

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**DIRECT TESTIMONY**

**OF**

**DON J. WOOD**

**ON BEHALF OF**

**ITC^DELTACOM COMMUNICATIONS, INC.**

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1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Don J. Wood. I am a principal in the firm of Wood & Wood,  
3 an economic and financial consulting firm. My business address is 4625  
4 Alexander Drive, Suite 125, Alpharetta, Georgia 30022. I provide  
5 economic and regulatory analysis of the telecommunications, cable, and  
6 related convergence industries, with an emphasis on economic policy,  
7 development of competitive markets, and cost-of-service issues.

8

9 Q. PLEASE DESCRIBE YOUR BACKGROUND AND EXPERIENCE.

10 A. I received a BBA in Finance with distinction from Emory University and  
11 an MBA with concentrations in Finance and Microeconomics from the  
12 College of William and Mary. My telecommunications experience  
13 includes employment at both a Regional Bell Operating Company  
14 ("RBOC") and an Interexchange Carrier ("IXC").

15 Specifically, I was employed in the local exchange  
16 industry by BellSouth Services, Inc. in its Pricing and  
17 Economics, Service Cost Division. My responsibilities included  
18 performing cost analyses of new and existing services, preparing  
19 documentation for filings with state regulatory commissions and

1 the Federal Communications Commission ("FCC"), developing  
2 methodology and computer models for use by other analysts, and  
3 performing special assembly cost studies.

4 I was employed in the interexchange industry by MCI  
5 Telecommunications Corporation, as Manager of Regulatory  
6 Analysis for the Southern Division. In this capacity I was  
7 responsible for the development and implementation of  
8 regulatory policy for operations in the southern U. S. I then  
9 served as a Manager in MCI's Economic Analysis and  
10 Regulatory Affairs Organization, where I participated in the  
11 development of regulatory policy for national issues.

12  
13 Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY  
14 BEFORE STATE REGULATORS?

15 A. Yes. I have testified on telecommunications issues before the regulatory  
16 commissions of thirty-three states, Puerto Rico, and the District of  
17 Columbia. I have also presented testimony regarding telecommunications  
18 issues in state, federal, and overseas courts, before alternative dispute

1 resolution tribunals, and at the FCC. A listing of my previous testimony is  
2 attached as Exhibit DJW-1.

3  
4 Q. PLEASE DESCRIBE YOUR EXPERIENCE REVIEWING  
5 COST STUDIES, MODELS, AND METHODOLOGIES.

6 A. While employed in the BellSouth Service Cost Division, I had the  
7 opportunity to work with a number of cost models, and to analyze  
8 and review the manner in which these models were used in the  
9 cost development process. Since that time, I have reviewed cost  
10 studies performed by each of the seven (now four) RBOCs, and a  
11 number of other incumbent local exchange carriers (“ILECs”),  
12 including both Tier 1 companies and smaller carriers. In each  
13 case, my review of these cost studies has included an extensive  
14 evaluation of the methodologies, computer models and  
15 spreadsheets, and inputs/assumptions employed by the particular  
16 ILEC.

17 I have also been asked by regulators to develop detailed  
18 rules for ILECs’ performance of cost studies. My proposed  
19 costing rules have been adopted and implemented in both

1 Delaware and Wyoming.

2

3 Q. DO YOU HAVE EXPERIENCE IN THE NEGOTIATION AND  
4 ARBITRATION OF INTERCONNECTION AGREEMENTS  
5 BETWEEN CARRIERS?

6 A. Yes. I have had the responsibility of negotiating specific provisions of  
7 interconnection agreements and in nearly all instances, ultimately  
8 arbitrating at least some terms of those agreements. To date, I have  
9 participated in over fifty such arbitrations conducted pursuant to §251 of  
10 the 1996 Act.

11 Equally importantly, during the seven years in which the Act has  
12 been in effect I have been involved in various aspects of the ongoing  
13 relationships between THE carriers that have entered into these  
14 interconnection agreements. I have had the opportunity as a consultant to  
15 state regulators, as a consultant to Competitive Local Exchange Carriers  
16 (“CLECs”), and as an end user of telecommunications services to closely  
17 observe how the ongoing working relationship between carriers impacts  
18 end user customers. The conclusions that I reach in this testimony, and  
19 the recommendations I make, are based on both my experience with cost

1 analysis in the industry and my experience observing how incumbent  
2 ILECs and CLECS work together – or fail to work together – in the  
3 context of providing telecommunications services to the general public.

4

5 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

6 A. For the past several months, representatives of ITC^DeltaCom  
7 (“DeltaCom”) have attempted to negotiate the terms of a new  
8 interconnection agreement with representatives of BellSouth  
9 Telecommunications, Inc. (“BellSouth”). In spite of these efforts, a large  
10 number of issues remain in dispute. I have been asked by DeltaCom to  
11 address several of these disputed issues.

12 Specifically, I will address issue numbers 50, 51, 53, 54, 55, 56,  
13 and 70 as set forth in DeltaCom’s Petition for Arbitration and the Issues  
14 Matrix. These disputed issues fall into three categories:

15 **1. Rates proposed by BellSouth that are excessively high.** BellSouth  
16 is proposing rates that significantly exceed the cost incurred to perform  
17 the requested tasks, or that attempt to recover costs associated with tasks  
18 not actually performed.

19 **2. Rates proposed by BellSouth that have not been approved, or**

1           **even examined, by this Commission.** BellSouth is insisting that the  
2           interconnection agreement incorporate by reference rates from its  
3           interstate access tariff. These rates have not been reviewed by the  
4           Commission, and BellSouth's proposal would set a dangerous precedent  
5           by eliminating the Commission's ability to review important elements of  
6           carrier interconnection agreements.

7           **3. The need for BellSouth to fairly compensate DeltaCom for the**  
8           **work it performs pursuant to BellSouth's request.** BellSouth  
9           processes requests made by DeltaCom, and DeltaCom should and does  
10          pay BellSouth for doing so. When DeltaCom performs corresponding  
11          tasks for BellSouth (at BellSouth's request), BellSouth is refusing to  
12          similarly compensate DeltaCom.

13

14    Q.    WHY ARE THE TERMS OF AN INTERCONNECTION  
15          AGREEMENT IMPORTANT?

16    A.    While the overall importance of these contracts may be obvious, I would  
17          like to underscore the crucial nature of two kinds of provisions that  
18          appear within interconnection agreements. First, interconnected carriers  
19          charge each other for providing network facilities and for performing

1 work activities that make it possible for each carrier to offer service to  
2 end user customers. It is essential that these rates not be set at levels that  
3 will impair the ability of CLECs to compete, thereby impeding the  
4 development of competition in the markets for telecommunications  
5 services. It is also essential that these charges be assessed in a way that  
6 will permit each carrier to recover its costs and to create an ongoing  
7 incentive for carriers to work together in the best interest of end user  
8 customers.

9 Second, the contract terms and conditions set out the method by  
10 which the carriers will interact. Some of these provisions are explicit,  
11 while others merely “set the tone” for the interaction between competing  
12 providers. At the center of this interaction between carriers is the end  
13 user customer. Like the rates, these terms and conditions should provide  
14 ongoing incentives for carriers to work cooperatively when necessary to  
15 ensure that end user customers can receive the service they want, from  
16 the carrier they want, without being unduly inconvenienced.

17

18 Q. IN YOUR EXPERIENCE, HAS THE INTERACTION BETWEEN  
19 COMPETING CARRIERS CHANGED OVER TIME?



1 A. Yes. The interaction between ILECs and CLECs, and the interaction  
2 between and among CLECs, has undergone a fundamental and important  
3 change. During the first few years after the passage of the Act, customer  
4 movement among carriers was primarily represented by customers  
5 leaving the ILEC, in this case BellSouth, and electing to instead take  
6 service from a CLEC. The interaction between BellSouth and CLECs  
7 was mostly a one-way affair: CLECs submitted LSRs to BellSouth to  
8 transfer customers, and their telephone numbers, to the CLEC (the  
9 transfer of the customer's telephone number, along with the customer  
10 itself, is typically referred to as the "porting" of a number. As I will  
11 describe later in my testimony, DeltaCom regularly performs this "port-  
12 out" function for BellSouth). Interaction between CLECs was minimal,  
13 as CLECs were more likely to "win" a customer away from BellSouth  
14 than from another CLEC. This appears to be true for two reasons. First,  
15 customers have shown some reluctance to change local carriers  
16 frequently, especially during the first years that competitive alternatives  
17 are available, and the customer of a CLEC would have – by definition –  
18 recently changed carriers. Second, a customer that elected to take service  
19 from a CLEC had already realized the benefit of lower price or additional

1 features when going from BellSouth to the CLEC, and would be  
2 reluctant to change to a second CLEC for what at the time probably  
3 represented a small incremental benefit. As a result, the important issues  
4 during previous §252 arbitrations centered around the facilities or work  
5 activities to be provided by the ILEC, and the corresponding rates that  
6 were to be paid by a CLEC.

