

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Joint Application)
of)
) **Docket No. UT-050814**
VERIZON COMMUNICATIONS,)
INC., and MCI, INC.)
)
For Approval of Agreement and Plan)
of Merger)
_____)

RESPONSE TESTIMONY OF
JOSEPH GILLAN
ON BEHALF OF
COVAD COMMUNICATIONS COMPANY

September 9, 2005

TABLE OF CONTENTS

	Page
I. INTRODUCTION AND WITNESS QUALIFICATONS	1
II. THE PENDING RESOURCE IMBALANCE	7
III. THE COMMISSION’S AUTHORITY TO ADOPT PRICE CAP REGULATION OF VERIZON’S WHOLESALE OFFERINGS	15
A. Verizon Washington Should Be Regulated As An RBOC As a Matter of Public Policy and Economic Reality.....	17
B. Verizon Washington Should Be Required to Offer §271-Listed Network Elements Like Any Other RBOC.	20
C. The TELRIC and Just and Reasonable Standards Can be Satisfied by and Appropriately Structured Price Cap	25
IV. THE RECOMMENDED PRICE CAP REGULATION PLAN TO GOVERN VERIZON’S WHOLESALE OFFERINGS	32
A. The Initialization of §251 and §271 Wholesale Elements	32
B. The Annual Adjustment Parameters – Inflation and Productivity.....	35
V. PROMOTING THE DEPLOYMENT OF IP-BASED SERVICES.....	42
VI. CONCLUSION.....	47

1 **I. INTRODUCTION AND WITNESS QUALIFICATONS**

2
3 **Q. Please state your name, business address and occupation.**
4

5 A. My name is Joseph Gillan. My business address is P. O. Box 541038, Orlando,
6 Florida 32854. I am an economist with a consulting practice specializing in
7 telecommunications.
8

9 **Q. Please briefly outline your educational background and related experience.**
10

11 A. I am a graduate of the University of Wyoming where I received B.A. and M.A.
12 degrees in economics. From 1980 to 1985, I was on the staff of the Illinois
13 Commerce Commission ("ICC") where I had responsibility for the policy analysis
14 of issues created by the emergence of competition in regulated markets, in
15 particular the telecommunications industry. While at the ICC I served on the staff
16 subcommittee for the NARUC Communications Committee and was appointed to
17 the Research Advisory Council overseeing the National Regulatory Research
18 Institute.

19 In 1985, I left the ICC to join U.S. Switch, a venture firm organized to
20 develop interexchange access networks in partnership with independent local
21 telephone companies. At the end of 1986, I resigned my position of Vice
22 President-Marketing/Strategic Planning to begin a consulting practice.

23 Over the past twenty-five years, I have provided testimony before more
24 than 35 state commissions, five state legislatures, the Commerce Committee of

1 the United States Senate, and the Federal/State Joint Board on Separations
2 Reform. I have also been called to provide expert testimony before federal and
3 state civil courts by clients as diverse as the trustees of a small competitive carrier
4 in the Southeast to Qwest Communications. In addition, I have filed expert
5 analysis with the Finance Ministry of the Cayman Islands and before the
6 Canadian Radio-Telecommunications Commission.

7 I serve on the Advisory Council to New Mexico State University's Center
8 for Regulation (since 1985) and serve as an instructor in their "Principles of
9 Regulation" program taught twice annually in Albuquerque. In addition, I lecture
10 at Michigan State University's Regulatory Studies Program. I have also been
11 invited to lecture at the School of Laws at the University of London (England) on
12 telecommunications policy and cost analysis in the United States. A complete
13 listing of my qualifications, testimony and publications is provided in Exhibit
14 JPG-1 (attached).

15
16 **Q. On whose behalf are you testifying?**

17
18 **A.** I have prepared this testimony on behalf of and COVAD Communications
19 Company ("COVAD").

