 objectives of the Telecommunications Act, and would violate existing FCC
12 rules and Orders. The intercarrier compensation mechanism should be based
13 on the rate center to which the telephone number is homed.

14 **ISSUE 13 – How should a “local calling area” be defined, for purposes**
15 **of determining the applicability of reciprocal compensation?**

16 **Q: PLEASE DEFINE A LOCAL CALLING AREA IN GENERAL**
17 **TERMS.**

18 **A:** Newton's Telecom Dictionary defines “Local Service Area” as “The
19 geographic area that telephones may call without incurring toll charges.”

20 That same dictionary defines a “local call” as “Any call within the local

1 service area of the calling phone.”¹ In an older reference, “Engineering and
2 Operations in the Bell System,” it states, “A local calling area, or exchange
3 area, is a geographic area within which a strong community of interest exists
4 (that is, heavy calling volume among customers within the area). It may be
5 served by several central offices.”²

6 **Q: FOR PURPOSES OF THIS PROCEEDING, HOW SHOULD THE**
7 **COMMISSION DEFINE LOCAL CALLING AREA?**

8 **A:** A concise definition is difficult because of the many different types of local
9 calling currently available to consumers and businesses. When people
10 subscribe to local service they are frequently provided with many different
11 service types to choose from – all of which might be considered local calling.

12 **Q: PLEASE PROVIDE SOME EXAMPLES.**

13 **A:** A person might select flat rate service or measured service. Flat rate service
14 results in unlimited calling within the local calling area. Local measured
15 service has a charge per unit of telephone usage – either a per minute or per
16 call charge. Mandatory local measured service – without the option of flat
17 rate service – is rare because of the distributional effects on certain classes of
18 customers (i.e., elderly, poor). Frequently a local measured service option is
19 available for those who can only afford limited use of the telephone.

¹ Newton, Harry; Newton’s Telecom Dictionary; 16th Edition; Telecom Books; 2000.

² Engineering and Operations in the Bell System, Second Edition, AT&T Bell Laboratories, Murray Hill, NJ; 1984; at 56.

1 Depending upon where the person is relative to other areas, he or she
2 may select extended area service or other local calling plans which would be
3 in addition to the basic service but which would extend their local calling
4 area. Such plans can be one-way (i.e., from calling area A to calling area B,
5 but not from calling area B to calling area A), two-way, optional or
6 mandatory.

7 **Q: ARE YOU SUGGESTING THAT THE DEFINITION OF LOCAL**
8 **CALLING AREA CAN BE DIFFERENT FOR DIFFERENT**
9 **CONSUMERS IN THE SAME AREA?**

10 **A:** Yes. It is entirely possible that five people in a cul-de-sac would have very
11 different local calling areas based upon their calling patterns, community of
12 interest, income, age, interests, etc. Indeed, the local calling area might be
13 different based upon the ALEC selected by the consumer or business.

14 **Q: CAN AN ALEC HAVE DIFFERENT LOCAL CALLING AREAS**
15 **THAN THE ILEC?**

16 **A:** Yes, it can. While this varies from state to state, it is not uncommon for
17 regulatory commissions to allow ALECs to define their local calling areas in
18 a different geographic configuration from that of the ILEC. Indeed, an ALEC
19 may use this difference in local calling scope as a way to distinguish its
20 service from that of the incumbent. With the introduction of competition at
21 the local level, carriers will seek to differentiate their service from the
22 incumbent and other ALECs. Such differentiation can take the form of

1 additional features, reduced prices, different pricing schemes, and expanded
2 local calling areas. Depending upon calling characteristics, an expanded
3 local calling area could be an important service feature in the minds of
4 discerning consumers. I have heard of examples where some ALECs have
5 offered LATA-wide local calling. I also understand that BellSouth maintains
6 intercarrier compensation arrangements with some LECs that define the local
7 calling area, as between carriers, as the entire LATA.

8 **Q: MR. GATES, YOU HAVE SUGGESTED THAT ALECS MIGHT USE**
9 **DIFFERENT LOCAL CALLING AREAS AS A MARKETING TOOL.**
10 **WOULD DIFFERENT LOCAL CALLING AREAS BE CONFUSING**
11 **FOR CONSUMERS?**

12 **A:** Yes, they might. And for that reason, most ALECs choose to have their local
13 calling areas coterminous with those of the ILEC. Nevertheless,
14 sophisticated consumers and business users may make good use of such local
15 calling area disparities.

16 **Q: HOW ARE LOCAL CALLING AREAS ESTABLISHED BY LOCAL**
17 **EXCHANGE COMPANIES – EITHER ILECS OR ALECS?**

18 **A:** Local exchange companies do not unilaterally establish local calling areas.
19 Local calling area boundaries are usually established through tariffs on file
20 with the regulatory commission. The LEC recommends a local calling area
21 and associated rates and the commission – frequently with input from other
22 parties, including consumer groups – reviews the filing. Calling patterns,

1 network considerations, communities of interest, future growth and numerous
2 other issues impact the ultimate boundaries. The approved local calling areas
3 are then tariffed and made available to consumers.

4 **Q: YOU HAVE DISCUSSED DIFFERENT SIZES AND TYPES OF**
5 **LOCAL CALLING AREAS. CAN LOCAL CALLING AREAS**
6 **TRANSIT STATE BOUNDARIES?**

7 **A:** Yes. In fact, interstate local calling is relatively common. Let me provide
8 some examples. There are many areas in the United States that have
9 communities of interest that cross state boundaries. In Tennessee, for
10 example, calls to and from Memphis, Tennessee and West Memphis,
11 Arkansas are local calls. Another example is Bristol. The state line goes
12 right through the middle of Bristol, so there are many local calls that go
13 between Tennessee and Virginia that are actually interstate. Calls from
14 Louisville, Kentucky to Jeffersonville, Indiana are local. In Mississippi,
15 you can make interstate calls to two different states on a local basis. You can
16 make local calls from Southaven, Mississippi to Memphis, Tennessee and to
17 West Memphis, Arkansas. There is also county wide local calling permitted
18 in DeSoto County, Mississippi so that consumers can reach Hernando (the
19 county seat) without having to dial a toll call. There are probably examples
20 of interstate local calling in Florida, but I am not aware of them at this time.

21 **Q: HOW DOES A LEC DETERMINE WHETHER A CALL IS LOCAL**
22 **OR TOLL?**

1 **A:** When a customer makes a call, the switch in the central office receives the
2 dialed digits. The dialed digits – specifically, the NPA/NXX of the dialed
3 number – are used to determine whether the call is to be treated as local or
4 toll.

5 **Q: BEFORE CONTINUING YOUR DISCUSSION OF HOW TO**
6 **DETERMINE LOCAL VERSUS TOLL CALLS, PLEASE EXPLAIN**
7 **WHAT YOU MEAN BY NPA/NXX.**

8 **A:** The NPA is known as the area code. NXX codes are the fourth through sixth
9 digits of a ten-digit telephone number. For example, in my office telephone
10 number, (303) 424-4433, the NPA is “303,” and the NXX code is “424”. The
11 NXX code is also known as the central office code.

12 **Q: HOW ARE CUSTOMERS ASSIGNED AN NXX CODE?**

13 **A:** Carriers, like Level 3 and BellSouth, request and are assigned blocks of
14 telephone numbers by the numbering administrator. The carriers then assign
15 numbers to their customers as requested.

16 **Q: GIVEN THAT UNDERSTANDING OF NPA/NXX CODES, HOW**
17 **DOES THE LEC DETERMINE WHETHER A CALL IS LOCAL OR**
18 **TOLL?**

19 **A:** The LEC central office switch compares the number of the calling party with
20 the number of the party being called to determine whether the call is local or
21 toll. Standard industry procedure provides that each NXX code is associated

1 with a particular rate center.³ A single rate center may have more than one
2 NXX code, but each code is assigned to one and only one rate center. The
3 NXX uniquely identifies the central office switch serving the NXX code, so
4 that each carrier that is routing a call knows to which end office switch to
5 send the call.

6 Comparing NXX codes establishes the routing and rating of the call.
7 If the NXX code of the called number is not found in the translation table of
8 the central office switch, the call is routed to the tandem for additional
9 information and routing.

10 The translation tables may also have additional information on the
11 routing of the call based on the dialed digits. The switch may have specific
12 instructions on how to route and bill certain calls to certain NXX codes.

13 **Q: IS IT POSSIBLE TO ASSIGN NXX CODES TO CUSTOMERS WHO**
14 **DO NOT PHYSICALLY RESIDE IN THE RATE CENTER**
15 **NORMALLY ASSIGNED TO THE NXX?**

16 **A:** Yes. It is not uncommon for NXX codes to be assigned to customers who are
17 not physically located in the rate center where the NXX is “homed.” When
18 an ILEC provides this arrangement, it typically is called foreign exchange or
19 FX service. This type of arrangement also may be referred to as “Virtual
20 NXX” because the customer assigned the telephone number has a “virtual”

³ A rate center is a geographic location with specific vertical and horizontal coordinates used to determine mileage, for rating local or toll calls.

1 presence in the calling area associated with that NXX. Calls to these
2 customers are still routed to the end office switch associated with the NXX
3 code, but then are routed within the terminating carrier's network to the
4 called party's actual physical location. The virtual NXX issue is discussed
5 in detail in response to Issue 15.

6 **Q: GIVEN THE DISPARITY IN THE TREATMENT OF CALLS AS**
7 **YOU'VE DESCRIBED ABOVE, HOW DO YOU PROPOSE TO**
8 **DEFINE A LOCAL CALLING AREA?**

9 **A:** The Commission should establish a policy that calls are determined to be
10 "local" by comparing the NXX codes of the calling and called numbers. The
11 only time this traditional and existing convention should be violated is when
12 the Commission has approved local calling areas – such as interstate or
13 extended area service local calls – which cannot readily conform to this
14 process. The translation tables of the central offices switches will be
15 programmed to treat these special calls as local – just as they are today.

16 **Q: WHAT ARE THE BENEFITS OF YOUR DEFINITION OF LOCAL**
17 **CALLING AREA?**

18 **A:** There are several benefits to this approach. First, this proposal continues the
19 status quo. The industry has used this process to determine the treatment of
20 calls for many decades. Central office switches – of both ILECs and ALECs
21 – have this processing ability in them today. No feature or hardware
22 development will be required. As such, there will be no additional expenses

1 for the industry or delays in implementing this proposal. Second, this
2 proposal will work for all providers regardless of their local calling area
3 definition. As illustrated above, there are a wide variety of local calling
4 scenarios being offered by carriers today. The physical locations of the
5 calling and called parties is not sufficient to determine the correct treatment
6 of calls. Comparing NPA/NXX codes will provide a consistent and fair
7 method of determining whether a call is local. Finally, this proposal avoids
8 consumer confusion by maintaining existing conventions in rating and
9 routing calls. The industry is moving towards simpler calling plans because
10 consumers have been harmed by misleading or confusing plans in the past.
11 To introduce a new method of determining what is local and what is toll
12 would be a step backwards for consumers.

- 13
- 14 **ISSUE 14 – (a) What are the responsibilities of an originating local carrier**
15 **to transport its traffic to another local carrier?**
- 16 **(b) For each responsibility identified in part (a), what form of**
17 **compensation, if any, should apply?**

18 **Q: ARE LECs’ TRAFFIC EXCHANGE RESPONSIBILITIES**
19 **ESTABLISHED BY THE ACT AND THE FCC?**

20 **A:** Yes. The Communications Act of 1934, as amended by the
21 Telecommunications Act of 1996 (“Act”), identifies specific responsibilities
22 of both ILECs and ALECs, and the FCC has implemented those guidelines

1 in its orders and rules. The FCC has adopted “rules of the road” governing
2 LECs’ interconnection responsibilities. The first rule is that an ALEC may
3 select the POI where the parties will exchange traffic. (Mr. Hunt addresses
4 the legal basis for the first rule in his testimony.) The second rule is that each
5 LEC is responsible for delivering its originating traffic to the POI and paying
6 the other LEC reciprocal compensation for terminating such traffic. As the
7 Commission found in Docket 000907-TP, together, these two rules establish
8 that each LEC must deliver its traffic to the POI selected by the ALEC and
9 each LEC recovers the cost of delivering that traffic from its end users, not
10 its competitor.