7 In recent years, this interaction between carriers has evolved to  
8 one in which all carriers “win” customers from - and “lose” customers to  
9 – all other carriers. While DeltaCom continues to “win” customers away  
10 from BellSouth, BellSouth has begun to “win” customers from  
11 DeltaCom. In addition, it is becoming much more common for end user  
12 customers to move from one CLEC to another. Each of these kinds of  
13 customer movements is expected as the market continues to mature.

14 The direct consequence of these customer movements is an  
15 increase in the types of interaction among carriers. It is now common for  
16 BellSouth to request DeltaCom to “port” a customer back to BellSouth,  
17 and for CLECs to “port” numbers to other CLECs. In my testimony in  
18 previous BellSouth/DeltaCom arbitrations, I pointed out that this kind of  
19 reciprocal activity was certain to develop as the market become more

1 mature. My recommendation at that time was that carriers should adopt  
2 a “payment in kind” system for these types of activities: each carrier  
3 should be responsible for the costs of developing and operating a system  
4 for processing these kinds of requests. Under such an arrangement,  
5 customers and telephone numbers would be “ported” among carriers  
6 without the administrative burden of an explicit charge (and the  
7 associated billing, collection, and record keeping costs). BellSouth  
8 strenuously objected to my proposal, and argued instead that it had a  
9 legal right to recover all costs associated with processing a request from  
10 a CLEC. As a result, the current interconnection agreement contains a  
11 set of charges that are assessed by BellSouth when it performs such a  
12 work activity in response to a DeltaCom request.

13 During the period of time that the existing interconnection  
14 agreement has been in effect, DeltaCom has submitted requests to  
15 BellSouth, BellSouth has performed the requested tasks, and BellSouth  
16 has billed DeltaCom accordingly. During this same period of time,  
17 BellSouth has submitted a significant number of corresponding requests  
18 to DeltaCom, and DeltaCom has performed the requested tasks. The key  
19 distinction here is that BellSouth has not agreed to pay DeltaCom for

1 performing these tasks.

2

3 Q. DO ALL CARRIERS, INCLUDING ILECS AND CLECS, BENEFIT  
4 FROM THESE KINDS OF INTERCARRIER INTERACTIONS?

5 A. Yes. No carrier, including BellSouth, can offer services to all customers  
6 it wishes to serve without relying on good-faith interaction with other  
7 carriers.

8 While at first blush there is a tendency to consider only the  
9 benefit to carriers, it is important to recognize that the primary  
10 beneficiaries of this interaction are end user customers. A customer  
11 cannot avail himself/herself of a different product offering or lower price  
12 without the ability to change service providers, and to do so in a  
13 relatively painless way. During a customer transition, all carriers must  
14 have (1) the ability to recover the costs they incur for performing tasks  
15 for another carrier, (2) the incentive to work in a cooperative manner  
16 with the end user customer's interests in mind. To the extent possible,  
17 interconnection agreements should contain language that will encourage  
18 carriers to operate according to both the letter and spirit of the agreement.  
19

1 Q. WHAT GUIDING PRINCIPLES SHOULD GOVERN WHEN  
2 DECIDING WHAT RATES, TERMS, AND CONDITIONS SHOULD  
3 ULTIMATELY BE INCLUDED IN AN ARBITRATED  
4 INTERCONNECTION AGREEMENT?

5 A. I believe that there are several principles that should be applied in this  
6 context:

- 7 1. Any interconnection agreement rates or terms must meet all  
8 requirements of both the Act and FCC rules.
- 9 2. Any interconnection agreement rates or terms must not impair the  
10 ability of CLECs to compete with BellSouth, and by doing so impede the  
11 development of competition for telecommunications services.
- 12 3. Any interconnection agreement rates or terms should permit each  
13 carrier to recover the cost it incurs to provide a requested facility to  
14 another carrier or to perform a requested work activity for another carrier  
15 (in this context, cost is intended to mean the level of cost that an efficient  
16 provider would incur and be able to recover in a competitive market).
- 17 4. Any interconnection agreement rates or terms should not require a  
18 carrier to pay for facilities that it does not need or for work activities it  
19 does not need. In other words, both facilities and work activities should

1 be sufficiently unbundled to permit efficient payment for only those  
2 services requested and rendered.  
3 5. Any interconnection agreement rates or terms should provide  
4 incentives for carriers to interact in a way that will provide the best  
5 service to the end user customer. Carriers should interact in good faith to  
6 make the customer's transition from one carrier to another as  
7 straightforward and hassle-free as possible.

8 I have applied these basic principles when reviewing the  
9 proposed rates and contract language of each company.

10

11 **Certain rates proposed by BellSouth are excessively high, or are set to**  
12 **recover costs not actually incurred.**

13 Q. PLEASE DESCRIBE THE ISSUES THAT FALL INTO THIS

14 CATEGORY.

15 A. Issues 50 and 55 address this area of dispute.

16 Issue 50: Subsequent Application Fee for Physical Collocation

17 (Attachment 4, Section 6.3.1). When requesting physical collocation

18 space in a BellSouth central office, DeltaCom must first complete an

19 Initial Application that contains specific information regarding the

20 amount of space required, type of equipment to be installed, power and

1 HVAC requirements, floor loading requirements, etc. When such an  
2 Initial Application is submitted, BellSouth charges DeltaCom an  
3 Application Fee. The Application Fee is designed to recover the cost  
4 incurred by BellSouth to fully review the Initial Application, assess the  
5 applicant's needs, and prepare a response to the Initial Application.  
6 Based on BellSouth's response, DeltaCom can decide whether to proceed  
7 with the collocation. If it elects to proceed, DeltaCom must then pay  
8 BellSouth Space Preparation Fees and Space Enclosure Fees so that  
9 BellSouth can recover its costs of preparing the collocation space.

10 The process of applying for and securing collocation space can  
11 take several weeks or months from start to finish. During this time, it is  
12 possible that DeltaCom will determine that its needs differ from those set  
13 forth on the Initial Application. In order to make BellSouth aware of  
14 these changes, DeltaCom must submit a Subsequent Application. The  
15 changes in this Subsequent Application may include items, such as a  
16 change in the size of the enclosure or the power needs that will require  
17 BellSouth to perform work in order to assess this new set of needs and  
18 prepare a new Application Response. It is also possible that DeltaCom's  
19 Subsequent Application may be filed (as required by BellSouth) to report

1 inconsequential changes to the Initial Application, such as a simple name  
2 change. Whatever the nature of the change in the Subsequent  
3 Application, BellSouth is insisting that it now be permitted to charge  
4 DeltaCom a Subsequent Application Fee that includes the cost of  
5 reassessing BellSouth's ability to meet all of the requirements, whether  
6 or not such a reassessment is necessary or even conducted.

7           The existing interconnection agreement, reasonably enough,  
8 states "Where the subsequent application does not require assessment for  
9 provisioning or construction work by BellSouth, no Subsequent  
10 Application Fee will be required." This language also appears in  
11 interconnection agreements between BellSouth and other CLECs.  
12 BellSouth now asserts that it should be able to assess the fee in order to  
13 evaluate the Subsequent Application in order to determine whether it  
14 requires any reassessment. In other words, BellSouth is now insisting  
15 that it be able to charge a substantial fee in order to determine if the work  
16 that the fee is supposed to compensate it for actually needs to be done.  
17 There is absolutely no basis (in terms of costs or reasonableness) for  
18 BellSouth's position, and the existing language should be retained. No  
19 CLEC, including DeltaCom, should be required to pay BellSouth for



1 work it does not perform.

2 Issue 55: BellSouth's proposed charge for a "resend" of CFA  
3 information. All carriers must exchange this information. BellSouth  
4 provides the information to DeltaCom, DeltaCom provides the  
5 information to BellSouth, other CLECs exchange the information with  
6 BellSouth, and DeltaCom exchanges the information with other CLECs.  
7 Occasionally, carriers request that the information be resent (the data  
8 may be incomplete, corrupt, or simply lost). This is primarily  
9 accomplished via a facsimile transmission.

10 DeltaCom currently sends, and if requested resends, this  
11 information to BellSouth and other CLECs at no charge. Other CLECs  
12 and ILECs typically provide the information (and if necessary resend the  
13 information) to DeltaCom at no charge. To the best of my knowledge,  
14 no CLEC is charging to send, or if requested to resend, this information  
15 nor is at least one ILEC (Sprint). Only BellSouth is insisting on a fee for  
16 any retransmission of this information, based on the argument that it is  
17 not legally obligated to resend the information when requested. With no  
18 legal requirement to engage in this cooperative activity, BellSouth  
19 argues, it is not bound by the §252 pricing constraints, but instead may

1 charge a significantly higher rate (while it argues that its proposed rate is  
2 reasonable, BellSouth has provided no cost or other justification  
3 whatsoever). In other words, while all other carriers are working in a  
4 cooperative manner to exchange the information necessary to provide  
5 quality service to all end user customers, BellSouth is refusing to do so.  
6 To its “credit,” BellSouth’s position is that while it is not legally  
7 obligated to be reasonably cooperative in this manner, it is nevertheless  
8 willing to do so if the price is right (in this case, “right” apparently means  
9 a price much higher than the costs actually incurred to perform the task).