20
21 **Q. What is the purpose of your testimony?**

22
23 **A.** The purpose of my testimony is to discuss several core conditions needed before
24 the proposed acquisition of MCI by Verizon is *plausibly* in the public interest.

1 Major events demand plain talking. MCI's acquisition by Verizon is cataclysmic
2 – it both symbolizes the collapse of local competition and will, if steps are not
3 taken, further accelerate its decline. In the testimony that follows, I focus on one
4 specific goal – identifying the minimum reforms needed for CLEC competition to
5 succeed in an environment where its largest champions, MCI and AT&T, have
6 been absorbed into a re-emerging “Bell System” managed and operated by
7 Verizon and SBC.

8 The effect of this merger on local competition cannot be ignored. The
9 federal Act, with its reliance on arbitration and the private enforcement of
10 wholesale obligations and contracts, requires some semblance of parity between
11 entrant and incumbent. Yet these mergers render any notion that the remaining
12 competitors can stand as bilateral partners in such a process a complete fiction.

13 What is needed is fundamental reform – reform consistent with the Act
14 and federal rules, but reform nonetheless. In addition, as new technologies and,
15 hopefully, new networks slowly emerge, it is appropriate to consider transitional
16 mechanisms to a lessened level of regulation. The recommendations of my
17 testimony are intended to accomplish both – to protect more efficiently
18 competitive access to existing networks, while at the same time encouraging
19 additional network deployment and providing a path towards reduced regulation
20 overall.

21
22 **Q. Please summarize your recommendations.**
23

1 A. My principal recommendation is that the Washington Utilities and Transportation
2 Commission (“Commission”) not approve this merger without a concomitant
3 reform of Verizon’s wholesale offerings to ensure that competitive local exchange
4 companies (“CLECs”) obtain *stable* access to Verizon’s network in an efficient,
5 predictable and commercially meaningful manner. The reform I propose
6 involves the application of a proven idea to a new area – namely that the prices
7 for Verizon’s wholesale offerings be governed under an incentive framework (*i.e.*,
8 price caps), much in the same way that its retail and access offerings have been
9 regulated in the past.

10 Because GTE was not an RBOC in 1996 when the federal Act was passed,
11 Verizon’s Washington property is not subject to the market opening requirements
12 of §271. Nevertheless, my testimony recommends that the Commission not only
13 adopt a price cap plan that applies to Verizon’s §251 obligations, but I *also*
14 recommend that the Commission correct the historical anomaly that limits
15 Verizon’s wholesale obligations in Washington to those of §251 by adopting, as a
16 mitigating condition to this merger, that Verizon’s Washington operations should
17 satisfy the independent unbundling obligations of §271 to the same extent as is
18 applicable to Verizon in other states.¹

19
20 **Q. Is the application of price-cap regulation to Verizon’s wholesale services a**
21 **deregulatory step?**

¹ As I explain in more detail below, the additional §271-like unbundling obligations that I recommend here are held to a different pricing standard than those elements required under §251. Because each category of network elements is held to a different pricing standard, I propose a price-cap framework calibrated to provide greater pricing flexibility for §271-like network elements than that applicable under the stricter pricing requirements of §251.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

A. Yes. The application of price caps in this context makes logical sense. In addition to greatly simplifying the wholesale regulation of Verizon, price caps are a recognized transitional path to a competitive market. As alternatives to Verizon’s network slowly emerge, the price cap mechanism balances flexibility with non-intrusive oversight and is well-suited to markets in transition. As the Federal Communications Commission (“FCC”) explained, “... price caps act as a transitional regulatory scheme until the advent of actual competition makes price cap regulation unnecessary.”²

Q. Does your testimony also address more broadly the reasons why this merger is harmful to the public interest?

A. Although I believe that there are extensive problems created by Verizon acquiring one of its largest national competitors (while SBC acquires the other), my focus is not on *why* the merger should be denied. I assume that others will fully brief the Commission on why that path is most appropriate. Rather, my testimony addresses how best the Commission can *mitigate* the specific problems needed for the remaining CLEC competitors to compete in a post-merger environment.