11 **Q: ARE THERE ECONOMIC CONSIDERATIONS THAT UNDERLIE**
12 **THE FIRST RULE OF THE ROAD?**

13 **A:** Yes. As the FCC noted in implementing Section 251 of the Act:

14 Section 251(c)(2) gives *competing carriers* the right to deliver
15 traffic terminating on an incumbent LEC’s network at any
16 technically feasible point on that network, rather than
17 obligating such carriers to transport traffic to less convenient
18 or efficient interconnection points.⁴

19
20 The location and number of POIs is determined based on financial and
21 engineering parameters. Each carrier needs to install transmission facilities
22 and equipment to deliver its originating traffic to each POI, and to receive

⁴ *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, First Report and Order, 11 FCC Rcd 15499, ¶ 209 (1996) (“Local Competition Order”)* (emphasis added).

1 terminating traffic from other carriers. Of course, ILECs in Florida already
2 have ubiquitous networks throughout their service territories and can use
3 existing facilities to transport the traffic they exchange with ALECs. Thus,
4 if the volume of traffic originating from and/or terminating to a particular
5 ILEC tandem or local calling area is low, it is more efficient for such traffic
6 to be carried on the incumbent's common network capacity than to establish
7 dedicated capacity that would be used solely to carry traffic between the
8 ILEC and ALEC. In most instances, the ILEC has been in the local exchange
9 business for over 100 years and has built ubiquitous facilities to transport
10 traffic throughout its service area during that period of time. Since the ILEC
11 already has facilities in place to carry this traffic, and therefore benefits from
12 certain economies of scale, its costs to switch and transport traffic it
13 exchanges with an ALEC are relatively low. Both parties benefit from these
14 economies of scale, the ILEC for its originating traffic and the ALEC for its
15 terminating traffic. On the other hand, new entrants like Level 3 must
16 construct facilities. This requires obtaining local permits, digging up streets,
17 etc., or leasing or acquiring entirely new facilities for access to each POI.
18 Therefore, the selection of POIs has significant competitive implications.

19 The ILEC should not be permitted to impose interconnection
20 requirements that require ALECs to duplicate the ILEC's legacy network
21 architecture. Rather, new entrants should be free to deploy least cost,
22 forward-looking technology, such as the combination of a single switching

1 entity with a fiber ring to serve an area that the ILEC may serve through a
2 hub-and-spoke, switch-intensive architecture. Initial interconnection at the
3 tandem level and at a single POI per LATA is crucial to providing new
4 entrants this flexibility. For a new entrant to begin service, it requires a
5 single connection capable of handling all of its calls, including local, toll, and
6 access traffic. However, as Mr. Hunt discusses, Level 3 agrees that sound
7 engineering principles may eventually dictate that Level 3 add additional
8 POIs.

9 **Q: HAS THE FCC EXPLAINED WHY IT IS IMPORTANT THAT ALECs**
10 **BE PERMITTED TO SELECT POIs FOR THE EXCHANGE OF**
11 **TRAFFIC?**

12 **A:** Yes. At paragraph 172 of the Local Competition Order the FCC notes that
13 Section 251(c)(2) “allows competing carriers to choose the most efficient
14 points at which to exchange traffic with incumbent LECs, thereby lowering
15 the competing carrier’s cost of, among other things, transport and termination
16 of traffic.” As Mr. Hunt explains, this Commission has also found that the
17 POI is where the exchange of traffic takes place.

18 The FCC explained, in part, why the right to select POIs is provided
19 to ALECs, and not ILECs, at paragraph 218 of the Local Competition Order:

20 Given that the incumbent LEC will be providing
21 interconnection to its competitors pursuant to the purpose of
22 the 1996 Act, the LEC has the incentive to discriminate
23 against its competitors by providing them less favorable terms
24 and conditions of interconnection than it provides itself.

1 Further, economics literature regularly discusses the fact that a firm, such as
2 an ILEC, may benefit from strategic behavior that raises its rivals' costs.⁵

3 **Q: MIGHT AN ILEC USE THE ABILITY TO ESTABLISH POIs TO**
4 **IMPEDE COMPETITION?**

5 **A:** Yes, it might. The FCC recognized that one of the goals of competition was
6 to eliminate this ILEC ability. At paragraph four of the Local Competition
7 Order the FCC states:

8 Competition in local exchange and exchange access markets
9 is desirable, not only because of the social and economic
10 benefits competition will bring to consumers of local services,
11 but also because competition eventually will eliminate the
12 ability of an incumbent local exchange carrier to use its
13 control of bottleneck local facilities to impede free market
14 competition. Under section 251, incumbent local exchange
15 carriers (LECs), including the Bell Operating Companies
16 (BOCs), are mandated to take several steps to open their
17 networks to competition, including providing interconnection,
18 offering access to unbundled elements of their networks, and
19 making their retail services available at wholesale rates so that
20 they can be resold.

21
22 It is clear that ALECs such as Level 3 do not have the ability – by virtue of
23 existing bottleneck facilities – to impede free market competition. Indeed,
24 companies such as Level 3 have no monopoly markets or captive customers
25 that would give them market power sufficient to harm the public interest. It
26 is for that reason that ALECs have the right to designate POIs but ILECs do
27 not.

⁵ See, Carlton and Perloff, Modern Industrial Organization, Third Edition, Addison-Wesley, 2000.

1 **Q: ARE THERE PUBLIC POLICY REASONS TO DENY AN ILEC THE**
2 **ABILITY TO ESTABLISH POIs FOR TRAFFIC IT ORIGINATES?**

3 **A:** Yes. If an ILEC were allowed to identify POIs for originating traffic it would
4 be able to disadvantage ALECs by imposing additional and unwarranted
5 costs on new entrants. Such a result is not in the public interest and would
6 severely impede the development of competition. If an ILEC were allowed
7 such discretion, it may force ALECs to essentially duplicate the incumbent's
8 network. The traffic volumes and business that new entrants are able to
9 attract as they enter a market would never support the wholesale duplication
10 of an ILEC's network. Indeed, a requirement to build or lease facilities to
11 each ILEC local calling area would discourage ALECs from ever entering
12 new markets until they could secure a customer base large enough to justify
13 such an investment.

14 An ILEC's desire to identify POIs for its originating traffic is
15 understandable, especially given its incentives discussed above, but it is not
16 in the public interest. Granting ILECs such an ability would force new
17 entrants like Level 3 to build facilities to each ILEC local calling area or to
18 pay the ILEC for transport of ILEC-originated traffic from the local calling
19 areas to Level 3's POI. Such a result would be inconsistent with the goals of
20 the Local Competition Order and the Act. Simply because an ILEC's
21 network has been in place for decades does not mean that it is the most
22 efficient network. New entrants utilizing new technology and information

1 should not be limited or hampered by the decisions of ILEC network planners
2 who established switch locations and local calling areas decades ago under
3 a legal and regulatory regime which permitted a monopoly local exchange
4 market. Rather, the promotion of efficient markets should dictate that new
5 entrants such as Level 3 only be required to interconnect in a specific area
6 where traffic volumes and customer demand justify investment in facilities
7 needed to reach that area.

8 **Q: COULD YOU PLEASE EXPLAIN THE SECOND RULE OF THE**
9 **ROAD CONCERNING EACH LEC'S OBLIGATION TO DELIVER**
10 **ITS TRAFFIC TO THE POI?**

11 **A:** Yes. Each carrier is responsible, financially and operationally, to deliver
12 traffic to the POI.

13 **Q: HAS THE FCC ISSUED ANY RECENT OPINIONS ON THE**
14 **RESPONSIBILITIES OF LECs IN THIS REGARD?**

15 **A:** Yes, it has. There has been some debate about rule 51.703(b), which states,
16 "A LEC may not assess charges on any other telecommunications carrier for
17 local telecommunications traffic that originates on the LEC's network." In
18 a recent case before the FCC, several incumbent LECs argued that this rule
19 would apply only to "traffic," and would not prevent a carrier from charging
20 an interconnecting carrier for the cost of "facilities" used in originating
21 traffic. The FCC flatly rejected that argument:

1 Defendants argue that section 51.703(b) governs only
2 the charges for “traffic” between carriers and does not
3 prevent LECs from charging for the “facilities” used
4 to transport that traffic. We find that argument
5 unpersuasive given the clear mandate of the *Local*
6 *Competition Order*. The Metzger Letter correctly
7 stated that the Commission’s rules prohibit LECs
8 from charging for facilities used to deliver
9 LEC-originated traffic, in addition to prohibiting
10 charges for the traffic itself. Since the traffic must be
11 delivered over facilities, charging carriers for facilities
12 used to deliver traffic results in those carriers paying
13 for LEC-originated traffic and would be inconsistent
14 with the rules. Moreover, the Order requires a carrier
15 to pay for dedicated facilities only to the extent it uses
16 those facilities to deliver traffic that it originates.
17 Indeed, the distinction urged by Defendants is
18 nonsensical, because LECs could continue to charge
19 carriers for the delivery of originating traffic by
20 merely re-designating the “traffic” charges as
21 “facilities” charges. Such a result would be
22 inconsistent with the language and intent of the Order
23 and the Commission’s rules.⁶

24 This Commission also rejected a similar argument raised by BellSouth in its
25 arbitration with Level 3 - Docket 000907-TP. It is clear that each LEC bears
26 the responsibility of operating and maintaining the facilities used to transport
27 and deliver traffic on its side of the POI. This responsibility extends to both
28 the facilities as well as the traffic that transits those facilities. Likewise, an
29 interconnecting LEC will bear responsibility for the facilities on its side of

⁶ *TSR WIRELESS, LLC, et al, Complainants, v. US WEST COMMUNICATIONS, INC. et al, Defendants, MEMORANDUM OPINION AND ORDER*; File Nos. E-98-13, E-98-15, E-98-16, E-98-17, E-98-18, ¶25 (rel. June 21, 2000) (*TSR Order*) (footnotes omitted, emphasis in original).

1 the POI, but then recover the costs of transporting and terminating traffic
2 over those facilities from the originating LEC.

3 **Q: DID THE FCC FURTHER EXPLAIN ITS LOGIC FOR REQUIRING**
4 **THE ORIGINATING CARRIER TO BEAR THE COSTS OF**
5 **DELIVERING ORIGINATING TRAFFIC TO THE TERMINATING**
6 **CARRIER?**

7 **A:** Yes. In the TSR Order the FCC further clarified its logic as follows:

8 According to Defendants, the Local Competition Order’s
9 regulatory regime, which requires carriers to pay for facilities
10 used to deliver their originating traffic to their co-carriers,
11 represents a physical occupation of Defendants property
12 without just compensation, in violation of the Takings Clause
13 of the Constitution. We disagree. The Local Competition
14 Order requires a carrier to pay the cost of facilities used to
15 deliver traffic originated by that carrier to the network of its
16 co-carrier, who then terminates that traffic and bills the
17 originating carrier for termination compensation. In essence,
18 the originating carrier holds itself out as being capable of
19 transmitting a telephone call to any end user, and is
20 responsible for paying the cost of delivering the call to the
21 network of the co-carrier who will then terminate the call.
22 Under the Commission’s regulations, the cost of the facilities
23 used to deliver this traffic is the originating carrier’s
24 responsibility, because these facilities are part of the
25 originating carrier’s network. The originating carrier recovers
26 the costs of these facilities through the rates it charges its own
27 customers for making calls. This regime represents “rules of
28 the road” under which all carriers operate, and which make it
29 possible for one company’s customer to call any other
30 customer even if that customer is served by another telephone
31 company.⁷ (emphasis added) (footnotes omitted)
32

⁷ Id. at ¶ 34.