10 The best resolution of this issue is an interconnection agreement  
11 provision that requires each carrier to provide the information (and on  
12 those occasions in which it is requested, to fax the information a second  
13 time) on a “payment in kind” basis, so that each carrier provides the  
14 information to the other in exchange for reciprocal activity. If BellSouth  
15 is to be exempted from good-faith cooperation among carriers, at a  
16 minimum any proposed rate should be no higher than BellSouth’s  
17 economic cost to undertake this activity.

18

1 **BellSouth is insisting that rates be included that have not been approved by**  
2 **this Commission and which are beyond the Commission's jurisdiction.**

3 Q. PLEASE DESCRIBE THE ISSUES THAT FALL INTO THIS  
4 CATEGORY.

5 A. Issues 53, 54, and 56 relate to this category of dispute.

6 Issue 53: Rates and charges not ordered by the Commission  
7 (Attachment 6, Section 6, Attachment 2, Section 22.3.3). This issue has  
8 two subparts. Part (a) addresses whether BellSouth can impose UNE-  
9 related charges that have not been reviewed or approved by this  
10 Commission. BellSouth's position on this issue is extremely troubling  
11 and, and least in my experience, unprecedented. I agree with BellSouth's  
12 assertion that any disputes regarding UNE rates must, pursuant to §252  
13 of the Act, be arbitrated by a state regulator or its designee. This  
14 requirement is directly at odds with BellSouth's attempt to incorporate  
15 rates from its interstate access tariff. For example, BellSouth is  
16 proposing the following language "If ITC^DeltaCom cancels a request  
17 for network elements or resold services, any costs incurred by BellSouth  
18 in conjunction with the provisioning of that request will be recovered in  
19 accordance with BellSouth's Private Line Tariff of BellSouth's FCC No.  
20 1 Tariff, Section 5.4, as applicable." BellSouth has provided no cost

1 support whatsoever for these rates. There are at least four fundamental  
2 problems with BellSouth's approach:

3 1. This Commission does not regulate BellSouth's interstate  
4 rates, and does not have the authority to investigate the reasonableness of  
5 those rates. BellSouth's "interstate rates by reference" approach would  
6 remove UNE rates from the Commission's purview, in direct  
7 contradiction to the requirements of §252.

8 2. BellSouth's interstate rates are not reviewed according to the  
9 same standard as this Commission must apply to UNE rates, and unless  
10 challenged when filed, may never be reviewed at all. It would be  
11 factually incorrect to conclude that a careful review by this Commission  
12 is not necessary because the FCC has previously approved the rates in  
13 question. In most cases a rate review does not take place, and in the rare  
14 instances in which the FCC does undertake a review the standard applied  
15 is different (and much less stringent) than the standard that this  
16 Commission must apply when reviewing UNE costs and rates.

17 3. Carriers who must pay these charges do not have the  
18 opportunity to challenge them and review the underlying cost support (if  
19 any such cost support exists). It is impossible for a CLEC to predict

1           which interstate rates BellSouth might want to incorporate by reference  
2           next, and therefore impossible for the CLEC to challenge the rates at the  
3           federal level.

4                     4. No one has the ability to check to see if the sum of the parts is  
5           greater than the whole. When the costs for all UNE-related functions are  
6           reviewed by the Commission (and ideally if that review occurs in a single  
7           consolidated proceeding, as has previously been done), it is possible to  
8           cross-check BellSouth's cost data to determine how various costs have  
9           been attributed to a given rate element and how various rate elements  
10          have been assigned certain categories of cost. While the available  
11          information is imperfect, there is some ability to identify any attempted  
12          double-recovery of costs. In contrast, if some UNE rates are to be  
13          examined by the state regulator, and others are to be examined by the  
14          FCC (if they are examined at all; the vast majority of federal rates filed  
15          by price cap LECs are not), there is absolutely no ability to guard against  
16          double recovery of costs.

17                     A similar problem occurs when BellSouth rolls out charges over  
18          time, as it is proposing to do here. In a consolidated proceeding, the  
19          Commission can review each proposed UNE rate and see how the costs

1 supporting that rate relate to the costs for all other UNEs. Even if  
2 BellSouth had provided cost support for its proposed new charges (and to  
3 date it has offered nothing), it would be extremely difficult to determine  
4 – in a vacuum – how the costs underlying the proposed rates related to  
5 the costs underlying similar previously existing rates. By reviewing costs  
6 on such a piecemeal basis, it is nearly impossible to determine whether  
7 the costs that BellSouth is now attempting to recover have already been  
8 included in the rates for existing UNEs.

9 If BellSouth seeks to have UNE-related rates in an  
10 interconnection agreement, it must be required to provide a cost  
11 demonstration, fully compliant with §252 and the FCC rules, to this  
12 Commission. The fact that BellSouth's proposed rates may be identical  
13 to existing tariffed rates for other services, either intrastate or interstate,  
14 is completely irrelevant and should have no bearing on the arbitration of  
15 those rates before this Commission.

16 Part (b) of Issue 53 relates to DeltaCom's request that if  
17 BellSouth intends to insist on the inclusion of rates in the interconnection  
18 agreement that have not been previously approved by this Commission,  
19 that it should be willing to identify those rates. This is a simple request.

1 BellSouth has a complete list of rates that it wishes to be included in the  
2 interconnection agreement, and BellSouth knows which have been  
3 approved by the Commission and which have not. The simplest solution  
4 would be for the Commission to preclude BellSouth from including these  
5 unapproved rates. Such an approach would address the concerns  
6 described above. At a minimum, BellSouth should be required to  
7 identify, on its list of proposed rates, those rates that have not been  
8 approved by the Commission. There is simply no reasonable basis for  
9 BellSouth to have the ability or incentive to “sneak in” unapproved rates.

10 Issue 54: Proposed Charge for Order Modifications (Attachment  
11 2, Section 2.2.2.8). BellSouth argues that it should be permitted to  
12 impose charges pursuant to its FCC tariff when DeltaCom makes  
13 changes to an order for a UNE loop. As a general matter, for all of the  
14 reasons stated above, this can and must not be permitted. In the spirit of  
15 compromise, DeltaCom has offered language – identical to that in the  
16 interconnection agreement between BellSouth and AT&T – that would  
17 permit BellSouth to impose a reasonable charge if the change to the order  
18 is not caused by BellSouth. This proposed language is attached to my  
19 testimony as Exhibit DJW-2.

1           Equivalent language will be acceptable to DeltaCom if DeltaCom  
2           is able to determine, based on its analysis of BellSouth's responses to  
3           DeltaCom data requests, that the costs that BellSouth seeks to recover  
4           through this charge are not already being recovered through other UNE  
5           charges and BellSouth pays for any costs incurred by DeltaCom when  
6           BellSouth modifies ITC^DeltaCom's order.

7

8           **BellSouth must fairly compensate DeltaCom for the work it performs**  
9           **pursuant to BellSouth's request.**

10          Q.       PLEASE DESCRIBE THE ISSUES THAT FALL INTO THIS  
11                   CATEGORY.

12          A.       Issues 51 and 70 are in this category.

13                   Issue 51: Reciprocity of Charges (Attachments 1, 5 and 6). As I  
14                   described earlier in my testimony, it has become much more common for  
15                   DeltaCom and other CLECs to perform tasks for BellSouth, at  
16                   BellSouth's request. In order for end user customers to benefit from a  
17                   competitive market for local exchange telecommunications services, it is  
18                   essential that carriers work together in a good-faith effort to process the  
19                   migration of an end user customer from one carrier to another. By  
20                   definition, any such change involves at least two carriers (the previous



1 provider of service to the customer, and the new provider of service to  
2 the customer). Such a customer migration involves work by the previous  
3 provider of service that is ultimately not in its immediate business  
4 interest (it is processing the loss of a customer) and work by the new  
5 carrier that will benefit both it (as the going-forward provider) and  
6 (presumably) the end user customer.

7 In order for this process to work, both carriers must have the right  
8 incentives. These incentives are a function, at least in part, of the ability  
9 to recover costs reasonably incurred by performing tasks at the request of  
10 another carrier. A direct means of ensuring this cooperative behavior is  
11 by attempting to ensure, to the extent possible in the rates and terms of  
12 an interconnection agreement, that each carrier is willing to fairly  
13 compensate the other for work performed on the other carrier's behalf  
14 (and at that carrier's request). Of course, each carrier's willingness to act  
15 in good faith also helps. To date, DeltaCom has met both criteria: it has  
16 compensated BellSouth for work done by BellSouth at DeltaCom's  
17 request, and it has acted with goodwill in doing so. Issue 51 addresses  
18 the issue of reciprocity in this behavior. During a period of time in  
19 which DeltaCom performed relatively little work at BellSouth's request,

1 the unilateral nature of the arrangement was less significant. As the  
2 market has matured and DeltaCom has begun to perform much more  
3 work for BellSouth, it has become much more important that these  
4 arrangements be unilateral. Put simply, DeltaCom currently pays  
5 BellSouth to perform requested tasks, and BellSouth does not pay  
6 DeltaCom to perform identical or comparable tasks. This is the inequity  
7 that DeltaCom seeks to have addressed in this arbitration.