In a sense, the focused nature of my testimony is evidence in itself of the principal issue that I address – that is, that the elimination of the “top-layer” of the competitive pyramid dramatically reduces the resources available for the competitive sector to participate as full participants in public debate. As I explain

² *In the Matter of Special Access Rates for Price Cap Local Exchange Carriers*, WC Docket No. 05-25, Notice of Proposed Rulemaking, ¶ 11 (rel. January 31, 2005) (“*Special Access NPRM*”).

1 more fully below, the federal Act essentially privatized the regulation of Verizon,
2 at least with respect to its wholesale services, and one issue created by this
3 merger concerns the effect of Verizon acquiring (along with SBC) its principal
4 regulator(s).

5 Obviously, the merger could not conceivably be in the public interest if
6 one of its consequences would be a resource imbalance so severe that Verizon
7 could effectively litigate its competitors out of the market. This resource-issue is
8 not merely the competitors' problem, it is a fundamental problem of public policy.
9 The competitive discipline upon which other policies rest – including price cap
10 regulation of Verizon's retail services – *assume* that other competitors are gaining
11 a foothold in the market. Competition is a public policy that must be protected,
12 and my recommendations address that concern.

13
14 **Q. In addition to your recommendation concerning a price cap plan for**
15 **Verizon's wholesale services, does your testimony address any other area?**
16

17 A. Yes. My testimony also addresses principles that the Commission should adopt to
18 further encourage the development of IP-based services and networks. As voice
19 services shift to IP networks, Verizon (alongside SBC) will be uniquely
20 positioned to favor their own IP-based services. The Commission should use this
21 proceeding to place these carriers on notice that discriminatory behavior will not
22 be tolerated. While it may still be too early to adopt specific rules governing
23 Verizon's obligations with respect to such offerings (in part because the relative

1 division of authority between the FCC and the states remains unclear), the
2 Commission can still provide direction as to its basic policies and concerns.

3
4 **II. THE PENDING RESOURCE IMBALANCE**

5
6 **Q. Does the proposed acquisition of MCI by Verizon jeopardize the key goal of**
7 **the federal telecommunications act, i.e., the creation of a competitive local**
8 **market?**
9

10 **A.** Yes it does. The proposed acquisition of MCI by Verizon violates a fundamental
11 assumption underlying the Act – that is, that a reasonable resource balance would
12 exist between entrants and incumbents so that the creative tensions of negotiation
13 and arbitration could produce just and reasonable wholesale arrangements.

14 The basic goal of the federal Act, as noted by the United States Supreme
15 Court, was “to reorganize markets by rendering ... monopolies vulnerable to
16 interlopers,” giving “aspiring competitors every possible incentive to enter local
17 retail telephone markets.”³ The federal Act did more than attempt to reorganize
18 local markets, it also effected a subtle shift in the regulatory role of government.
19 For all practical purposes, the Act *privatized* responsibility for the regulation of
20 the RBOCs’ wholesale services with their competitive customers, relying on the
21 competitive entrants to arbitrate and enforce their rights.

22
23 **Q. What do you mean by the statement that the Act “privatized” the regulation**
24 **of incumbents, such as Verizon?**
25

³ *Verizon Communications, Inc. v. FCC*, 535 U.S. 467, 471 (2002).

1 A. Prior to passage of the federal Act, state regulation was focused at the *retail* level,
2 with an emphasis on retail prices and quality of service. The principal resources
3 used to police RBOC behavior were publicly (or utility) funded: commission
4 staff, formal advocacy departments, and other state-level consumer utility
5 advocate organizations. As regulation moved from traditional rate-base/rate-of-
6 return approaches to more flexible forms of price regulation, these publicly-
7 funded resources continued to monitor earnings, service quality and other issues
8 important to retail regulation.