1 If an ALEC is forced to deploy or lease facilities from an ILEC's local calling
2 areas to the POI, the ILEC will be getting a free ride. Not only would the
3 ALEC have to provide facilities on its side of the POI, but it would also have
4 to provide (or pay for) facilities on the ILEC side of the POI. Such a
5 proposal is not equitable or consistent with this Commission's or the FCC's
6 interconnection principles.

7 **Q: IN THE PAST, BELL SOUTH HAS ARGUED THAT IT MAY**
8 **CHARGE ALECs NOT ONLY FOR THE FACILITIES FROM EACH**
9 **LOCAL CALLING AREA TO THE POI, BUT ALSO FOR THE**
10 **TRUNKS OR "LANES" ON THOSE FACILITIES. IS IT**
11 **APPROPRIATE TO IMPOSE ANY CHARGES FOR LOCAL**
12 **INTERCONNECTION TRUNKS?**

13 **A:** No. It is inappropriate to impose any charges for local interconnection
14 trunks. These are co-carrier trunks provided for the mutual benefit of the
15 parties in exchanging customer traffic, and both parties must deploy matching
16 capacity on each side of the POI. It is each carrier's financial and operational
17 responsibility to provide facilities on its side of the POI to deliver traffic to
18 the terminating carrier.

19 **Q: WHAT DO YOU MEAN WHEN YOU SAY THE TRUNKS ARE FOR**
20 **THE "MUTUAL BENEFIT" OF THE PARTIES?**

21 **A:** The interconnection trunks are as valuable to BellSouth as they are to Level
22 3 or any ALEC. They are used by BellSouth to ensure that calls between its

1 customers and Level 3 customers are completed; without such trunks,
2 BellSouth would not be able to provide the level of services demanded by its
3 own customers.⁸ Second, it is not as if Level 3 bears no cost in
4 interconnecting with BellSouth. To the contrary, for every trunk that
5 BellSouth sets up to handle Level 3 traffic, Level 3 must ensure that the
6 appropriate level of capacity is available on its own side of the POI so that
7 calls coming over the BellSouth trunks can then flow over the Level 3
8 network to their intended destination (and vice versa). Thus, it is in both
9 carriers' interest (or at least in both carriers' customers' interest) to have an
10 adequate amount of co-carrier trunks in place. Requiring each carrier to pay
11 the other for co-carrier trunks is therefore inappropriate and contrary to the
12 principles underlying cooperative reciprocal interconnection. It also conflicts
13 with the principles of interconnection compensation, since the focus should
14 only be on the carriage of traffic by one carrier for another carrier, rather than
15 the facilities used to carry that traffic.

16 **Q: CAN YOU PLEASE CLARIFY WHAT CHARGES ARE**
17 **APPROPRIATE FOR THE TERMINATION OF TRAFFIC**
18 **EXCHANGED AT THE POI?**

19 **A:** Yes. Once an ALEC hands its originating traffic to an ILEC at the POI, the
20 ALEC must pay the ILEC reciprocal compensation for the terminating

⁸ By "level of service," I am referring to the amount of blocking experienced by consumers.

1 functions the ILEC performs. The same principle applies when the ILEC
2 hands traffic off to the ALEC at the POI for termination. BellSouth, like
3 most ILECs, has developed elemental, per minute of use rates for tandem
4 switching, common transport, and end office switching. However, all three
5 rates do not always apply. For instance, some ALECs may determine that the
6 traffic volume to a particular end office justifies purchasing dedicated
7 transport to that end office. In such instances, the appropriate dedicated
8 transport rates would apply in addition to the end office switching rate.
9 However, since the dedicated transport is used to carry the traffic in lieu of
10 tandem-switched transport, the tandem switching and common transport
11 elemental rates would not apply. In either case, as illustrated above, trunk
12 charges are not appropriate.

13

14 **ISSUE 15 – (a) Under what conditions, if any, should carriers be**
15 **permitted to assign telephone numbers to end users**
16 **outside the rate center in which the telephone number is**
17 **homed?**

18 **(b) Should the intercarrier compensation mechanism for**
19 **calls to these telephone numbers be based upon the**
20 **physical location of the customer, the rate center to which**
21 **the telephone number is homed, or some other criterion?**

1 **Q: WHY WOULD CUSTOMERS WANT A TELEPHONE NUMBER**
2 **WITH A NXX CODE OUTSIDE OF THEIR LOCAL CALLING**
3 **AREA?**

4 **A:** Customers want to use these so-called virtual NXX codes because it allows
5 them to take advantage of state-of-the-art, currently available technologies
6 that allow consumers to reach their businesses without the disincentive of a
7 toll call. It also allows businesses and organizations to provide service in
8 other areas before they actually have facilities or offices in those areas.
9 Absent such calling plans, consumers would have to wait for carriers to build
10 out their networks – which could take years and millions of dollars. For
11 instance, so-called virtual NXX arrangements enable ISPs, among other
12 customers, to offer local dial-up numbers throughout Florida, including to
13 more isolated, rural, areas of the State. Access to the Internet is affordable
14 and readily available in all areas of the state because these NXX
15 arrangements allow ISPs to establish a small number of points of presence
16 (“POPs”) that can be reached by dialing a local number regardless of the
17 physical location of the Internet subscriber. Small businesses in rural areas
18 in particular, benefit from low-cost Internet access and increasingly depend
19 on such access to remain competitive. Thus, virtual NXX arrangements
20 allow for widespread affordable Internet access which benefit Florida’s
21 consumers while promoting economic development.

1 Other organizations, such as the Florida State government, may also
2 want to make use of virtual NXX arrangements to allow residents to contact
3 state agencies – which may actually reside in Tallahassee – without incurring
4 the cost of a toll call. Such an arrangement would allow the state to provide
5 services in rural areas without building or renting space in those localities and
6 without relocating employees.

7 Carriers use virtual NXX codes because they allow them to respond
8 to customer demand for new and innovative services. In 1997 and 1998,
9 there was considerable discussion about the benefits expected from
10 competition in the local exchange market. Among the more important
11 expected benefits were that competition would drive competitors to develop
12 and utilize networks efficiently in order to gain competitive advantages, by
13 allowing them to serve customers at lower cost. Prohibiting all carriers from
14 using virtual NXXs would constitute an artificial impediment to this natural
15 progression of a developing competitive market, and would deny Florida
16 residents the associated benefits.

17 **Q: IS THIS NXX CODE ISSUE SIMPLY AN ASPECT OF THE ISP**
18 **COMPENSATION ISSUE?**

19 **A:** No. Although many ISPs do use virtual NXX arrangements, these services
20 are also used by other businesses and organizations that want to maintain a
21 local telephone number in some community where they do not have a

1 physical presence. This issue therefore affects ordinary local voice telephone
2 calls as well as ISP traffic.

3 **Q: IS THE FEATURE PROVIDED WITH VIRTUAL NXX A SERVICE**
4 **THAT NEEDS TO BE TARIFFED OR OTHERWISE APPROVED BY**
5 **THE FLORIDA COMMISSION?**

6 **A:** No. Virtual NXX is not a service per se; it is a network functionality.
7 However, a LEC may have its own name for a service that is meant to
8 address this functionality, such as Foreign Exchange.

9 **Q: IS IT UNLAWFUL OR AGAINST ANY RULES FOR ALECs TO**
10 **PROVIDE VIRTUAL NXXS TO THEIR CUSTOMERS?**

11 **A:** No. The use of virtual NXX codes is not unlawful or in any other way
12 improper. ILECs provide several virtual NXX services, such as FX service,
13 to their customers, including ISPs. Indeed, nobody complained about such
14 uses of NXX codes until ALECs had some success in attracting ISP
15 customers and the ILECs began looking for ways to avoid compensating
16 them for serving and terminating calls to ISPs. From what I understand, there
17 is no dispute between the parties as to whether codes can be used in this
18 manner -- rather, the dispute is over how the parties will compensate one
19 another in exchanging such calls.

20 **Q: IF THE COMMISSION PROHIBITED USE OF VIRTUAL NXXs,**
21 **WOULD THAT MEAN THAT EXTENDED AREA SERVICE ("EAS")**
22 **CALLS WOULD NO LONGER BE CONSIDERED LOCAL?**

1 **A:** Depending upon how the Commission chooses to address this issue, it could.
2 Any call that this Commission currently considers local, but that transits an
3 exchange boundary, could be considered a toll call. In the mid to late 80's
4 – when interexchange competition was just starting to develop – the LECs
5 requested that commissions change certain toll traffic into local traffic
6 through EAS arrangements. Now that competition is starting to develop for
7 local traffic, the LECs want the commission to change the treatment of
8 certain local traffic back to toll.

9 **Q. IN OTHER PROCEEDINGS, BELLSOUTH AND OTHER ILECs**
10 **HAVE ARGUED THAT VIRTUAL NXX IS MORE LIKE 800**
11 **SERVICE THAN FX SERVICE. DO YOU AGREE?**

12 **A.** No. Most importantly, unlike virtual NPA/NXX's, 8XX NPAs are not
13 associated with a particular geographic area – callers from many geographic
14 areas can thus place a toll-free call to an 8XX NPA. In contrast, for a virtual
15 NXX customer, only those callers located within the rate center with which
16 the customer's NXX is associated can reach them without incurring a toll
17 charge. Additionally, an 800 call is and has always been a toll call. The
18 dialing pattern – 1-8XX-NXX-XXXX – is clearly a toll-dialing pattern.
19 When the call is dialed, the local switch recognizes the call as a toll call
20 (because of the 1+ toll indicator) and routes the call to the access tandem for
21 additional routing instructions. In addition to being routed through the access
22 tandem, the call requires a database dip. The call uses the Line Information

1 Database or LIDB, over the SS7 network, to get additional routing and billing
2 instructions. The LIDB provides the long distance carrier and the actual
3 terminating number for the call. In essence, the 1-800 number is converted
4 to the “real world” telephone number for terminating the call. 1-800 service
5 is generally used for intraLATA, interLATA or inter-state calling, not for
6 local calling. There are also many different terminating options available to
7 the customer. Calls may be terminated to a PBX, over dedicated lines, on a
8 time sensitive basis to different locations across the country (i.e., for airline
9 reservations), or on a call-by-call basis to different geographic areas. There
10 are also many different billing plans for 1-800 service that are not available
11 for standard local calling or FX/virtual NXX service. Extensive call details
12 can be provided to help the customer understand geographic demand for its
13 services.

14 **Q. ARE VIRTUAL NXX CALLS ROUTED IN A SIMILAR MANNER TO**
15 **8XX CALLS?**

16 **A.** No. Virtual NXX calls are routed like all other local calls. They use standard
17 seven or ten-digit dialing and they do not go through the access tandem.
18 Database dips are not required and the number does not have to be translated
19 to yet another number for termination. Plus, there are no special billing or
20 termination plans for virtual NXX service.

21 **Q: IS VIRTUAL NXX MORE SIMILAR TO ILEC FX SERVICE?**

1 **A:** Yes. Virtual NXX and FX calls are similarly provisioned and provide the
2 same function to end-users.

3 **Q:** **DOES BELLSOUTH CHARGE ALECs LIKE LEVEL 3,**
4 **RECIPROCAL COMPENSATION WHEN AN ALEC CUSTOMER**
5 **MAKES A CALL TO THE BELLSOUTH FX CUSTOMER?**

6 **A:** Yes, it does. BellSouth also provides other services, such as Remote Call
7 Forwarding and Extended Reach Service that provide a similar functionality.
8 BellSouth charges ALECs reciprocal compensation for these services as well.