8 Issue 51 covers both the broader issue of bilateral compensation  
9 and a specific example. In terms of the broader issue, DeltaCom requests  
10 that BellSouth be required to compensate DeltaCom, at the rates  
11 BellSouth currently assesses for the same or equivalent tasks. This  
12 reciprocal compensation arrangement would apply to both standard  
13 requests and special requests (requests for expedited treatment, for  
14 example). The specific issue encompassed in Issue 51 is the ability of  
15 DeltaCom to charge BellSouth a reasonable fee when DeltaCom “ports  
16 out” numbers at BellSouth’s request. This task is required when  
17 BellSouth “wins” an existing DeltaCom customer, and it is necessary to  
18 remove that telephone number assignment from DeltaCom’s systems.

19 The “port out” task is addressed individually in this arbitration for

1 two reasons. First, it is a task that DeltaCom is frequently requested, via  
2 an LSR from BellSouth, to perform. Second, it is a task that requires  
3 significant manual intervention by DeltaCom. DeltaCom incurs  
4 significant labor costs when performing this function.

5

6 Q. WHAT SET OF RATES IS DELTACOM PROPOSING FOR THIS  
7 “PORT OUT”, OR “CHANGE IN SERVICE PROVIDER” TASK?

8 A. DeltaCom is proposing to assess BellSouth a rate of \$27.91 per LSR,  
9 plus \$2.39 per telephone number to be processed on that LSR, when  
10 requested by BellSouth to perform this work.

11

12 Q. WHAT IS THE BASIS OF THIS SET OF PROPOSED RATES?

13 A. At DeltaCom’s request, I have analyzed the nonrecurring costs that  
14 DeltaCom incurs to perform each of the various elements of this task.  
15 My analysis, and the supporting workpapers, is attached as Exhibit DJW-  
16 3.

17 The process used to develop these costs is identical to that used  
18 by BellSouth to develop nonrecurring cost estimates. Specifically, my  
19 analysis consisted of the following steps:

- 1           1. Analyze the work and identify the individual tasks, and subtasks,  
2           required to complete the work requested.
- 3           2. Using both “duplication of tasks” and “direct observation” methods,  
4           develop an estimate of the time required to perform each subtask.  
5           Subtask times are then summed to create task times. This analysis is  
6           performed separately for each work group involved in the end-to-end  
7           process.
- 8           3. For each work group, develop a “loaded labor rate” that represents the  
9           total direct cost for an individual in a given work group to work for one  
10          hour. The “loaded” rate includes, in addition to direct payment (salary or  
11          wages) employee benefits, first level supervision, and anticipated wage  
12          inflation.
- 13          4. Determine the probability that each task will be required in the end-  
14          to-end workflow. For this particular task, all studied work tasks are  
15          required 100% of the time, so no adjustment is made.
- 16          5. Calculate total direct cost by multiplying the loaded labor rate for  
17          each group times the fraction of an hour of work required for each task,  
18          and sum task times to calculate total direct costs.
- 19          6. Analyze cost causation and determine whether the work associated

1 with a given task or given work group varies by LSR, telephone number,  
2 or some other unit. In this analysis, I found that the work performed by  
3 two of three work groups varied according to the number of LSRs but did  
4 not vary significantly by the number of telephone numbers associated  
5 with each LSR. For the remaining workgroup, I concluded that the work  
6 varied based on the number of telephone numbers being ported, but was  
7 not particularly sensitive to the number of individual LSRs containing  
8 those telephone numbers. A rate structure was developed to represent  
9 these elements of cost causation.

10 7. Convert direct cost into total economic cost by adding in (1) gross  
11 receipts tax and (2) company overhead.

12 8. The proposed rate for each rate element was then set equal to the total  
13 economic cost calculated for each rate element.

14

15 Q. DOES YOUR COST ANALYSIS CAPTURE ALL OF THE COSTS  
16 THAT DELTACOM REASONABLY INCURS WHEN PROCESSING  
17 AN LSR SUBMITTED BY BELLSOUTH?

18 A. No. The work flow and task list used as the foundation for my costs  
19 analysis assumes that BellSouth has submitted an LSR that does not

1 contain errors. In reality, BellSouth frequently submits LSRs to  
2 DeltaCom that contain errors of such a type or degree that DeltaCom  
3 must return the LSR to BellSouth so that BellSouth can correct and  
4 resubmit the LSR.

5           There are two basic ways of addressing these additional costs.  
6 The first method is the one typically used by BellSouth: the additional  
7 costs associated with reprocessing the LSR containing errors are  
8 calculated, a probability that an error will be present (and therefore that  
9 these additional costs will be incurred) is estimated, and the rate charged  
10 for all LSRs is “marked up” to reflect this additional work. In other  
11 words, the rate charge by BellSouth for processing an LSR with no errors  
12 is based on the cost to process that LSR *plus* a portion of the cost to  
13 process other LSRs with errors. This approach, if implemented correctly,  
14 works reasonably well from BellSouth’s perspective because the total  
15 charges will permit it to recover total costs. This method is a relatively  
16 poor method of accurately capturing cost causation, however, because all  
17 carriers submitting LSRs to BellSouth pay an equal amount (per LSR) to  
18 permit BellSouth to recover the cost of LSRs submitted with errors, even  
19 though different carriers may had significantly different error rates in the

1 LSRs they submit.

2 The second method is to calculate the additional costs associated  
3 with reprocessing the LSR containing errors and develop a separate  
4 charge (i.e. separate rate element) to be assessed only when a carrier  
5 submits an LSR containing errors. This method best reflects cost  
6 causation, because it closely matches the creation of a cost and the  
7 assessment of a charge.

8

9 Q. HAVE YOU DEVELOPED A PROPOSED RATE TO BE CHARGED  
10 WHEN BELLSOUTH SUBMITS AN LSR CONTAINING ERRORS  
11 TO DELATACOM?

12 A. I am in the process of doing so. The costs that DeltaCom incurs are  
13 highly dependent on the type of error typical to a BellSouth-submitted  
14 LSR and the place (or places) in DeltaCom's work flow that different  
15 types of errors become apparent. I am currently collecting error data over  
16 a period of time sufficient to yield reliable and accurate results. As soon  
17 as this study is complete, I will supplement my testimony to include this  
18 "Reprocessing Charge" caused by BellSouth errors. All other  
19 information that will be necessary to calculate this cost (and the resulting

1 charge) is already contained in Exhibit DJW-3.

2

3 Q. ARE THE NONRECURRING RATES BEING PROPOSED BY  
4 DELTACOM REASONABLE?

5 A. Yes. The proposed rates are based directly on (and in fact are set equal  
6 to) a measure of DeltaCom's economic cost to perform the requested  
7 work.

8

9 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

10 A. Yes, at this time. BellSouth has not yet presented cost information that is  
11 essential to an analysis of a number of their rate proposals. I will  
12 supplement my testimony when and if BellSouth provides its responses  
13 to DeltaCom's data requests.



***Vita of Don J. Wood***

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**CURRENT EMPLOYMENT**

Don J. Wood is a principal in the firm of Wood & Wood. He provides economic and regulatory analysis services in telecommunications, cable, IP, and related convergence industries, specializing in economic policy related to the development of competitive markets and cost of service issues. In addition, Mr. Wood advises industry associations on regulatory and economic policy, and assists investors in their evaluation of investment opportunities in the telecommunications industry. The scope of his work has included landline and wireless voice communications, data services, and emerging technologies.

As a consultant, Mr. Wood has assisted his clients in responding to the challenges and business opportunities of the industry both before and subsequent to the Telecommunications Act of 1996. Prior to his work as a consultant, Mr. Wood was employed in a management capacity at a major Local Exchange Company and an Interexchange Carrier. In each capacity he has been directly involved in both the development and implementation of regulatory policy and business strategy.

As a part of his regulatory practice, Mr. Wood has presented testimony before the administrative regulatory bodies of thirty-two states, the District of Columbia, and Puerto Rico, and has prepared comments and testimony for filing with the Federal Communications Commission. The subject matter of his testimony has ranged from broad policy issues to detailed cost analysis.

Mr. Wood has also presented testimony in state, federal, and overseas courts regarding business plans and strategies, competition policy, and cost of service issues. He has presented studies of the damages incurred by plaintiffs and has provided rebuttal testimony to damage calculations performed by others. Mr. Wood has also testified in alternative dispute resolution proceedings conducted pursuant to both AAA and CPR rules.