9 The federal Act, however, shifted the focus of regulation from the *retail*
10 level, where competition was expected to take root, to the *wholesale* level beneath
11 it.⁴ The wholesale tools adopted by Congress were comprehensive – resale of the
12 incumbent’s services,⁵ access to network elements at cost based rates,⁶ and, for
13 RBOCs wanting to offer long distance services in-region, the added insurance of
14 the competitive checklist.⁷

15 In addition to its shifting of regulatory emphasis from the retail to
16 wholesale levels, however, the Act also shifted the principal responsibility for
17 regulatory effort from the public sector to the private sector. In the wholesale

⁴ The United States Supreme Court recognized that the goal of the federal Act was competition at the retail level, noting in *Verizon* that the Act had been “... designed to give aspiring competitors every possible incentive to enter local retail telephone markets, short of confiscating the incumbent’s property.” 535 U.S. at 470 (emphasis added). The path to retail competition chosen by the Act was regulation at the wholesale level, requiring Verizon to open its network under legal mandate and regulatory supervision.

⁵ See, Act, §251(c)(4).

⁶ See, *id.* at §251(c)(3).

⁷ As I explain later in my testimony, the Commission should use this merger to correct the historical anomaly that exempts Verizon’s Washington property from the unbundling obligations of §271. It is unsound policy to pretend that Verizon’s Washington operations are any less a part of its national prominence than its legacy-RBOC territories that are governed by §271.

1 scheme created by the Act, the primary activities of wholesale regulation – *i.e.*,
2 the creation of open cost models, the development of performance penalty plans,
3 the litigation needed to establish and enforce access rights, as well as the
4 monitoring of wholesale offerings – are substantively managed by competitors.
5

6 **Q. Are you saying that the Commission itself does not regulate Verizon’s**
7 **wholesale offerings?**
8

9 A. Not at all. There is no question that the Commission devotes substantial resources
10 to fulfilling its duties under the federal Act. My point is that the Commission’s
11 role in adjudicating disputes between entrants and Verizon is much different than
12 its prior role as direct regulator of Verizon’s retail activities. Certainly, the
13 Commission must expend considerable effort *evaluating* the respective claims of
14 Verizon and its entrant-competitors, but this adjudicatory role so central to the
15 Act’s implementation depends, in the first instance, upon the creative tension
16 between entrant and incumbent, and the private resources committed to the
17 regulatory process by both.
18

19 **Q. When the Act was enacted in 1996, did Congress have reason to believe that**
20 **both sides had the requisite resources needed for the “creative tension”**
21 **between entrant and incumbent to produce just and reasonable outcomes?**
22

23 A. Yes. When Congress decided to rely on the negotiation/arbitration process as the
24 mechanism to create viable wholesale offerings, a reasonable resource balance
25 existed between the monopoly and competitive sectors of the industry.

**Table 1: Incumbent-Competitor Resource Balance at Act Passage⁸
(1995 \$ millions)**

Incumbent LEC Sector			Competitive Sector ⁹		
Company	Revenues	Employees	Company	Revenues	Employees
GTE ¹⁰	\$19,957	85,000	AT&T	\$79,609	299,300
BellSouth	\$17,886	87,571	MCI	\$15,265	50,367
Bell Atlantic	\$13,430	61,800	WorldCom	\$3,639	7,500
Ameritech	\$13,427	65,345			
NYNEX	\$13,407	65,800			
Verizon	\$12,670	59,300			
US West	\$9,284	n/a			
Pacific Telesis	\$9,042	48,889			
Total	\$109,103	473,705	Total	\$98,699	357,167

1

2

3

4

5

6

7

8

9

10

11

As Table 1 shows, at the time Congress was crafting the federal Act, resources were roughly balanced between the monopoly and competitive sectors. The largest expected local entrants were established interexchange carriers,¹¹ well financed and (at least presumably) positioned to become effective local competitors. The single largest carrier was AT&T, which at the time included the resources of NCR and (what would ultimately become) Lucent. The regulatory model adopted by Congress, with its heavy reliance on bilateral negotiation and arbitration, reflected the relative resource balance that existed at the time.