9 **Q:** **IF BELLSOUTH IS CHARGING ALECS RECIPROCAL**
10 **COMPENSATION FOR CALLS TO FX, REMOTE CALL**
11 **FORWARDING AND EXTENDED REACH CUSTOMERS, DOES**
12 **THAT MEAN BELLSOUTH CONSIDERS THESE CALLS TO BE**
13 **LOCAL CALLS FOR PURPOSES OF RECIPROCAL**
14 **COMPENSATION?**

15 **A:** Yes. Further, I expect other ILECs in Florida also treat these calls as local
16 and subject to reciprocal compensation.

17 **Q:** **PLEASE DESCRIBE THE IMPACT OF PROHIBITING VIRTUAL**
18 **NXX NUMBER ASSIGNMENT IN MORE DETAIL.**

19 **A:** Prohibiting LECs from assigning customers virtual NXX numbers would
20 have at least three significant negative impacts in Florida. First, ILECs
21 would be able to evade the intercarrier compensation arrangements they have
22 negotiated with ALECs. Second, and contrary to one of the fundamental

1 goals of the 1996 Act, such restrictions would have a negative impact on the
2 competitive deployment and use of affordable dial-up Internet services in
3 Florida. This negative impact would result from the increase in costs to both
4 consumers and providers. Finally, applying such a restriction to virtual
5 NXXs but not FX and other traditional ILEC services that offer the same
6 function would give ILECs a competitive advantage over ALECs.

7 **Q: HOW WOULD AN ILEC EVADE ITS INTERCARRIER**
8 **COMPENSATION OBLIGATIONS TO AN ALEC BY LIMITING**
9 **COMPENSATION TO CALLS TERMINATING TO A CUSTOMER**
10 **WITH A PHYSICAL PRESENCE IN THE SAME LOCAL CALLING**
11 **AREA AS THE ORIGINATING CALLER?**

12 **A:** Deviating from the historical practice of rating a call based upon the NXX
13 codes of the originating and terminating number would give ILECs the ability
14 to arbitrarily re-classify local calls as toll calls. This is because it would be
15 nearly impossible and much more economically burdensome for Level 3 (or
16 any other ALEC in a similar situation) to utilize virtual NXXs in the
17 provision of service to its customers.

18 As discussed above, Virtual NXXs are used by carriers to provide a
19 local number to customers in calling areas in which the customer is not
20 physically located. If the Commission allows ILECs to avoid rating calls
21 based on the NXX of the originating and terminating numbers, calls to
22 “virtual NXX” customers would effectively be reclassified as toll calls (at

1 least in the intercarrier environment, if not in the retail environment), and
2 ILECs would no longer be obligated to compensate ALECs for terminating
3 what for decades have been rated as simple local calls.

4 Indeed, BellSouth, and likely other ILECs, has always treated its FX
5 service as local in nature and has billed other carriers reciprocal
6 compensation for calls terminating to BellSouth FX customers. Revenues
7 from FX service are booked as local revenues by BellSouth. I understand
8 BellSouth may be changing this policy, in a belated attempt to support its
9 own efforts to have similar ALEC services treated as toll in nature.

10 **Q: DO THE COSTS INCURRED BY LECs IN ORIGINATING VIRTUAL**
11 **NXX CALLS JUSTIFY ADDITIONAL CHARGES?**

12 **A:** No. First, as mentioned elsewhere in my testimony, LECs are not allowed
13 to impose charges for the delivery of local traffic to a POI. Nevertheless, and
14 despite this specific prohibition, there is no additional cost incurred by an
15 ILEC when a virtual NXX is provided to an ALEC customer, because the
16 ILEC carries the call the same distance (to the POI) and incurs the same costs
17 (in terms of local interconnection facilities used) regardless of the physical
18 location of the “virtual NXX” customer. Therefore, the ILECs obligations
19 and costs are the same in delivering a call originated by one of its customers,
20 regardless of whether the call terminates at a so-called “virtual” or “physical”
21 NXX behind the ALEC switch.

1 **Q: DOES THE USE OF VIRTUAL NXX CODES IMPACT THE**
2 **HANDLING OR PROCESSING OF A CALL TO A CUSTOMER?**

3 **A:** No. The ILEC would always be responsible for carrying the call to the POI
4 on its own network and then paying the ALEC to transport and terminate the
5 call from that point. The use of a virtual NXX does not impact the ILEC's
6 financial and/or operational responsibilities such that it should be able to
7 avoid compensating the terminating LEC or collect additional compensation.
8 Indeed, the customer has a presence in the local calling area of the originating
9 caller; it is a virtual presence, not a physical one, but the way the call is
10 handled is the same from the originating LEC's perspective.

11 **Q: DO YOU THINK ACCESS CHARGES WOULD PROVIDE AN**
12 **APPROPRIATE MEANS OF COST RECOVERY FOR THIS**
13 **TRAFFIC?**

14 **A:** Not at all. Setting aside the fact that intercarrier compensation for local
15 traffic is governed by the reciprocal compensation rules of the FCC,⁹ and that
16 access charges are imposed on traffic other than local traffic, access charges
17 are not cost-based, and it has been federal and state policy in recent years to
18 drive access charges down to forward-looking economic cost. It makes no
19 sense to impose an out-dated compensation regime on an artificial category

⁹ FCC Rule 51.703(b) states, "A LEC may not assess charges on any other telecommunications carrier for local telecommunications traffic that originates on the LEC's network."

1 of traffic. At a time when regulators and the industry are looking to move to
2 more competitive market models by eliminating implicit subsidies in
3 telecommunications rates and intercarrier payments, it would seem contrary
4 to that movement to suddenly foist originating switched access charges on a
5 certain type of local traffic. The costs of originating this traffic do not differ
6 from any other local call, and thus there is absolutely no economic or policy
7 justification for imposing switched access charges on virtual NXX and FX
8 traffic.

9 **Q: ARE ILECs COMPENSATED FOR CARRYING THE TRAFFIC**
10 **ORIGINATED BY ITS CUSTOMERS TO THE ALEC POI?**

11 **A:** Yes. The FCC's *TSR Order* is directly on point. Although I quoted it in
12 Issue 14, it bears repeating:

13 According to Defendants, the *Local Competition Order's*
14 regulatory regime, which requires carriers to pay for facilities
15 used to deliver their originating traffic to their co-carriers,
16 represents a physical occupation of Defendants property
17 without just compensation, in violation of the Takings Clause
18 of the Constitution. We disagree. The Local Competition
19 Order requires a carrier to pay the cost of facilities used to
20 deliver traffic originated by that carrier to the network of its
21 co-carrier, who then terminates that traffic and bills the
22 originating carrier for termination compensation. In essence,
23 the originating carrier holds itself out as being capable of
24 transmitting a telephone call to any end user, and is
25 responsible for paying the cost of delivering the call to the
26 network of the co-carrier who will then terminate the call.
27 Under the Commission's regulations, the cost of the facilities
28 used to deliver this traffic is the originating carrier's
29 responsibility, because these facilities are part of the
30 originating carrier's network. The originating carrier recovers
31 the costs of these facilities through the rates it charges its own

1 customers for making calls. This regime represents “rules of
2 the road” under which all carriers operate, and which make it
3 possible for one company’s customer to call any other
4 customer even if that customer is served by another telephone
5 company.¹⁰ (emphasis added) (footnotes omitted)
6

7 **Q: THIS QUOTE SAYS THAT A LEC WOULD RECOVER ITS COSTS**
8 **THROUGH THE RATES IT CHARGES ITS OWN CUSTOMERS. DO**
9 **LOCAL RATES COVER THE COST OF CARRYING VIRTUAL NXX**
10 **AND FX TRAFFIC TO THE POI?**

11 **A:** The FCC has clearly stated that a LEC’s rates cover these costs. Let me point
12 out, however, that in my opinion this reference is not just to the basic local
13 rates. Local revenues include not only the basic local rate, but other revenues
14 from subscriber line charges, vertical services (i.e., call waiting, call
15 forwarding, anonymous call rejection and other star code features), universal
16 service surcharges, extended area service charges and contribution from
17 access charges for intraLATA and interLATA toll.

18 **Q: IF A LEC IS ESSENTIALLY INDIFFERENT FROM A COST**
19 **PERSPECTIVE, WHY DO YOU SUPPOSE THAT ILECs CONTEST**
20 **THIS ISSUE?**

21 **A:** I cannot speak for what motivates ILECs to end practices they have employed
22 for years. However, I believe it is likely that ILECs understand the
23 importance of this issue as it relates to new entrants’ such as Level 3’s ability

¹⁰ *TSR Wirelss, LLC v. US West Communications*, Memorandum Opinion and Order, ¶ 34 (June 21, 2000) (hereafter referred to as “TSR Order”).

1 to compete. Level 3 has been, and would likely continue to be, successful in
2 attracting new customers in Florida. This success is often at the expense of
3 ILECs, since many of the customers won by Level 3 were once served by
4 ILECs. Therefore, although the ILECs incur no additional costs through the
5 virtual NXX arrangement, I believe their concern has more to do with the
6 opportunity costs associated with losing a customer that Level 3 is able to
7 serve through virtual NXX. Total market dominance is a valuable asset,
8 although it is not necessarily in the public interest. It would make sense for
9 an ILEC to protect and preserve its monopoly by proposing language that
10 would make it uneconomic for Level 3 to chip away at its monopoly market
11 share.

12 **Q: IT APPEARS THAT YOU HAVE PLACED SPECIAL EMPHASIS ON**
13 **THE NEGATIVE IMPACTS ON RURAL AREAS OF THE STATE**
14 **ASSOCIATED WITH RESTRICTING THE ASSIGNMENT OF NXX**
15 **CODES. WHY WOULD RURAL AREAS BE PARTICULARLY**
16 **IMPACTED?**

17 **A:** One of the most significant advantages of incumbency is the ubiquitous
18 network of the ILEC. For the most part, this network was bought and paid
19 for by ILEC customers over time at little or no risk to the ILEC, and ILECs
20 had rates approved that would allow them to recover the costs of network
21 deployment. Providers such as Level 3 are in some cases, constrained from
22 offering services on a widespread basis because they do not have the

1 advantage of having the ratepayer financed ubiquitous network that ILECs
2 do. Therefore, market entry is often confined to the more densely populated
3 areas. Reciprocal compensation for virtual NXX service helps to equalize
4 these inherent inequities, at least for some customers, by allowing ALECs to
5 offer service state-wide, even to the more lightly populated areas of Florida.
6 Without this competitive equalization, ALECs would only be able to reach
7 such areas at some point in the future, if at all, thereby denying rural residents
8 and businesses the benefits of competition.

9 These comments should not be construed as ALECs asking for special
10 treatment because they are new competitors. Indeed, Level 3's position,
11 supported by the economic and technical arguments I have put forth above,
12 would be just as compelling if Level 3 were an ILEC. I only raise the
13 competitive ramification issue here to illustrate the negative impact of
14 restricting ALEC's assignment of virtual NXXs.

15 **Q: HOW WOULD THE EFFICIENT DEPLOYMENT OF NETWORK**
16 **FACILITIES IN FLORIDA BE IMPACTED IF THE COMMISSION**
17 **RESTRICTED THE ASSIGNMENT OF VIRTUAL NXXs?**

18 **A:** The overarching goal of the Telecommunications Act is to promote
19 competition in the local exchange market. It is recognized that such
20 competition would lead to, among other things, the efficient deployment of
21 network facilities. However, restricting number assignment, or basing
22 intercarrier compensation on physical customer location, may have the

1 impact of leading to inefficient network facilities deployment. Level 3 would
2 have to reconsider providing local services if other LECs are allowed a free
3 ride on Level 3's network for terminating calls. Even more egregious is the
4 additional cost of paying access charges on calls originated by ILEC's
5 customers as BellSouth proposed in its arbitration with Level 3. BellSouth's
6 proposal greatly reduces the incentive for ALECs to provide service in the
7 state.