## **PREVIOUS INDUSTRY EMPLOYMENT**

### **Klick, Kent & Allen/FTI Consulting, Inc.**

Regional Director.

### **GDS Associates, Inc.**

Senior Project Manager.

### **MCI Telecommunications Corporation**

Manager of Regulatory Analysis, Southeast Division.

Manager, Corporate Economic Analysis and Regulatory Affairs.

### **BellSouth Services, Inc.**

Staff Manager.

## **EDUCATION**

### **Emory University, Atlanta, Ga.**

BBA in Finance, with Distinction.

### **College of William and Mary, Williamsburg, Va.**

MBA, with concentrations in Finance and Microeconomics.

**TESTIMONY - STATE REGULATORY COMMISSIONS:**

**Alabama Public Service Commission**

Docket No. 19356, Phase III: Alabama Public Service Commission vs. All Telephone Companies Operating in Alabama, and Docket 21455: AT&T Communications of the South Central States, Inc., Applicant, Application for a Certificate of Public Convenience and Necessity to Provide Limited IntraLATA Telecommunications Service in the State of Alabama.

Docket No. 20895: In Re: Petition for Approval to Introduce Business Line Termination for MCI's 800 Service.

Docket No. 21071: In Re: Petition by South Central Bell for Introduction of Bidirectional Measured Service.

Docket No. 21067: In Re: Petition by South Central Bell to Offer Dial Back-Up Service and 2400 BPS Central Office Data Set for Use with PulseLink Public Packet Switching Network Service.

Docket No. 21378: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Restructure ESSX and Digital ESSX Service.

Docket No. 21865: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Introduce Network Services to be Offered as a Part of Open Network Architecture.

Docket No. 25703: In Re: In the Matter of the Interconnection Agreement Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 25704: In Re: Petition by AT&T Communications of the South Central States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE South Incorporated and CONTEL of the South, Inc. Concerning Interconnection and Resale under the Telecommunications Act of 1996.

Docket No. 25835: In Re: Petition for Approval of a Statement of Generally Available Terms and Conditions Pursuant to §252(f) of the Telecommunications Act of 1996 and Notification of Intention to File a §271 Petition for In-Region InterLATA Authority with the Federal Communications Commission Pursuant to the Telecommunications Act of 1996.

Docket No. 26029: In Re: Generic Proceeding - Consideration of TELRIC Studies.

Docket No. 25980: Implementation of the Universal Support Requirements of Section 254 of the Telecommunications Act of 1996.

Docket No. 27091: Petition for Arbitration by ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Docket No. 27821: Generic Proceeding to Establish Prices for Interconnection Services and Unbundled Network Elements.

Docket Nos. 27989 and 15957: BellSouth "Full Circle" Promotion and Generic Proceeding Considering the Promulgation of Telephone Rules Governing Promotions.

**Arkansas Public Service Commission**

Docket No. 92-337-R: In the Matter of the Application for a Rule Limiting Collocation for Special Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

**Public Utilities Commission of the State of California**

Rulemaking 00-02-005: Order Instituting Rulemaking on the Commission's Own Motion into Reciprocal Compensation for Telephone Traffic Transmitted to Internet Service Provider Modems.

Application Nos. 01-02-024, 01-02-035, 02-02-031, 02-02-032, 02-02-034, 02-03-002: Applications for the Commission to Reexamine the Recurring Costs and Prices of Unbundled Network element Costs Pursuant to Ordering Paragraph 11 of D.99-11-050.

**Public Utilities Commission of the State of Colorado**

Docket No. 96A-345T: In the Matter of the Interconnection Contract Negotiations Between AT&T Communications of the Mountain States, Inc., and US West Communications, Inc., Pursuant to 47 U.S.C. Section 252. Docket No. 96A-366T: In the Matter of the Petition of MCIMetro Access Transmission Services, Inc., for Arbitration Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with US West Communications, Inc. (consolidated).

Docket No. 96S-257T: In Re: The Investigation and Suspension of Tariff Sheets Filed by US West Communications, Inc., with Advice Letter No. 2608 Regarding Proposed Rate Changes.

Docket No. 98F-146T: Colorado Payphone Association, Complainant, v. US West Communications, Inc., Respondent.

Docket No. 02A-276T: In the Matter of the Application of Wiggins Telephone Association for Approval of its Disaggregation Plan

Docket No. 02A-444T: In the Matter of NECC's Application to Redefine the Service Area of Eastern Slope Rural Telephone Association, Inc., Great Plains Communications, Inc., Plains Coop Telephone Association, Inc., and Sunflower Telephone Co., Inc.

**State of Connecticut, Department of Utility Control**

Docket 91-12-19: DPUC Review of Intrastate Telecommunications Services Open to Competition (Comments).

Docket No. 94-07-02: Development of the Assumptions, Tests, Analysis, and Review to Govern Telecommunications Service Reclassifications in Light of the Eight Criteria Set Forth in Section 6 of Public Act 94-83 (Comments).

**Delaware Public Service Commission**

Docket No. '93-31T: In the Matter of the Application of The Diamond State Telephone Company for Establishment of Rules and Rates for the Provision of IntelliLinQ-PRI and IntelliLinQ-BRI.

Docket No. 41: In the Matter of the Development of Regulations for the Implementation of the Telecommunications Technology Investment Act.

Docket No. 96-324: In the Matter of the Application of Bell Atlantic-Delaware, Inc. for Approval of its Statement of Terms and Conditions Under Section 252(f) of the Telecommunications Act of 1996 (Phase II).

Docket no. 02-001: In the Matter of the Inquiry into Verizon Delaware Inc.'s Compliance with the Conditions Set Forth in 47 U.S.C. § 271(c).

**Florida Public Service Commission**

Docket No. 881257-TL: In Re: Proposed Tariff by Southern Bell to Introduce New Features for Digital ESSX Service, and to Provide Structural Changes for both ESSX Service and Digital ESSX Service.

Docket No. 880812-TP: In Re: Investigation into Equal Access Exchange Areas (EAEAs), Toll Monopoly Areas (TMAs), 1+ Restriction to the Local Exchange Companies (LECs), and Elimination of the Access Discount.

Docket No. 890183-TL: In Re: Generic Investigation into the Operations of Alternate Access Vendors.

Docket No. 870347-TI: In Re: Petition of AT&T Communications of the Southern States for Commission Forbearance from Earnings Regulation and Waiver of Rule 25-4.495(1) and 25-24.480 (1) (b), F.A.C., for a trial period.

Docket No. 900708-TL: In Re: Investigation of Methodology to Account for Access Charges in Local Exchange Company (LEC) Toll Pricing.

Docket No. 900633-TL: In Re: Development of Local Exchange Company Cost of Service Study Methodology.

Docket No. 910757-TP: In Re: Investigation into the Regulatory Safeguards Required to Prevent Cross-Subsidization by Telephone Companies.

Docket No. 920260-TL: In Re: Petition of Southern Bell Telephone and Telegraph Company for Rate Stabilization, Implementation Orders, and Other Relief.

Docket No. 950985-TP: In Re: Resolution of Petitions to establish 1995 rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes.

Docket No. 960846-TP: In Re: Petition by MCI Telecommunications Corporation and MCI Metro Access Transmission Services, Inc. for Arbitration of Certain Terms and Conditions of a proposed agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 and Docket No. 960833-TP: In Re: Petition by AT&T Communications

of the Southern States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 960847-TP and 960980-TP: In Re: Petition by AT&T Communications of the Southern States, Inc., MCI Telecommunications Corporation, MCI Metro Access Transmission Service, Inc., for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE Florida Incorporated Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 961230-TP: In Re: Petition by MCI Telecommunications Corporation for Arbitration with United Telephone Company of Florida and Central Telephone Company of Florida Concerning Interconnection Rates, Terms, and Conditions, Pursuant to the Federal Telecommunications Act of 1996.

Docket No. 960786-TL: In Re: Consideration of BellSouth Telecommunications, Inc.'s Entry Into InterLATA Services Pursuant to Section 271 of the Federal Telecommunications Act of 1996.

Docket Nos. 960833-TP, 960846-TP, 960757-TP, and 971140-TP: Investigation to develop permanent rates for certain unbundled network elements.

Docket No. 980696-TP: In Re: Determination of the cost of basic local telecommunications service, pursuant to Section 364.025 Florida Statutes.

Docket No. 990750-TP: Petition by ITC^DeltaCom Communications, Inc., d/b/a/ ITC^DeltaCom, for arbitration of certain unresolved issues in interconnection negotiations between ITC^DeltaCom and BellSouth Telecommunications, Inc.

Docket No. 991605-TP: Petition of BellSouth Telecommunications, Inc. for Arbitration of the Interconnection Agreement Between Time Warner Telecom of Florida, L.P., pursuant to Section 252 (b) of the Telecommunications Act of 1996.

#### Georgia Public Service Commission

Docket No. 3882-U: In Re: Investigation into Incentive Telephone Regulation in Georgia.