Q. Has the resource balance between entrant and incumbent shifted over time?

⁸ Source: 1995 10K Reports.

⁹ In addition to these large competitors, there were a handful of much smaller entrants with comparatively modest revenues and numbers of employees.

¹⁰ GTE's domestic employees only.

¹¹ A fourth interexchange carrier (Sprint) is also an incumbent LEC and has not been included in the above table as either a member of the competitive or monopoly sectors of the industry.

1 A. Yes. In the time since the Act passed, the resources available to the competitive
 2 sector have generally declined, while the incumbents have consolidated to
 3 concentrate the resources available to them. Although the RBOCs have *twice*
 4 promised acquisitions that were claimed to create the necessary scale to compete
 5 out-of-region,¹² the reality has been the emergence of two super-RBOCs that
 6 dominate the industry.

Table 2: Incumbent-Competitor Resource Balance – Pre-Merger¹³
(2004 \$ millions)¹⁴

Incumbent LEC Sector			Competitive Sector ¹⁵		
Company	Revenues	Employees	Company	Revenues	Employees
Verizon	\$71,283	210,000	AT&T	\$30,537	47,600
SBC	\$59,648	162,700	MCI	\$20,690	40,400
BellSouth	\$27,910	62,564	Level 3	\$3,712	4,500
Qwest	\$13,809	41,000	XO	\$1,300	5,000
			McLeod	\$716	2,400
			Broadwing	\$672	1,661
			Time Warner	\$653	1,986
			ITC^DeltaCom	\$583	2,050
			Talk	\$471	1,200
			Covad	\$429	1,141
			US LEC	\$356	1,065
			Trinsic	\$251	765
			Eschelon	\$158	1,139
			PacWest	\$124	373
Total	\$172,650	476,264	Total	\$60,653	111,280

7

¹² Both SBC (when it acquired Ameritech) and Verizon (when it acquired GTE) claimed that these mergers would provide them the scale they needed for out-of-region entry.

¹³ Source: 2004 10K Reports.

¹⁴ Revenues for SBC and BellSouth adjusted to reflect proportional ownership of Cingular Wireless (60% SBC/40% BellSouth).

¹⁵ Listing includes competitive carriers that have reached sufficient size to (at least, at one time) attract public capital. Because the focus of this testimony concerns the regulatory reform needed to provide stable access to Verizon facilities, the table does not include cable-based entrants because such carriers do not rely extensively on Verizon-provided facilities to provide service.

1 As Table 2 demonstrates, the combined effect of RBOC consolidation and the
2 difficulties experienced by competitors has lead to an ever-tilting resource
3 imbalance favoring the incumbent. Whereas at the time of the passage of the
4 federal Act the ILECs had just under 53% of the total industry revenue shown in
5 Table 1, their share had increased to almost 75% by 2004. At the time of the Act
6 they employed 57% of the total employees in this market; by 2004 that had
7 increased to 81%.

8
9 **Q. What will the resource imbalance look like after Verizon and SBC acquire**
10 **MCI and AT&T?**
11

12 A. The resource imbalance that exists today (as shown above), is manageable
13 compared to the imbalance that will result from the acquisition of MCI by
14 Verizon (and the acquisition of AT&T by SBC). Of the total 2004 competitive
15 revenues of just over \$60 billion, some \$50 billion are revenues earned by MCI
16 and AT&T. When they are shifted to the Verizon/SBC side, there is no longer
17 any real comparison.