8 **Q: WOULD RESTRICTING NXX ASSIGNMENT OR CHANGING**
9 **CURRENT INTERCARRIER COMPENSATION ULTIMATELY**
10 **VIOLATE THE TELECOMMUNICATIONS ACT?**

11 **A:** Yes. Not only would it lead to negative incentives for network facilities
12 deployment, the proposal would be in direct conflict with the 1996 Act, in
13 that the Act calls for consumers in all regions of the Nation, including those
14 in rural, insular, and high cost areas, to have access to telecommunications
15 and information services at just, reasonable, and comparable rates. (Sec.
16 254(b), 47 U.S.C. § 254(b)). Moreover, increasing the cost of Internet
17 access and other local calls provided through a virtual NXX, through the
18 introduction of access charges and the denial of intercarrier compensation,
19 would be inconsistent with the Act's mandate for Internet services. More
20 specifically, Section 230(b)(2) (47 U.S.C. 230) of the Act states "It is the
21 policy of the United States to preserve the vibrant and competitive free
22 market that presently exists for the Internet and other interactive computer

1 services, unfettered by Federal or state regulation.” To the extent ILEC
2 proposals to distinguish Internet usage and virtual NXX calls from other local
3 usage increases the cost and depresses demand for Internet usage, it is not in
4 the public interest.

5 **Q: WOULD BELLSOUTH’S PROPOSED COMPENSATION**
6 **ARRANGEMENT GIVE IT A COMPETITIVE ADVANTAGE IN THE**
7 **ISP MARKET?**

8 **A:** Yes. BellSouth competes with new entrants like Level 3. By precluding
9 Level 3 from receiving intercarrier compensation for these services, and then
10 imposing access charges on each call, BellSouth would create an economic
11 barrier to other carriers providing local services, and would give itself a
12 significant competitive advantage. This clear advantage for BellSouth would
13 not only stifle the ability of ALECs such as Level 3 to provide service in
14 Florida, but would essentially eliminate the prospect for competition in this
15 market.

16 **Q: CAN YOU PLEASE SUMMARIZE THE BENEFITS OF**
17 **PERMITTING VIRTUAL NXX NUMBER ASSIGNMENT AND**
18 **MAINTAINING EXISTING COMPENSATION ARRANGEMENTS**
19 **BASED ON THE COMPARISON OF NXX CODES?**

20 **A:** Yes. The pros are as follows, (1) it provides ALEC customers with a local
21 presence in additional local calling areas; (2) it allows business expansion in
22 the short-run while businesses build-out their facilities over time; (3) it

1 provides ISPs with a cost-effective way to provide local dial-up Internet
2 service to customers throughout the state without having to have offices in
3 every local calling area; (4) it provides consumers, especially those in lightly
4 populated areas, with efficient, low-cost dial-up access to the Internet; (5) it
5 treats these calls consistently with the way BellSouth treats its FX, Remote
6 Call Forwarding and Extended Reach services; and (6) it provides a
7 competitive alternative to the FX and FX-like services provided by ILECs.

8 **Q: WHAT ARE THE NEGATIVE CONSEQUENCES OF PROVIDING**
9 **VIRTUAL NXX SERVICE IN FLORIDA?**

10 **A:** I don't believe there are any negative consequences associated with providing
11 this service. These calls cost ILECs no more to deliver to Level 3 than other
12 local calls. Further, the use of virtual NXX codes is not improper, illegal or
13 in any way harmful to the public interest. As such, there is no justification
14 for denying LECs intercarrier compensation for these calls and there is no
15 justification for charging originating access charges. It is indisputable that
16 the terminating LEC is providing the originating LEC a service by
17 terminating such calls.

18 ILECs are complaining to the Commission because ALECs have been
19 successful in attracting customers with this service. ILECs can compete for
20 these customers as well. The Commission should not allow ILECs to use the
21 regulatory process to impede the development of competition in the local
22 market.

1 **Q: ARE THERE NEGATIVE CONSEQUENCES OF CHANGING**
2 **COMPENSATION ARRANGEMENTS FOR THESE CALLS?**

3 **A:** Yes. Denying intercarrier compensation and imposing access charges would
4 make it economically impractical for ALECs to offer this service. As such,
5 if Level 3 and the ISP continued to serve areas currently served through
6 virtual NXX arrangements, the cost of Internet access would increase for
7 consumers. ISPs may likely decide to use BellSouth's services rather than
8 Level 3's, thereby eliminating competition in this area of the local market.
9 These results, namely increased costs for consumers and eliminating
10 competitive alternatives, are not in the public interest.

11 **Q: PLEASE SUMMARIZE YOUR POSITION ON ISSUE 15.**

12 **A:** ILECs should be required to compensate ALECs for all calls to numbers with
13 NXX codes associated with the same local calling area. Because these local
14 calls are routed to the interconnection point for local traffic and handed off
15 just as any other local call, such calls should continue to be rated and routed
16 as local. Allowing ILECs to limit the compensation paid to ALECs to calls
17 terminated to a customer with a physical presence in the same local calling
18 area would allow ILECs to evade their intercarrier compensation obligations,
19 inhibit the provision of affordable dial-up Internet services in Florida, and
20 give ILECs an anti-competitive advantage over ALECs in the ISP market.

21 There is no economic justification for ILECs to treat calls differently
22 based on the physical location of an ALEC's customers. Because the

1 physical location of the customer is irrelevant to the costs incurred by the
2 ILEC, it would not be justified in assessing originating charges for calls
3 terminated to certain customers with a virtual local presence.

4 If ALECs are prohibited from receiving intercarrier compensation for
5 virtual NXX calls to prospective and current customers, ISPs would either
6 have to establish multiple POPs in order to allow their subscribers to access
7 the Internet via a local number, or to contract with the ILEC and subscribe to
8 the ILECs ISP products. Because each POP requires a significant investment
9 in hardware, non-recurring charges and leased line connections, and because
10 provisioning services in new areas may cause significant delays in ISP
11 service offerings, the ability to offer ISP customers local dial-up and single
12 POP capability is a critical competitive consideration. More importantly,
13 forcing ISPs and ALECs to deploy these facilities – when such deployment
14 is not at all necessary – would encourage inefficiency and a wasteful
15 allocation of an ALEC’s limited resources. Only an ILEC, with its
16 ubiquitous network of central offices developed with the support of decades
17 of subsidies, could likely offer ISPs the kind of presence required in each
18 local calling area to avoid the demonstrated need for virtual NXX services.

19 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

20 **A:** Yes, it does.

**Qualifications of Timothy J Gates
TJG Schedule 1**

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.

- A. Prior to my current position with QSI Consulting, I was a Senior Executive Staff Member in MCI WorldCom's ("MCIW") National Public Policy Group. In this position, I was responsible for providing public policy expertise in key cases across the country and for managing external consultants for MCIW's state public policy organization. In certain situations, I also provided testimony in regulatory and legislative proceedings.

Prior to my position with MCIW in Denver, I was an Executive Staff Member II at MCI Telecommunications ("MCI") World Headquarters in Washington D.C.. In that position I managed economists, external consultants, and provided training and policy support for regional regulatory staffs. Prior to that position I was a Senior Manager in MCI's Regulatory Analysis Department, which provided support in state regulatory and legislative matters to the various operating regions of MCI. In that position I was given responsibility for assigning resources from our group for state regulatory proceedings throughout the United States. At the same time, I prepared and presented testimony on various telecommunications issues before state regulatory and legislative bodies. I was also responsible for managing federal tariff reviews and presenting MCI's position on regulatory matters to the Federal Communications Commission. Prior to my assignment in the Regulatory Analysis Department, I was the Senior Manager of Economic Analysis and Regulatory Policy in the Legal, Regulatory and Legislative Affairs Department for the Midwest Division of MCI. In that position I developed and promoted regulatory policy within what was then a five-state operating division of MCI. I promoted MCI policy positions through negotiations, testimony and participation in industry forums.

Prior to my positions in the Midwest, I was employed as Manager of Tariffs and Economic Analysis with MCI's West Division in Denver, Colorado. In that position I was responsible for managing the development and application of MCI's tariffs in the fifteen MCI West states. I was also responsible for managing regulatory dockets and for providing economic and financial expertise in the areas of discovery and issue analysis. Prior to joining the West Division, I was a Financial Analyst III and then a Senior Staff Specialist with MCI's Southwest Division in Austin, Texas. In those positions, I was responsible for the management of regulatory dockets and liaison with outside counsel. I was also responsible for discovery, issue analysis, and for the development of working relationships with consumer and business groups. Just prior to joining MCI, I was employed by the Texas Public Utility Commission as a Telephone Rate Analyst in the Engineering Division responsible for examining telecommunications cost studies and rate structures.

I was employed as an Economic Analyst with the Public Utility Commissioner of Oregon from July, 1983 to December, 1984. In that position, I examined and analyzed cost studies and rate structures in telecommunications rate cases and investigations. I also testified in rate cases and in private and public hearings regarding telecommunications services. Before joining the Oregon Commissioner's Staff, I was employed by the Bonneville Power Administration as a Financial Analyst, where I made total regional electric use forecasts and automated the Average System Cost Review Methodology. Prior to joining the Bonneville Power Administration, I held numerous positions of increasing responsibility in areas of forest management for both public and private forestry concerns.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL CREDENTIALS.

A. I received a Bachelor of Science degree from Oregon State University and a Master of Management degree in Finance and Quantitative Methods from Willamette University's Atkinson Graduate School of Management. I have also attended numerous courses and seminars specific to the telecommunications industry, including the NARUC Annual and Advanced Regulatory Studies Program.

Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?

A. Effective April 1, 2000, I joined QSI Consulting as Senior Vice President and Partner. In this position I provide analysis and testimony for QSI's many clients. The deliverables include written and oral testimony, analysis of rates, cost studies and policy positions, position papers, presentations on industry issues and training.

Q. PLEASE IDENTIFY THE JURISDICTIONS IN WHICH YOU HAVE TESTIFIED.

A. I have filed testimony or comments on telecommunications issues in Alabama, Arizona, California, Colorado, Delaware, Georgia, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Washington, West Virginia, Wisconsin and Wyoming. I have also filed comments with the FCC and made presentations to the Department of Justice.

I have testified or presented formal comments in the following proceedings and forums:

Alabama:

October 18, 2000; Docket No. 27867; Adelphia Business Solutions Arbitration with BellSouth Telecommunications; Direct Testimony on Behalf of Adelphia.

January 31, 2001; Docket No. 27867; Adelphia Business Solutions Arbitration with BellSouth Telecommunications; Rebuttal Testimony on Behalf of Adelphia.

Arizona:

September 23, 1987; Arizona Corporation Commission Workshop on Special Access Services; Comments on Behalf of MCI.

August 21, 1996; Affidavit in Opposition to USWC Motion for Partial Summary Judgment; No. CV 95-14284, No. CV-96-03355, No. CV-96-03356, (consolidated); On Behalf of MCI.

October 24, 1997; Comments to the Universal Service Fund Working Group; Docket No. R-0000-97-137; On Behalf of MCI.

May 8, 1998; Comments to the Universal Service Fund Working Group; Docket No. R-0000-97-137; On Behalf of MCI.

November 9, 1998; Docket No. T-03175A-97-0251; Application of MCI Metro Access Transmission Services, Inc. to Expand Its CCN to Provide IntraLATA Services and to Determine that Its IntraLATA Services are Competitive; Direct Testimony on Behalf of MCI WorldCom, Inc.

September 20, 1999; Docket No. T-00000B-97-238; USWC OSS Workshop; Comments on Behalf of MCI WorldCom, Inc.