Docket No. 3883-U: In Re: Investigation into the Level and Structure of Intrastate Access Charges.

Docket No. 3921-U: In Re: Compliance and Implementation of Senate Bill 524.

Docket No. 3905-U: In Re: Southern Bell Rule Nisi.

Docket No. 3995-U: In Re: IntraLATA Toll Competition.

Docket No. 4018-U: In Re: Review of Open Network Architecture (ONA) (Comments).

Docket No. 5258-U: In Re: Petition of BellSouth Telecommunications for Consideration and Approval of its "Georgians FIRST" (Price Caps) Proposal.

Docket No. 5825-U: In Re: The Creation of a Universal Access Fund as Required by the Telecommunications Competition and Development Act of 1995.

Docket No. 6801-U: In Re: Interconnection Negotiations Between BellSouth Telecommunications, Inc. and AT&T Communications of the Southern States, Inc., Pursuant to Sections 251-252 and 271 of the Telecommunications Act of 1996.

Docket No. 6865-U: In Re: Petition by MCI for Arbitration of Certain Terms and Conditions of Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Docket No. 7253-U: In Re: BellSouth Telecommunications, Inc.'s Statement of Generally Available Terms and Conditions Under Section 252 (f) of the Telecommunications Act of 1996.

Docket No. 7061-U: In Re: Review of Cost Studies and Methodologies for Interconnection and Unbundling of BellSouth Telecommunications Services.

Docket No. 10692-U: In Re: Generic Proceeding to Establish Long-Term Pricing Policies for Unbundled Network Elements.

Docket No. 10854-U: In Re: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

#### **Public Utilities Commission of Hawaii**

Docket No. 7702: In the Matter of Instituting a Proceeding on Communications, Including an Investigation of the Communications Infrastructure of the State of Hawaii.

#### **Iowa Utilities Board**

Docket No. RPU-95-10.

Docket No. RPU-95-11.

#### **State Corporation Commission of the State of Kansas**

Docket No. 00-GIMT-1054-GIT: In the Matter of a General Investigation to Determine Whether Reciprocal Compensation Should Be Paid for Traffic to an Internet Service Provider.

#### **Kentucky Public Service Commission**

Administrative Case No. 10321: In the Matter of the Tariff Filing of South Central Bell Telephone Company to Establish and Offer Pulselink Service.

Administrative Case No. 323: In the Matter of An Inquiry into IntraLATA Toll Competition, An Appropriate Compensation Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality.

- Phase IA: Determination of whether intraLATA toll competition is in the public interest.

- Phase IB: Determination of a method of implementing intraLATA competition.
- Rehearing on issue of Imputation.

Administrative Case No. 90-256, Phase II: In the Matter of A Review of the Rates and Charges and Incentive Regulation Plan of South Central Bell Telephone Company.

Administrative Case No. 336: In the Matter of an Investigation into the Elimination of Switched Access Service Discounts and Adoption of Time of Day Switch Access Service Rates.

Administrative Case No. 91-250: In the Matter of South Central Bell Telephone Company's Proposed Area Calling Service Tariff.

Administrative Case No. 96-431: In Re: Petition by MCI for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Administrative Case No. 96-478: In Re: The Petition by AT&T Communications of the South Central States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE South Incorporated Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Administrative Case No. 96-482: In Re: The Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Administrative Case No. 360: In the Matter of: An Inquiry into Universal Service and Funding Issues.

Administrative Case No. 96-608: In the Matter of: Investigation Concerning the Provision of InterLATA Services by BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Administrative Case No. 382: An Inquiry into the Development of Deaveraged Rates for Unbundled Network Elements.

#### **Louisiana Public Service Commission**

Docket No. 17970: In Re: Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of AT&T Communications of the South Central States, Inc., in its Louisiana Operations.

Docket No. U-17949: In the Matter of an Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of South Central Bell Telephone Company, Its Louisiana Intrastate Operations, The Appropriate Level of Access Charges, and All Matters Relevant to the Rates and Service Rendered by the Company.

- Subdocket A (SCB Earnings Phase).
- Subdocket B (Generic Competition Phase)

Docket No. 18913-U: In Re: South Central Bell's Request for Approval of Tariff Revisions to Restructure



ESSX and Digital ESSX Service.

Docket No. U-18851: In Re: Petition for Elimination of Disparity in Access Tariff Rates.

Docket No. U-22022: In Re: Review and Consideration of BellSouth Telecommunications, Inc.'s TSLRIC and LRIC Cost Studies Submitted Pursuant to Sections 901(C) and 1001(E) of the Regulations for Competition in the Local Telecommunications Market as Adopted by General Order Dated March 15, 1996 in Order to Determine the Cost of Interconnection Services and Unbundled Network Components to Establish Reasonable, Non-Discriminatory, Cost Based Tariffed Rates and Docket No. U-22093: In Re: Review and Consideration of BellSouth Telecommunications, Inc.'s Tariff Filing of April 1, 1996, Filed Pursuant to Section 901 and 1001 of the Regulations for Competition in the Local Telecommunications Market Which Tariff Introduces Interconnection and Unbundled Services and Establishes the Rates, Terms and Conditions for Such Service Offerings (consolidated).

Docket No. U-22145: In the Matter of Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. U-22252: In Re: Consideration and Review of BST's Preapplication Compliance with Section 271 of the Telecommunications Act of 1996, including but not limited to the fourteen requirements set forth in Section 271 (c) (2) (b) in order to verify compliance with section 271 and provide a recommendation to the FCC regarding BST's application to provide interLATA services originating in-region.

Docket No. U-20883 Subdocket A: In Re: Submission of the Louisiana Public Service Commission's Forward Looking Cost Study to the FCC for Purposes of Calculating Federal Universal Service Support.

Docket No. U-24206: In Re: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Docket No. U-22632: In Re: BellSouth Telecommunications, Inc. Filing of New Cost Studies for Providing Access Line Service for Customer Provided Public Telephones and Smartline Service for Public Telephone Access.

Docket No. Docket No. U-24714-A: In Re: Final Deaveraging of BellSouth Telecommunications, Inc. UNE Rates Pursuant to FCC 96-45 Ninth Report and Order and Order on Eighteenth Order on Reconsideration Released November 2, 1999.

#### **Public Service Commission of Maryland**

Case 8584, Phase II: In the Matter of the Application of MFS Intelenet of Maryland, Inc. for Authority to Provide and Resell Local Exchange and Intrastate Telecommunications Services in Areas Served by C&P Telephone Company of Maryland.

Case 8715: In the Matter of the Inquiry into Alternative Forms of Regulating Telephone Companies.

Case 8731: In the Matter of the Petitions for Approval of Agreements and Arbitration of Unresolved Issues Arising Under Section 252 of the Telecommunications Act of 1996.

#### **Massachusetts Department of Telecommunications and Energy**

D.P.U./D.T.E. 97088/97-18 (Phase II): Investigation by the Department of Telecommunications & Energy on its own motion regarding (1) implementation of section 276 of the Telecommunications Act of 1996 relative to public interest payphones, (2) Entry and Exit Barriers for the Payphone Marketplace, (3) New England Telephone and Telegraph Company d/b/a NYNEX's Public Access Smart-Pay Service, and (4) the rate policy for operator service providers.

#### **Minnesota Public Utilities Commission**

PUC Docket No. PT6153/AM-02-686, OAH Docket No. 3-2500-14980-2: In the Matter of Petition of Midwest Wireless Communications, LLC for Designation as an Eligible Communications carrier under 47 U.S.C. § 214(e)(2).

PUC Docket No. PT-6182, 6181/M-02-1503: In the Matter of RCC Minnesota, Inc. and Wireless Alliance, LLC for Designation as an Eligible Telecommunications Carrier under 47 U.S.C. § 214(e)(2).

#### **Mississippi Public Service Commission**

Docket No. U-5086: In Re: MCI Telecommunications Corporation's Metered Use Service Option D (Prism I) and Option E (Prism II).

Docket No. U-5112: In Re: MCI Telecommunications Corporation's Metered Use Option H (800 Service).

Docket No. U-5318: In Re: Petition of MCI for Approval of MCI's Provision of Service to a Specific Commercial Banking Customers for Intrastate Interexchange Telecommunications Service.

Docket 89-UN-5453: In Re: Notice and Application of South Central Bell Telephone Company for Adoption and Implementation of a Rate Stabilization Plan for its Mississippi Operations.

Docket No. 90-UA-0280: In Re: Order of the Mississippi Public Service Commission Initiating Hearings Concerning (1) IntraLATA Competition in the Telecommunications Industry and (2) Payment of Compensation by Interexchange Carriers and Resellers to Local Exchange Companies in Addition to Access Charges.

Docket No. 92-UA-0227: In Re: Order Implementing IntraLATA Competition.

Docket No. 96-AD-0559: In Re: In the Matter of the Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 98-AD-035: Universal Service.

Docket No. 97-AD-544: In Re: Generic Proceeding to Establish Permanent Prices for BellSouth Interconnection and Unbundled Network Elements.