18 If Verizon is permitted to acquire MCI (and AT&T is acquired by SBC),
19 the resource balance so critical to the Act's operation will be crippled. MCI and
20 AT&T are responsible for approximately 85% of the revenues of the competitive
21 sector and 80% of its employees. The effect of shifting these resources from the
22 competitive side of the ledger to the incumbent side will effectively drain the
23 competitive sector of the resources needed to arbitrate reasonable wholesale
24 arrangements on plausibly equal terms.

1

Table 3: Incumbent-Competitor Resource Balance – Post-Merger¹⁶
 (2004 \$ millions)¹⁷

Incumbent LEC Sector ¹⁸			Competitive Sector		
Company	Revenues	Employees	Company	Revenues	Employees
Verizon	\$91,973	250,400	Level 3	\$3,712	4,500
SBC	\$90,185	210,300	XO	\$1,300	5,000
BellSouth	\$27,910	62,564	McLeod	\$716	2,400
Qwest	\$13,809	41,000	Broadwing	\$672	1,661
			Time Warner	\$653	1,986
			ITC^DeltaCom	\$583	2,050
			Talk	\$471	1,200
			Covad	\$429	1,141
			US LEC	\$356	1,065
			Trinsic	\$251	765
			Eschelon	\$158	1,139
			PacWest	\$124	373
Total	\$223,877	564,264	Total¹⁹	\$9,426	23,280

2

3

4

5

Q. What would be the effect of this dramatic realignment of resources if the mergers are approved without conditions?

6

7

8

A. In practical terms, Verizon (and SBC) are acquiring their regulators, at least with respect to wholesale services. The Act's reliance on the creative tension between incumbent and entrant -- with the requisite arbitration by state utility commissions

¹⁶ Source: 2004 10K Reports.

¹⁷ Revenues for SBC and BellSouth adjusted to reflect proportional ownership of Cingular Wireless (60% SBC/40% BellSouth).

¹⁸ Table 3 combines the revenues and employees of MCI and AT&T with those of Verizon and SBC (respectively). This simple calculation partially overstates both revenues (because some of the RBOCs' revenues are derived from services provided to MCI and AT&T) and employees (because the mergers will result in layoffs). However, for the purpose of the points made in this testimony, the calculation does reasonably demonstrate the relative size of the incumbent and competitive sectors of the industry post-merger.

¹⁹ Contrasting the "total resources" of the incumbent and competitive sectors understates the RBOCs' advantage because such a large percentage of the RBOCs' resources are concentrated in a few firms, thereby reducing the costs of coordination. In contrast, CLEC resources are spread across many firms and frequently extend across multiple-RBOC regions.

1 -- would be irreparably harmed, rendering privately-funded arbitrations, cost-
2 proceedings and performance monitoring systems far less effective (if not
3 irrelevant).

4
5 **Q. Verizon and MCI will no doubt argue that MCI is under no legal obligation**
6 **to act as the wholesale regulator of Verizon's services. How do you respond?**
7

8 A. As a pure legal matter, it is true that the Act did not *name* MCI (and AT&T) as
9 the effective regulator(s) of Verizon's wholesale services. But then, it is not my
10 testimony that MCI is abandoning a *duty* through its merger to Verizon. My point
11 is that the competition the Commission has seen to date is a product of an
12 environment in which MCI (and AT&T) played a critical role. And, the fact is
13 that the merger(s) will end that important role.

14 Whether the merger is the cause or the merely the culminating event is not
15 relevant – either way, the Commission can no longer rely on the efforts of MCI
16 (or AT&T) in keeping Verizon's wholesale offerings viable. Obviously, without
17 viable wholesale offerings, the merged MCI/Verizon will become even stronger.
18 This acquisition cannot be in the public interest if an inevitable outcome will be
19 continued backsliding by Verizon in the performance of its wholesale obligations.
20 Yet without a more cost-effective regulatory system, the Commission can expect
21 no other outcome. Consequently, the only way that the Commission can approve
22 this merger is if it adopts parallel reforms that will enable competition to continue
23 despite the massive resource imbalance the merger will produce.
24