January 8, 2001; Docket Nos. T-03654A-00-0882, T-01051B-00-0882; Petition of Level 3 Communications, LLC, for Arbitration with Qwest Corporation; Direct Testimony on Behalf of Level 3.

California:

August 30, 1996; Application No. 96-08-068; MCI Petition for Arbitration with Pacific Bell; Direct Testimony on Behalf of MCI.

September 10, 1996; Application No. 96-09-012; MCI Petition for Arbitration with GTE California, Inc.; Direct Testimony on Behalf of MCI.

June 5, 2000; Petition of Level 3 Communications for Arbitration of an Interconnection Agreement with Pacific Bell Telephone Company; Direct Testimony on Behalf of Level (3) Communications, LLC.

Colorado:

December 1, 1986; Investigation and Suspension Docket No. 1720; Rate Case of Mountain States Telephone and Telegraph Company; Direct Testimony on Behalf of MCI.

October 26, 1988; Investigation and Suspension Docket No. 1766; Mountain States Telephone and Telegraph Company's Local Calling Access Plan; Direct Testimony of Behalf of MCI.

September 6, 1996; MCImetro Petition for Arbitration wit U S WEST Communications, Inc.; Docket No. 96A-366T (consolidated); Direct Testimony on Behalf of MCI.

September 17, 1996; MCImetro Petition for Arbitration wit U S WEST Communications, Inc.; Docket No. 96A-366T (consolidated); Rebuttal Testimony on Behalf of MCI.

September 26, 1996; Application of U S WEST Communications, Inc. To Modify Its Rate and Service Regulation Plan; Docket No. Docket No. 90A-665T (consolidated); Direct Testimony on Behalf of MCI.

October 7, 1996; Application of U S WEST Communications, Inc. To Modify Its Rate and Service Regulation Plan; Docket No. Docket No. 90A-665T (consolidated); Rebuttal Testimony on Behalf of MCI.

July 18, 1997; Complaint of MCI to Reduce USWC Access Charges to Economic Cost; Docket Nos. 97K-237T, 97F-175T (consolidated) and 97F-212T (consolidated); Direct Testimony on Behalf of MCI.

August 15, 1997; Complaint of MCI to Reduce USWC Access Charges to Economic Cost; Docket Nos. 97K-237T, 97F-175T (consolidated) and 97F-212T (consolidated); Rebuttal Testimony on Behalf of MCI.

March 10, 1998; Application of WorldCom, Inc. for Approval to Transfer Control of MCI to WorldCom, Inc.; Docket No. 97A-494T; Supplemental Direct Testimony on Behalf of MCI.

March 26, 1998; Application of WorldCom, Inc. for Approval to Transfer Control of MCI to WorldCom, Inc.; Docket No. 97A-494T; Rebuttal Testimony on Behalf of MCI.

May 8, 1998; Application of WorldCom, Inc. for Approval to Transfer Control of MCI to WorldCom, Inc.; Docket No. 97A-494T; Affidavit in Response to GTE.

November 4, 1998; Proposed Amendments to the Rules Prescribing IntraLATA Equal Access; Docket No. 98R-426T; Comments to the Commission on Behalf of MCI WorldCom and AT&T Communications of the Mountain States, Inc.

May 13, 1999; Proposed Amendments to the Rules on Local Calling Area Standards; Docket No. 99R-128T; Oral Comments before the Commissioners on Behalf of MCIW.

January 4, 2001; Petition of Level 3 Communications, LLC for Arbitration with Qwest Corporation; Docket No. 00B-601T; Direct Testimony on Behalf of Level 3.

January 16, 2001; Petition of Level 3 Communications, LLC for Arbitration with Qwest Corporation; Docket No. 00B-601T; Rebuttal Testimony on Behalf of Level 3.

January 29, 2001; Qwest Corporation, Inc., Plaintiff, v. IP Telephony, Inc., Defendant. District Court, City and County of Denver, State of Colorado; Case No. 99CV8252; Direct Testimony on Behalf of IP Telephony.

Delaware:

February 12, 1993; Diamond State Telephone Company's Application for a Rate Increase; Docket No. 92-47; Direct Testimony on Behalf of MCI.

Florida:

July 1, 1994; Investigation into IntraLATA Presubscription; Docket No. 930330-TP; Direct Testimony on Behalf of MCI.

October 5, 2000; Petition of Level 3 for Arbitration with BellSouth; Docket No. 000907-TP; Direct Testimony On Behalf of Level 3.

October 13, 2000; Petition of BellSouth for Arbitration with US LEC of Florida Inc.; Docket No. 000084-TP; Direct Testimony On Behalf of US LEC.

October 27, 2000; Petition of BellSouth for Arbitration with US LEC of Florida Inc.; Docket No. 000084-TP; Rebuttal Testimony On Behalf of US LEC.

November 1, 2000; Petition of Level 3 for Arbitration with BellSouth; Docket No. 000907-TP; Rebuttal Testimony On Behalf of Level 3.

Georgia:

December 6, 2000; Docket No. 12645-U; Petition of Level 3 for Arbitration with BellSouth; Direct Testimony on Behalf of Level 3.

December 20, 2000; Docket No. 12645-U; Petition of Level 3 for Arbitration with BellSouth; Rebuttal Testimony on Behalf of Level 3.

Idaho:

November 20, 1987; Case No. U_1150_1; Petition of MCI for a Certificate of Public Convenience and Necessity; Direct Testimony on Behalf of MCI.

March 17, 1988; Case No. U_1500_177; Investigation of the Universal Local Access Service Tariff; Direct Testimony on Behalf of MCI.

April 26, 1988; Case No. U_1500_177; Investigation of the Universal Local Access Service Tariff; Rebuttal Testimony on Behalf of MCI.

Illinois:

January 16, 1989; Docket No. 83_0142; Appropriate Methodology for Intrastate Access Charges; Rebuttal Testimony Regarding Toll Access Denial on Behalf of MCI.

February 16, 1989; Docket No. 83_0142; Appropriate Methodology for Intrastate Access Charges; Testimony Regarding ICTC's Access Charge Proposal on Behalf of MCI.

May 3, 1989; Docket No. 89_0033; Illinois Bell Telephone Company's Rate Restructuring; Direct Testimony on Behalf of MCI.

July 14, 1989; Docket No. 89-0033; Illinois Bell Telephone Company's Rate Restructuring; Rebuttal Testimony on Behalf of MCI.

November 22, 1989; Docket No. 88-0091; IntraMSA Dialing Arrangements; Direct Testimony on Behalf of MCI.

February 9, 1990; Docket No. 88-0091; IntraMSA Dialing Arrangements;
Rebuttal Testimony on Behalf of MCI.

November 19, 1990; Docket No. 83-0142; Industry presentation to the
Commission re Docket No. 83-0142 and issues for next generic access docket;
Comments re the Imputation Trial and Unitary Pricing/Building Blocks on Behalf
of MCI.

July 29, 1991; Case No. 90-0425; Presentation to the Industry Regarding MCI's
Position on Imputation.

November 18, 1993; Docket No. 93-0044; Complaint of MCI and LDDS re Illinois
Bell Additional Aggregated Discount and Growth Incentive Discount Services;
Direct Testimony on Behalf of MCI and LDDS.

January 10, 1994; Docket No. 93-0044; Complaint of MCI and LDDS re Illinois
Bell Additional Aggregated Discount and Growth Incentive Discount Services;
Rebuttal Testimony on Behalf of MCI and LDDS.

May 30, 2000; Docket No. 00-0332; Level 3 Petition for Arbitration to Establish
and Interconnection Agreement with Illinois Bell Telephone Company; Direct
Testimony on Behalf of Level (3) Communications, LLC.

July 11, 2000; Docket No. 00-0332; Level 3 Petition for Arbitration to Establish
and Interconnection Agreement with Illinois Bell Telephone Company;
Supplemental Verified Statement on Behalf of Level (3) Communications, LLC.

Indiana:

October 28, 1988; Cause No. 38561; Deregulation of Customer Specific
Offerings of Indiana Telephone Companies; Direct Testimony on Behalf of MCI.

December 16, 1988; Cause No. 38561; Deregulation of Customer Specific
Offerings of Indiana Telephone Companies; Direct Testimony on Behalf of MCI
Regarding GTE.

April 14, 1989; Cause No. 38561; Deregulation of Customer Specific Offerings of
Indiana Telephone Companies; Direct Testimony on Behalf of MCI Regarding
Staff Reports.

June 21, 1989; Cause No. 37905; Intrastate Access Tariffs -- Parity with Federal
Rates; Direct Testimony on Behalf of MCI.

June 29, 1989; Cause No. 38560; Reseller Complaint Regarding 1+ IntraLATA Calling; Direct Testimony on Behalf of MCI.

October 25, 1990; Cause No. 39032; MCI Request for IntraLATA Authority; Direct Testimony on Behalf of MCI.

April 4, 1991; Rebuttal Testimony in Cause No. 39032 re MCI's Request for IntraLATA Authority on Behalf of MCI.

Iowa:

September 1, 1988; Docket No. RPU 88_6; IntraLATA Competition in Iowa; Direct Testimony on Behalf of MCI.

September 20, 1988; Docket No. RPU_88_1; Regarding the Access Charges of Northwestern Bell Telephone Company; Direct Testimony on Behalf of MCI.

September 25, 1991; Docket No. RPU-91-4; Investigation of the Earnings of U S WEST Communications, Inc.; Direct Testimony on Behalf of MCI.

October 3, 1991; Docket No. NOI-90-1; Presentation on Imputation of Access Charges and the Other Costs of Providing Toll Services; On Behalf of MCI.

November 5, 1991; Docket No. RPU-91-4; Investigation of the Earnings of U S WEST Communications, Inc.; Rebuttal Testimony on Behalf of MCI.

December 23, 1991; Docket No. RPU-91-4; Investigation of the Earnings of US WEST Communications; Inc.; Supplemental Testimony on Behalf of MCI.

January 10, 1992; Docket No. RPU-91-4; Investigation of the Earnings of U S WEST Communications, Inc.; Rebuttal Testimony on Behalf of MCI.

January 20, 1992; Docket No. RPU-91-4; Investigation of the Earnings of U S WEST Communications, Inc.; Surrebuttal Testimony on Behalf of MCI.

June 8, 1999; Docket NOI-99-1; Universal Service Workshop; Participated on numerous panels during two day workshop; Comments on Behalf of MCIW.

October 27, 1999; Docket NOI-99-1; Universal Service Workshop; Responded to questions posed by the Staff of the Board during one day workshop; Comments on Behalf of MCIW and AT&T.

Kansas:

June 10, 1992; Docket No. 181,097-U; General Investigation into IntraLATA Competition within the State of Kansas; Direct Testimony on Behalf of MCI.

September 16, 1992; Docket No. 181,097-U; General Investigation into IntraLATA Competition within the State of Kansas; Rebuttal Testimony on Behalf of MCI.

Kentucky:

May 20, 1993; Administrative Case No. 323, Phase I; An Inquiry into IntraLATA Toll Competition, an Appropriate Compensation Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality; Direct Testimony on Behalf of MCI.

December 21, 2000; Case No. 2000-404; Petition of Level 3 Communications, LLC for Arbitration with BellSouth; Direct Testimony on Behalf of Level 3.

January 12, 2001; Case No. 2000-477; Petition of Adelphia Business Solutions for Arbitration with BellSouth; Direct Testimony on Behalf of Adelphia.

Louisiana:

December 28, 2000; Docket No. U-25301; Petition of Adelphia Business Solutions for Arbitration with BellSouth; Direct Testimony on Behalf of Adelphia.

January 5, 2001; Docket No. U-25301; Petition of Adelphia Business Solutions for Arbitration with BellSouth; Rebuttal Testimony on Behalf of Adelphia.