#### **Public Service Commission of the State of Montana**

Docket No. D2000.8.124: In the Matter of Touch America, Inc.'s Petition for Arbitration Pursuant to

Section 252(b) of the Telecommunications Act of 1996 of the Terms and Conditions of Interconnection with Qwest Corporation, f/k/a US West Communications, Inc.

Docket No. D2000.6.89: In the Matter of Qwest Corporation's Application to Establish Rates for Interconnection, Unbundled Network Elements, Transport and Termination, and Resale Services.

**Nebraska Public Service Commission**

Docket No. C-1385: In the Matter of a Petition for Arbitration of an Interconnection Agreement Between AT&T Communications of the Midwest, Inc., and US West Communications, Inc.

**New York Public Service Commission**

Case No. 28425: Proceeding on Motion of the Commission as to the Impact of the Modification of Final Judgement and the Federal Communications Commission's Docket 78-72 on the Provision of Toll Service in New York State.

**North Carolina Public Utilities Commission**

Docket No. P-100, Sub 72: In the Matter of the Petition of AT&T to Amend Commission Rules Governing Regulation of Interexchange Carriers (Comments).

Docket No. P-141, Sub 19: In the Matter of the Application of MCI Telecommunications Corporation to Provide InterLATA Facilities-Based Telecommunications Services (Comments).

Docket No. P-55, Sub 1013: In the Matter of Application of BellSouth Telecommunications, Inc. for, and Election of, Price Regulation.

Docket Nos. P-7, Sub 825 and P-10, Sub 479: In the Matter of Petition of Carolina Telephone and Telegraph and Central Telephone Company for Approval of a Price Regulation Plan Pursuant to G.S. 62-133.5.

Docket No. P-19, Sub 277: In the Matter of Application of GTE South Incorporated for and Election of, Price Regulation.

Docket No. P-141, Sub 29: In the Matter of: Petition of MCI Telecommunications Corporation for Arbitration of Interconnection with BellSouth Telecommunications, Inc., Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Interconnection with BellSouth Telecommunications, Inc. (consolidated).

Docket No. P-141, Sub 30: In the Matter of: Petition of MCI Telecommunications Corporation for Arbitration of Interconnection with General Telephone Company of North Carolina, Inc., Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Interconnection with General Telephone Company of North Carolina, Inc. (consolidated).

Docket No. P-100, Sub 133b: Re: In the Matter of Establishment of Universal Support Mechanisms Pursuant to Section 254 of the Telecommunications Act of 1996.

Docket No. P-100, Sub 133d: Re: Proceeding to Determine Permanent Pricing for Unbundled Network Elements.

Docket No. P-100, Sub 84b: Re: In the Matter of Petition of North Carolina Payphone Association for Review of Local Exchange Company Tariffs for Basic Payphone Services (Comments).

Docket No. P-561, Sub 10: BellSouth Telecommunications, Inc., Complainant, v. US LEC of North Carolina, LLC, and Metacomm, LLC, Respondents.

Docket No. P-472, Sub 15: In the Matter of the Interconnection Agreement Between BellSouth Telecommunications, Inc. and Time Warner Telecom of North Carolina, L.P. Pursuant to Section 252(b) of the Telecommunications Act of 1996.

Docket Nos. P-7, Sub 995; P-10, Sub 633: ALEC., Inc. v. Carolina Telephone and Telegraph Company and Central Telephone Company.

#### **Public Utilities Commission of Ohio**

Case No. 93-487-TP-ALT: In the Matter of the Application of The Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation.

#### **Oklahoma Corporation Commission**

Cause No. PUD 01448: In the Matter of the Application for an Order Limiting Collocation for Special Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

#### **Public Utility Commission of Oregon**

Docket No. UT 119: In the Matter of an Investigation into Tariffs Filed by US West Communications, Inc., United Telephone of the Northwest, Pacific Telecom, Inc., and GTE Northwest, Inc. in Accordance with ORS 759.185(4).

Docket No. ARB 3: In the Matter of the Petition of AT&T Communications of the Pacific Northwest, Inc., for Arbitration of Interconnection Rates, Terms, and Conditions Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996. Docket No. ARB 6: In the Matter of the Petition of MCIMetro Access Transmission Services, Inc. for Arbitration of Interconnection Rates, Terms, and Conditions Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996 (consolidated).

Docket No. ARB 9: In the Matter of the Petition of an Interconnection Agreement Between MCIMetro Access Transportation Services, Inc. and GTE Northwest Incorporated, Pursuant to 47 U.S.C. Section 252.

Docket No. UT-125: In the Matter of the Application of US West Communications, Inc. for an Increase in Revenues.

#### **Pennsylvania Public Utilities Commission**

Docket No. I-00910010: In Re: Generic Investigation into the Current Provision of InterLATA Toll

Service.

Docket No. P-00930715: In Re: The Bell Telephone Company of Pennsylvania's Petition and Plan for Alternative Form of Regulation under Chapter 30.

Docket No. R-00943008: In Re: Pennsylvania Public Utility Commission v. Bell Atlantic-Pennsylvania, Inc. (Investigation of Proposed Promotional Offerings Tariff).

Docket No. M-00940587: In Re: Investigation pursuant to Section 3005 of the Public Utility Code, 66 Pa. C. S. §3005, and the Commission's Opinion and Order at Docket No. P-930715, to establish standards and safeguards for competitive services, with particular emphasis in the areas of cost allocations, cost studies, unbundling, and imputation, and to consider generic issues for future rulemaking.

### **South Carolina Public Service Commission**

Docket No. 90-626-C: In Re: Generic Proceeding to Consider Intrastate Incentive Regulation.

Docket No. 90-321-C: In Re: Petition of Southern Bell Telephone and Telegraph Company for Revisions to its Access Service Tariff Nos. E2 and E16.

Docket No. 88-472-C: In Re: Petition of AT&T of the Southern States, Inc., Requesting the Commission to Initiate an Investigation Concerning the Level and Structure of Intrastate Carrier Common Line (CCL) Access Charges.

Docket No. 92-163-C: In Re: Position of Certain Participating South Carolina Local Exchange Companies for Approval of an Expanded Area Calling (EAC) Plan.

Docket No. 92-182-C: In Re: Application of MCI Telecommunications Corporation, AT&T Communications of the Southern States, Inc., and Sprint Communications Company, L.P., to Provide IntraLATA Telecommunications Services.

Docket No. 95-720-C: In Re: Application of BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company for Approval of an Alternative Regulation Plan.

Docket No. 96-358-C: In Re: Interconnection Agreement Negotiations Between AT&T Communications of the Southern States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 96-375-C: In Re: Interconnection Agreement Negotiations Between AT&T Communications of the Southern States, Inc. and GTE South Incorporated Pursuant to 47 U.S.C. § 252.

Docket No. 97-101-C: In Re: Entry of BellSouth Telecommunications, Inc. into the InterLATA Toll Market.

Docket No. 97-374-C: In Re: Proceeding to Review BellSouth Telecommunications, Inc. Cost for Unbundled Network Elements.

Docket No. 97-239-C: Intrastate Universal Service Fund.

Docket No. 97-124-C: BellSouth Telecommunications, Inc. Revisions to its General Subscriber Services Tariff and Access Service Tariff to Comply with the FCC's Implementation of the Pay Telephone

Reclassification and Compensation Provisions of the Telecommunications Act of 1996.

Docket No. 1999-268-C: Petition of Myrtle Beach Telephone, LLC, for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Horry Telephone Cooperative, Inc.

Docket No. 1999-259-C: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Docket No. 2001-65-C: Generic Proceeding to Establish Prices for BellSouth's Interconnection Services, Unbundled Network Elements and Other Related Elements and Services.

### **Tennessee Public Service Commission**

Docket No. 90-05953: In Re: Earnings Investigation of South Central Bell Telephone Company.

Docket Nos. 89-11065, 89-11735, 89-12677: AT&T Communications of the South Central States, MCI Telecommunications Corporation, US Sprint Communications Company -- Application for Limited IntraLATA Telecommunications Certificate of Public Convenience and Necessity.

Docket No. 91-07501: South Central Bell Telephone Company's Application to Reflect Changes in its Switched Access Service Tariff to Limit Use of the 700 Access Code.

### **Tennessee Regulatory Authority**

Docket No. 96-01152: In Re: Petition by AT&T Communications of the South Central States, Inc. for Arbitration under the Telecommunications Act of 1996 and Docket No. 96-01271: In Re: Petition by MCI Telecommunications Corporation for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 96-01262: In Re: Interconnection Agreement Negotiations Between AT&T of the South Central States, Inc. and BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. § 252.

Docket No. 97-01262: Proceeding to Establish Permanent Prices for Interconnection and Unbundled Network Elements.

Docket No. 97-00888: Universal Service Generic Contested Case.

Docket No. 99-00430: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. pursuant to the Telecommunications Act of 1996.

Docket No. 97-00409: In Re: All Telephone Companies Tariff Filings Regarding Reclassification of Pay Telephone Service as Required by Federal Communications Commission Docket No. 96-128.

### **Public Utility Commission of Texas**

Docket No. 12879: Application of Southwestern Bell Telephone Company for Expanded Interconnection

for Special Access Services and Switched Transport Services and Unbundling of Special Access DS1 and DS3 Services Pursuant to P. U. C. Subst. R. 23.26.

Docket No. 18082: Complaint of Time Warner Communications against Southwestern Bell Telephone Company.

Docket No. 21982: Proceeding to Examine Reciprocal Compensation Pursuant to Section 252 of the Federal Telecommunications Act of 1996.

Docket No. 23396: Joint Petition of CoServ, LLC d/b/a CoServ Communications and Multitechnology Services, LP d/b/a CoServ Broadband Services for Arbitration of Interconnection Rates, Terms, Conditions, and Related Arrangements with Southwestern Bell Telephone Company.

Docket No. 24015: Consolidated Complaints and Requests of Post-Interconnection Dispute Resolution Regarding Inter-Carrier Compensation for FX-Type Traffic Against Southwestern Bell Telephone Company.

#### **State of Vermont Public Service Board**

Docket No. 6533: Application of Verizon New England Inc. d/b/a Verizon Vermont for a Favorable Recommendation to Offer InterLATA Services Under 47 U.S.C. 271.

#### **Virginia State Corporation Commission**

Case No. PUC920043: Application of Virginia Metrotel, Inc. for a Certificate of Public Convenience and Necessity to Provide InterLATA Interexchange Telecommunications Services.

Case No. PUC920029: Ex Parte: In the Matter of Evaluating the Experimental Plan for Alternative Regulation of Virginia Telephone Companies.

Case No. PUC930035: Application of Contel of Virginia, Inc. d/b/a GTE Virginia to implement community calling plans in various GTE Virginia exchanges within the Richmond and Lynchburg LATAs.

Case No. PUC930036: Ex Parte: In the Matter of Investigating Telephone Regulatory Methods Pursuant to Virginia Code § 56-235.5, & Etc.

#### **Washington Utilities and Transportation Commission**

Docket Nos. UT-941464, UT-941465, UT-950146, and UT-950265 (Consolidated): Washington Utilities and Transportation Commission, Complainant, vs. US West Communications, Inc., Respondent; TCG Seattle and Digital Direct of Seattle, Inc., Complainant, vs. US West Communications, Inc., Respondent; TCG Seattle, Complainant, vs. GTE Northwest Inc., Respondent; Electric Lightwave, Inc., vs. GTE Northwest, Inc., Respondent.

Docket No. UT-950200: In the Matter of the Request of US West Communications, Inc. for an Increase in its Rates and Charges.

Docket No. UT-000883: In the Matter of the Petition of U S West Communications, Inc. for Competitive

Classification.

**Public Service Commission of Wyoming**

Docket No. 70000-TR-95-238: In the Matter of the General Rate/Price Case Application of US West Communications, Inc. (Phase I).

Docket No. PSC-96-32: In the Matter of Proposed Rule Regarding Total Service Long Run Incremental Cost (TSLRIC) Studies.

Docket No. 70000-TR-98-420: In the Matter of the Application of US West Communications, Inc. for authority to implement price ceilings in conjunction with its proposed Wyoming Price Regulation Plan for essential and noncompetitive telecommunications services (Phase III).

Docket No. 70000-TR-99-480: In the Matter of the Application of US West Communications, Inc. for authority to implement price ceilings in conjunction with its proposed Wyoming Price Regulation Plan for essential and noncompetitive telecommunications services (Phase IV).

Docket No. 70000-TR-00-556: In the Matter of the Filing by US West Communications, Inc. for Authority to File its TSLRIC 2000 Annual Input Filing and Docket No. 70000-TR-00-570: In the Matter of the Application of US West Communications, Inc. for Authority to File its 2000 Annual TSLRIC Study Filing.

**Public Service Commission of the District of Columbia**

Formal Case No. 814, Phase IV: In the Matter of the Investigation into the Impact of the AT&T Divestiture and Decisions of the Federal Communications Commission on Bell Atlantic - Washington, D. C. Inc.'s Jurisdictional Rates.

**Puerto Rico Telecommunications Regulatory Board**

Case No. 98-Q-0001: In Re: Payphone Tariffs.

Docket No.: JRT-2001-AR-0002: In the Matter of Interconnection Rates, Terms and Conditions between WorldNet Telecommunications, Inc. and Puerto Rico Telephone Company.



**COMMENTS/DECLARATIONS - FEDERAL COMMUNICATIONS COMMISSION**

CC Docket No. 92-91: In the Matter of Open Network Architecture Tariffs of Bell Operating Companies.

CC Docket No. 93-162: Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection for Special Access.

CC Docket No. 91-141: Common Carrier Bureau Inquiry into Local Exchange Company Term and Volume Discount Plans for Special Access.

CC Docket No. 94-97: Review of Virtual Expanded Interconnection Service Tariffs.

CC Docket No. 94-128: Open Network Architecture Tariffs of US West Communications, Inc.

CC Docket No. 94-97, Phase II: Investigation of Cost Issues, Virtual Expanded Interconnection Service Tariffs.

CC Docket No. 96-98: In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996

CC Docket No. 97-231: Application by BellSouth to Provide In-Region InterLATA Services

CC Docket No. 98-121: Application by BellSouth to Provide In-Region InterLATA Services

CCB/CPD No. 99-27: In the Matter of Petition of North Carolina Payphone Association for Expedited Review of, and/or Declaratory Ruling Concerning, Local Exchange Company Tariffs for Basic Payphone Services.

CC Docket No. 96-128: In the Matter of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CCB/CPD No. 99-31: Oklahoma Independent Telephone Companies Petition for Declaratory Ruling (consolidated).

CCB/CPD No. 00-1: In the Matter of the Wisconsin Public Service Commission Order Directing Filings.

CC Docket No. 99-68: In the Matter of Inter-Carrier Compensation for ISP-Bound Traffic

File No. EB-01-MD-020: In the Matter of Sprint Communications Company, L.P., Complainant v. Time Warner Telecom, Inc. Defendant.

Request by the American Public Communications Council that the Commission Issue a Notice of Proposed Rulemaking to Update the Dial-Around Compensation Rate

File Nos. EB-02-MD-018-030: In the Matter of Communications Vending Corp. of Arizona, et. al., Complainants, v. Citizens Communications Co. f/k/a Citizens Utilities Co. and Citizens Telecommunications Co., et. al., Defendants.

CC Docket No. 96-45: In the Matter of Federal-State Joint Board on Universal Service, Cellular South License, Inc., RCC Holdings, Inc., Petitions for designation as an Eligible Telecommunications carrier in the State of Alabama.

Docket No. 030137-TP  
Witness: Don J. Wood  
Exhibit No. \_\_\_\_\_(DJW-1)  
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**REPRESENTATIVE TESTIMONY – STATE, FEDERAL, AND OVERSEAS COURTS**

**Court of Common Pleas, Philadelphia County, Pennsylvania**

Shared Communications Services of 1800-80 JFK Boulevard, Inc., Plaintiff, v. Bell Atlantic Properties, Inc., Defendant.

**Texas State Office of Administrative Hearings**

Office of Customer Protection (OCP) Investigation of Axces, Inc. for Continuing Violations of PUC Substantive Rule §26.130, Selection of Telecommunications Utilities, Pursuant to Procedural Rules 22.246 Administrative Penalties.

**United States District Court for the District of South Carolina, Columbia Division**

Brian Wesley Jeffcoat, on behalf of himself and others similarly situated, Plaintiffs, v. Time Warner Entertainment - Advance/Newhouse Partnership, Defendant.

**High Court of the Hong Kong Special Administrative Region, Court of First Instance**

Commercial List No. 229 of 1999: Cable and Wireless HKT International Limited, Plaintiff v. New World Telephone Limited, Defendant.

**REPRESENTATIVE TESTIMONY – PRIVATE COMMERCIAL ARBITRATION TRIBUNALS**

**American Arbitration Association**

Southwestern Bell Telephone Company, Claimant vs. Time Warner Telecom, Respondent.

**CPR Institute for Dispute Resolution**

Supra Telecommunications and Information Systems, Inc., Claimant vs. BellSouth Telecommunications, Inc., Respondent.

If an AT&T order for a local loop is cancelled or modified by AT&T or an AT&T end-user, and the cancellation or modification is not caused by BellSouth, AT&T will compensate BellSouth costs incurred by BellSouth for provisioning or accommodating the modification of the local loop, unless such costs are already being recovered through approved rates. AT&T may charge BellSouth order modification or cancellation charges using the same rates and conditions as BellSouth utilizes for assessing such charges to AT&T, if the modification or cancellation is caused by BellSouth.

**EXHIBIT DHJW-3**

**IS**

**PROPRIETARY**