Maryland:

November 12, 1993; Case No. 8585; Competitive Safeguards Required re C&P's Centrex Extend Service; Direct Testimony on Behalf of MCI.

January 14, 1994; Case No. 8585; Competitive Safeguards Required re C&P's Centrex Extend Service; Rebuttal Testimony on Behalf of MCI.

May 19, 1994; Case No. 8585; Re Bell Atlantic Maryland, Inc.'s Transmittal No. 878; Testimony on Behalf of MCI.

June 2, 1994; Case No. 8585; Competitive Safeguards Required re C&P's Centrex Extend Service; Rebuttal Testimony on Behalf of MCI.

Massachusetts:

April 22, 1993; D.P.U. 93-45; New England Telephone Implementation of Interchangeable NPAs; Direct Testimony on Behalf of MCI.

May 10, 1993; D.P.U. 93-45; New England Telephone Implementation of Interchangeable NPAs; Rebuttal Testimony on Behalf of MCI.

Michigan:

September 29, 1988; Case Nos. U_9004, U_9006, U_9007 (Consolidated); Industry Framework for IntraLATA Toll Competition; Direct Testimony on Behalf of MCI.

November 30, 1988; Case Nos. U_9004, U_9006, U_9007 (Consolidated); Industry Framework for IntraLATA Toll Competition; Rebuttal Testimony on Behalf of MCI.

June 30, 1989; Case No. U-8987; Michigan Bell Telephone Company Incentive Regulation Plan; Direct Testimony on Behalf of MCI.

July 31, 1992; Case No. U-10138; MCI v Michigan Bell and GTE re IntraLATA Equal Access; Direct Testimony on Behalf of MCI.

November 17, 1992; Case No. U-10138; MCI v Michigan Bell and GTE re IntraLATA Equal Access; Rebuttal Testimony on Behalf of MCI.

July 22, 1993; Case No. U-10138 (Reopener); MCI v Michigan Bell and GTE re IntraLATA Equal Access; Direct Testimony on Behalf of MCI.

February 16, 2000; Case No. U-12321; AT&T Communications of Michigan, Inc. Complainant v. GTE North Inc. and Contel of the South, Inc., d/b/a GTE Systems of Michigan; Direct Testimony on Behalf of AT&T. (Adopted Testimony of Michael Starkey)

May 11, 2000; Case No. U-12321; AT&T Communications of Michigan, Inc. Complainant v. GTE North Inc. and Contel of the South, Inc., d/b/a GTE Systems of Michigan; Rebuttal Testimony on Behalf of AT&T.

June 8, 2000; Case No. U-12460; Petition of Level 3 Communications for Arbitration to Establish an Interconnection Agreement with Ameritech Michigan; Direct Testimony on Behalf of Level (3) Communications, LLC.

September 27, 2000; Case No. U-12528; In the Matter of the Implementation of the Local Calling Area Provisions of the MTA; Rebuttal Testimony on Behalf of Focal Communications, Inc..

Minnesota:

January 30, 1987; Docket No. P_421/CI_86_88; Summary Investigation into Alternative Methods for Recovery of Non-traffic Sensitive Costs; Comments to the Commission on Behalf of MCI.

September 7, 1993; Docket No. P-999/CI-85-582, P-999/CI-87-697 and P-999/CI-87-695, In the Matter of an Investigation into IntraLATA Equal Access and Presubscription; Comments of MCI on the Report of the Equal Access and Presubscription Study Committee on Behalf of MCI.

September 20, 1996; Petition for Arbitration with U S WEST Communications, Inc.; Docket No. P-442, 421/M-96-855; P-5321, 421/M-96-909; and P-3167, 421/M-96-729 (consolidated); Direct Testimony on Behalf of MCI.

September 30, 1996; Petition for Arbitration with U S WEST Communications, Inc.; Docket No. P-442, 421/M-96-855; P-5321, 421/M-96-909; and P-3167, 421/M-96-729 (consolidated); Rebuttal Testimony on Behalf of MCI.

September 14-16, 1999; USWC OSS Workshop; Comments on Behalf of MCI WorldCom, Inc. re OSS Issues.

September 28, 1999; Docket No. P-999/R-97-609; Universal Service Group; Comments on Behalf of MCI WorldCom, Inc. and AT&T Communications.

Mississippi:

February 2, 2001; Docket No. 2000-AD-846; Petition of Adelphia Business Solutions for Arbitration with BellSouth Telecommunications; Direct Testimony on Behalf of Adelphia.

February 16, 2001; Docket No. 2000-AD-846; Petition of Adelphia Business Solutions for Arbitration with BellSouth Telecommunications; Rebuttal Testimony on Behalf of Adelphia.

Montana:

May 1, 1987; Docket No. 86.12.67; Rate Case of AT&T Communications of the Mountain States, Inc.; Direct Testimony on Behalf of MCI.

September 12, 1988; Docket No. 88.1.2; Rate Case of Mountain States Telephone and Telegraph Company; Direct Testimony on Behalf of MCI.

May 12, 1998; Docket No. D97.10.191; Application of WorldCom, Inc. for Approval to Transfer Control of MCI Communications Corporation to WorldCom, Inc.; Rebuttal Testimony on Behalf of MCI.

June 1, 1998; Docket No. D97.10.191; Application of WorldCom, Inc. for Approval to Transfer Control of MCI Communications Corporation to WorldCom, Inc.; Amended Rebuttal Testimony on Behalf of MCI.

Nebraska:

November 6, 1986; Application No. C_627; Nebraska Telephone Association Access Charge Proceeding; Direct Testimony on Behalf of MCI.

March 31, 1988; Application No. C_749; Application of United Telephone Long Distance Company of the Midwest for a Certificate of Public Convenience and Necessity; Direct Testimony on Behalf of MCI.

New Hampshire:

April 30, 1993; Docket DE 93-003; Investigation into New England Telephone's Proposal to Implement Seven Digit Dialing for Intrastate Toll Calls; Direct Testimony on Behalf of MCI.

January 12, 2001; Docket No. DT 00-223; Investigation Into Whether Certain Calls are Local; Direct Testimony on Behalf of BayRing Communications.

New Jersey:

September 15, 1993; Docket No. TX93060259; Notice of Pre-Proposal re IntraLATA Competition; Comments in Response to the Board of Regulatory Commissioners on Behalf of MCI.

October 1, 1993; Docket No. TX93060259; Notice of Pre-Proposal re IntraLATA Competition; Reply Comments in Response to the Board of Regulatory Commissioners on Behalf of MCI.

April 7, 1994; Docket Nos. TX90050349, TE92111047, and TE93060211; Petitions of MCI, Sprint and AT&T for Authorization of IntraLATA Competition and Elimination of Compensation; Direct Testimony on Behalf of MCI.

April 25, 1994; Docket Nos. TX90050349, TE92111047, and TE93060211; Petitions of MCI, Sprint and AT&T for Authorization of IntraLATA Competition and Elimination of Compensation; Rebuttal Testimony on Behalf of MCI.

New Mexico:

September 28, 1987; Docket No. 87_61_TC; Application of MCI for a Certificate of Public Convenience and Necessity; Direct Testimony on Behalf of MCI.

August 30, 1996; Docket No. 95-572-TC; Petition of AT&T for IntraLATA Equal Access; Rebuttal Testimony on Behalf of MCI.

New York:

April 30, 1992; Case 28425; Comments of MCI Telecommunications Corporation on IntraLATA Presubscription.

June 8, 1992; Case 28425; Reply Comments of MCI Telecommunications Corporation on IntraLATA Presubscription.

North Carolina:

August 4, 2000; Docket No. P779 SUB4; Petition of Level (3) Communications, LLC for Arbitration with Bell South; Direct Testimony on Behalf of Level (3) Communications, LLC.

September 18, 2000; Docket No. P779 SUB4; Petition of Level (3) Communications, LLC for Arbitration with Bell South; Rebuttal Testimony on Behalf of Level (3) Communications, LLC.

October 18, 2000; Docket No. P-886, SUB 1; Petition of Adelpia Business Solutions or North Carolina, LP for Arbitration with BellSouth; Direct Testimony on Behalf of Adelpia.

December 8, 2000; Docket No. P-886, SUB 1; Petition of Adelpia Business Solutions or North Carolina, LP for Arbitration with BellSouth; Rebuttal Testimony on Behalf of Adelpia.

North Dakota:

June 24, 1991; Case No. PU-2320-90-183 (Implementation of SB 2320 -- Subsidy Investigation); Direct Testimony on Behalf of MCI.

October 24, 1991; Case No. PU-2320-90-183 (Implementation of SB 2320 -- Subsidy Investigation); Rebuttal Testimony on Behalf of MCI.

Oklahoma:

April 2, 1992; Cause No. 28713; Application of MCI for Additional CCN Authority to Provide IntraLATA Services; Direct Testimony on Behalf of MCI.

June 22, 1992; Cause No. 28713; Application of MCI for Additional CCN Authority to Provide IntraLATA Services; Rebuttal Testimony on Behalf of MCI.

Oregon:

October 27, 1983; Docket No. UT 9; Pacific Northwest Bell Telephone Company Business Measured Service; Direct Testimony on Behalf of the Public Utility Commissioner of Oregon.

April 23, 1984; Docket No. UT 17; Pacific Northwest Bell Telephone Company Business Measured Service; Direct Testimony on Behalf of the Public Utility Commissioner of Oregon.

May 7, 1984; Docket No. UT 17; Pacific Northwest Bell Telephone Company Business Measured Service; Rebuttal Testimony on Behalf of the Public Utility Commissioner of Oregon.

October 31, 1986; Docket No. AR 154; Administrative Rules Relating to the Universal Service Protection Plan; Rebuttal Testimony on Behalf of MCI.

September 6, 1996; Docket ARB3/ARB6; Petition of MCI for Arbitration with U S WEST Communications, Inc.; Direct Testimony on Behalf of MCI.

October 11, 1996; Docket No. ARB 9; Interconnection Contract Negotiations Between MCImetro and GTE; Direct Testimony on Behalf of MCI.

November 5, 1996; Docket No. ARB 9; Interconnection Contract Negotiations Between MCImetro and GTE; Rebuttal Testimony on Behalf of MCI.

Pennsylvania:

December 9, 1994; Docket No. I-00940034; Investigation Into IntraLATA Interconnection Arrangements (Presubscription); Direct Testimony on Behalf of MCI.

Rhode Island:

April 30, 1993; Docket No. 2089; Dialing Pattern Proposal Made by the New England Telephone Company; Direct Testimony on Behalf of MCI.

South Carolina:

Oct. ??, 2000; Docket No. 2000-0446-C; US LEC of South Carolina Inc. Arbitration with BellSouth Telecommunications; Direct Testimony on Behalf of US LEC.

November 22, 2000; Docket No. 2000-516-C; Adelphia Business Solutions of South Carolina, Inc. Arbitration with BellSouth Telecommunications; Direct Testimony on Behalf of Adelphia.

December 14, 2000; Docket No. 2000-516-C; Adelphia Business Solutions of South Carolina, Inc. Arbitration with BellSouth Telecommunications; Rebuttal Testimony on Behalf of Adelphia.

South Dakota:

November 11, 1987; Docket No. F_3652_12; Application of Northwestern Bell Telephone Company to Introduce Its Contract Toll Plan; Direct Testimony on Behalf of MCI.

Tennessee:

January 31, 2001; Petition of Adelphia Business Solutions for Arbitration with BellSouth Telecommunications; Direct Testimony on Behalf of Adelphia.

February 7, 2001; Petition of Adelphia Business Solutions for Arbitration with BellSouth Telecommunications; Rebuttal Testimony on Behalf of Adelphia.

Texas:

June 5, 2000; PUC Docket No. 22441; Petition of Level 3 for Arbitration with Southwestern Bell Telephone Company; Direct Testimony on Behalf of Level (3) Communications, LLC.

June 12, 2000; PUC Docket No. 22441; Petition of Level 3 for Arbitration with Southwestern Bell Telephone Company; Rebuttal Testimony on Behalf of Level (3) Communications, LLC.

Utah:

November 16, 1987; Case No. 87_049_05; Petition of the Mountain State Telephone and Telegraph Company for Exemption from Regulation of Various Transport Services; Direct Testimony on Behalf of MCI.

July 7, 1988; Case No. 83_999_11; Investigation of Access Charges for Intrastate InterLATA and IntraLATA Telephone Services; Direct Testimony on Behalf of MCI.

November 8, 1996; Docket No. 96-095-01; MCImetro Petition for Arbitration with USWC Pursuant to 47 U.S.C. Section 252; Direct Testimony on Behalf of MCI.

November 22, 1996; Docket No. 96-095-01; MCImetro Petition for Arbitration with USWC Pursuant to 47 U.S.C. Section 252; Rebuttal Testimony on Behalf of MCI.

September 3, 1997; Docket No. 97-049-08; USWC Rate Case; Surrebuttal Testimony on Behalf of MCI.

September 29, 1997; Docket No. 97-049-08; USWC Rate Case; Revised Direct Testimony on Behalf of MCI.

February 2, 2001; Docket No. 00-999-05; In the Matter of the Investigation of Inter-Carrier Compensation for Exchanged ESP Traffic; Direct Testimony on Behalf of Level 3 Communications, LLP.

Washington:

September 27, 1988; Docket No. U_88_2052_P; Petition of Pacific Northwest Bell Telephone Company for Classification of Services as Competitive; Direct Testimony on Behalf of MCI.

October 11, 1996; Docket No. UT-960338; Petition of MCImetro for Arbitration with GTE Northwest, Inc., Pursuant to 47 U.S.C.252; Direct Testimony on Behalf of MCI.

November 20, 1996; Docket No. UT-960338; Petition of MCImetro for Arbitration with GTE Northwest, Inc., Pursuant to 47 U.S.C.252; Rebuttal Testimony on Behalf of MCI.

January 13, 1998; Docket No. UT-970325; Rulemaking Workshop re Access Charge Reform and the Cost of Universal Service; Comments and Presentation on Behalf of MCI.

West Virginia:

October 11, 1994; Case No. 94-0725-T-PC; Bell Atlantic - West Virginia Incentive Regulation Plan; Direct Testimony on Behalf of MCI.

June 18, 1998; Case No. 97-1338-T-PC; Petition of WorldCom, Inc. for Approval to Transfer Control of MCI Communications Corporation to WorldCom, Inc.; Rebuttal Testimony on Behalf of MCI.

Wisconsin:

October 31, 1988; Docket No. 05_TR_102; Investigation of Intrastate Access Costs, Settlements, and IntraLATA Access Charges; Direct Testimony on Behalf of MCI.

November 14, 1988; Docket No. 05_TR_102; Investigation of Intrastate Access Costs, Settlements, and IntraLATA Access Charges; Rebuttal Testimony on Behalf of MCI.

December 12, 1988; Docket No. 05_TI_116; In the Matter of Provision of Operator Services; Rebuttal Testimony on Behalf of MCI.

March 6, 1989; Docket No. 6720_TI_102; Review of Financial Data Filed by Wisconsin Bell, Inc.; Direct Testimony on Behalf of MCI.

May 1, 1989; Docket No. 05_NC_100; Amendment of MCI's CCN for Authority to Provide IntraLATA Dedicated Access Services; Direct Testimony on Behalf of MCI.

May 11, 1989; Docket No. 6720_TR_103; Investigation Into the Financial Data and Regulation of Wisconsin Bell, Inc.; Rebuttal Testimony on Behalf of MCI.

July 5, 1989; Docket No. 05-TI-112; Disconnection of Local and Toll Services for Nonpayment -- Part A; Direct Testimony on Behalf of MCI.

July 5, 1989; Docket No. 05-TI-112; Examination of Industry Wide Billing and Collection Practices -- Part B; Direct Testimony on Behalf of MCI.

July 12, 1989; Docket No. 05-TI-112; Rebuttal Testimony in Parts A and B on Behalf of MCI.

October 9, 1989; Docket No. 6720-TI-102; Review of the WBI Rate Moratorium; Direct Testimony on Behalf of MCI.

November 17, 1989; Docket No. 6720-TI-102; Review of the WBI Rate Moratorium; Rebuttal Testimony on Behalf of MCI.

December 1, 1989; Docket No. 05-TR-102; Investigation of Intrastate Access Costs, Settlements, and IntraLATA Access Charges; Direct Testimony on Behalf of MCI.

April 16, 1990; Docket No. 6720-TR-104; Wisconsin Bell Rate Case; Direct Testimony on Behalf of MCI.

October 1, 1990; Docket No. 2180-TR-102; GTE Rate Case and Request for Alternative Regulatory Plan; Direct Testimony on Behalf of MCI.

October 15, 1990; Docket No. 2180-TR-102; GTE Rate Case and Request for Alternative Regulatory Plan; Rebuttal Testimony on Behalf of MCI.

November 15, 1990; Docket No. 05-TR-103; Investigation of Intrastate Access Costs and Intrastate Access Charges; Direct Testimony on Behalf of MCI.

April 3, 1992; Docket No. 05-NC-102; Petition of MCI for IntraLATA 10XXX 1+ Authority; Direct Testimony on Behalf of MCI.

Wyoming:

June 17, 1987; Docket No. 9746 Sub 1; Application of MCI for a Certificate of Public Convenience and Necessity; Direct Testimony on Behalf of MCI.

May 19, 1997; Docket No. 72000-TC-97-99; In the Matter of Compliance with Federal Regulations of Payphones; Oral Testimony on Behalf of MCI.

**Comments Submitted to the Federal Communications Commission and/or
the Department of Justice**

March 6, 1991; Ameritech Transmittal No. 518; Petition to Suspend and Investigate on Behalf of MCI re Proposed Rates for OPTINET 64 Kbps Service.

April 17, 1991; Ameritech Transmittal No. 526; Petition to Suspend and Investigate on Behalf of MCI re Proposed Flexible ANI Service.

August 30, 1991; Ameritech Transmittal No. 555; Petition to Suspend and Investigate on Behalf of MCI re Ameritech Directory Search Service.

September 30, 1991; Ameritech Transmittal No. 562; Petition to Suspend and Investigate on Behalf of MCI re Proposed Rates and Possible MFJ Violations Associated with Ameritech's OPTINET Reconfiguration Service (AORS).

October 15, 1991; CC Docket No. 91-215; Opposition to Direct Cases of Ameritech and United (Ameritech Transmittal No. 518; United Transmittal No. 273) on Behalf of MCI re the introduction of 64 Kbps Special Access Service.

November 27, 1991; Ameritech Transmittal No. 578; Petition to Suspend and Investigate on Behalf of MCI re Ameritech Directory Search Service.

September 4, 1992; Ameritech Transmittal No. 650; Petition to Suspend and Investigate on Behalf of MCI re Ameritech 64 Clear Channel Capability Service.

February 16, 1995; Presentation to FCC Staff on the Status of Intrastate Competition on Behalf of MCI.

November 9, 1999; Comments to FCC Staff of Common Carrier Bureau on the Status of OSS Testing in Arizona on Behalf of MCI WorldCom, Inc.

November 9, 1999; Comments to the Department of Justice (Task Force on Telecommunications) on the Status of OSS Testing in Arizona and the USWC Collaborative on Behalf of MCI WorldCom, Inc.

Presentations Before Legislative Bodies:

April 8, 1987; Minnesota; Senate File 677; Proposed Deregulation Legislation; Comments before the House Committee on Telecommunications.

October 30, 1989; Michigan; Presentation Before the Michigan House and Senate Staff Working Group on Telecommunications; "A First Look at Nebraska, Incentive Rates and Price Caps," Comments on Behalf of MCI.

May 16, 1990; Wisconsin; Comments Before the Wisconsin Assembly Utilities Committee Regarding the Wisconsin Bell Plan for Flexible Regulation, on Behalf of MCI.

March 20, 1991; Michigan; Presentation to the Michigan Senate Technology and Energy Committee re SB 124 on behalf of MCI.

May 15, 1991; Michigan; Presentation to the Michigan Senate Technology and Energy Commission and the House Public Utilities Committee re MCI's Building Blocks Proposal and SB 124/HB 4343.

March 8, 2000; Illinois; Presentation to the Environment & Energy Senate Committee re Emerging Technologies and Their Impact on Public Policy, on Behalf of MCI WorldCom, Inc.

Presentations Before Industry Groups -- Seminars:

May 17, 1989; Wisconsin Public Utility Institute -- Telecommunications Utilities and Regulation; May 15-18, 1989; Panel Presentation -- Interexchange Service Pricing Practices Under Price Cap Regulation; Comments on Behalf of MCI.

July 24, 1989; National Association of Regulatory Utility Commissioners -- Summer Committee Meeting, San Francisco, California. Panel Presentation -- Specific IntraLATA Market Concerns of Interexchange Carriers; Comments on Behalf of MCI.

May 16, 1990; Wisconsin Public Utility Institute -- Telecommunications Utilities and Regulation; May 14-18, 1990; Presentation on Alternative Forms of Regulation.

October 29, 1990; Illinois Telecommunications Sunset Review Forum; Two Panel Presentations: Discussion of the Illinois Commerce Commission's Decision in Docket No. 88-0091 for the Technology Working Group; and, Discussion of the Treatment of Competitive Services for the Rate of Return Regulation Working Group; Comments on Behalf of MCI.

May 16, 1991; Wisconsin Public Utility Institute -- Telecommunications Utilities and Regulation Course; May 13-16, 1991; Participated in IntraLATA Toll Competition Debate on Behalf of MCI.

November 19, 1991; TeleStrategies Conference -- "Local Exchange Competition: The \$70 Billion Opportunity." Presentation as part of a panel on "IntraLATA 1+ Presubscription" on Behalf of MCI.

July 9, 1992; North Dakota Association of Telephone Cooperatives Summer Conference, July 8-10, 1992. Panel presentations on "Equal Access in North Dakota: Implementation of PSC Mandate" and "Open Network Access in North Dakota" on Behalf of MCI.

December 2-3, 1992; TeleStrategies Conference -- "IntraLATA Toll Competition - A Multi-Billion Dollar Market Opportunity." Presentations on the interexchange carriers' position on intraLATA dialing parity and presubscription and on technical considerations on behalf of MCI.

March 14-17, 1993; NARUC Introductory Regulatory Training Program; Panel Presentation on Competition in Telecommunications on Behalf of MCI.

May 13-14, 1993; TeleStrategies Conference -- "IntraLATA Toll Competition -- Gaining the Competitive Edge"; Presentation on Carriers and IntraLATA Toll Competition on Behalf of MCI.

May 23-26, 1994; The 12th Annual National Telecommunications Forecasting Conference; Represented IXCs in Special Town Meeting Segment Regarding the Convergence of CATV and Telecommunications and other Local Competition Issues.

March 14-15, 1995; "The LEC-IXC Conference"; Sponsored by Telecommunications Reports and Telco Competition Report; Panel on Redefining the IntraLATA Service Market -- Toll Competition, Extended Area Calling and Local Resale.

August 28-30, 1995; "Phone+ Supershow '95"; Playing Fair: An Update on IntraLATA Equal Access; Panel Presentation.

August 29, 1995; "TDS Annual Regulatory Meeting"; Panel Presentation on Local Competition Issues.

December 13-14, 1995; "NECA/Century Access Conference"; Panel Presentation on Local Exchange Competition.

October 23, 1997; "Interpreting the FCC Rules of 1997"; The Annenberg School for Communication at the University of Southern California; Panel Presentation on Universal Service and Access Reform.