1 In addition, it is important to appreciate that my recommendation is not
2 offered as “punishment” of Verizon for its role in the collapse of local
3 competition, or even as a concession extracted as the price of getting its merger
4 approved. To the contrary, what is being proposed – *i.e.*, price caps or incentive
5 regulation – has historically been *embraced* by Verizon as a method of
6 transitional deregulation. Price caps have been used to relax the regulation of
7 Verizon’s access services by the FCC.²⁰ The reform that I recommend here is
8 simply the extension of the same deregulatory step to Verizon’s wholesale
9 offerings that has already been applied to its other services.

10
11 **III. THE COMMISSION’S AUTHORITY TO ADOPT PRICE CAP**
12 **REGULATION OF VERIZON’S WHOLESALE OFFERINGS**
13

14
15 **Q. Does the Commission have the authority to structure and adopt a price cap**
16 **plan to govern Verizon’s wholesale offerings in this proceeding?**
17

18 A. Yes it does. Before explaining the basis for this conclusion, however, I offer the
19 standard caveat -- I am not an attorney and, as a result, I am not offering a legal
20 opinion (by definition). Nevertheless, given that the principal recommendation of
21 my testimony is that the Commission should adopt a wholesale price cap plan in
22 an attempt to mitigate the harm to the public interest from the merger, it is
23 appropriate to outline exactly why the Commission has the authority to do so.

²⁰ *Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313 (rel. September 19, 1990).

1 Before addressing why the Commission has the authority to structure and
2 adopt a price cap plan to govern Verizon's wholesale offerings in this proceeding,
3 I explain why the Commission should adopt mitigating conditions in this
4 proceeding that forever terminate the fiction that Verizon's Washington properties
5 are any less an "RBOC" than its other properties. GTE's treatment under the
6 federal Act continued, in part, a pattern of treatment in which the antitrust
7 concerns presented by its dispersed, and generally rural, service territory were less
8 than those of the RBOCs.²¹ With its merger with Verizon, and its pending merger
9 with MCI, however, there is no reason to treat Verizon's Washington property
10 differently than any other RBOC property. Verizon, along with SBC, are the two
11 *super*-RBOCs. As an RBOC (in all but name only), Verizon-Washington should
12 be subject to the same independent unbundling obligations in §271 as any other
13 RBOC. While Verizon-Washington may not have had to *prove* that its markets
14 were open before it could offer long distance service (which is one half of §271's
15 role), that fact should not permit it to *close* them down to any greater extent than
16 any other RBOC. Consequently, Verizon-Washington should be required to
17 honor the same independent unbundling obligations contained in §271 that apply
18 to its operations in other states.²²

²¹ For instance, GTE's Consent Decree with the Department of Justice was entered into as part of its *entry* to the long distance market (with its acquisition of Sprint), and was not structured like the Modification of Final Judgment (that applied to the RBOCs), which *precluded* long distance service.

²² Thus, the two categories of network elements that a price cap plan should address are those required under §251 of the Act and those required under §271. It is important to understand that each category is subject to a different pricing standard and, therefore, should be addressed separately in a price regulation framework. Because §271 requires that §271 network elements be offered in interconnection agreements approved under §252 of the Act, the Commission has

1 *A. Verizon Washington Should Be Regulated as an*
2 *RBOC As a Matter of Public Policy and Economic Reality.*
3

4 **Q. Is Verizon's Washington property subject to §271 of the federal Act?**
5

6 A. No. As a former property of GTE, Verizon's Washington property is not legally
7 bound by §271 which applies only to Regional Bell Operating Companies. Even
8 though Verizon acquired GTE in 2000, §271 did not apply to legacy GTE
9 properties.²³ As I explain below, however, the Commission should ignore this
10 historic anomaly and adopt mitigating conditions designed to foster local
11 competition. Most specifically, the Commission should hold Verizon-
12 Washington to the same independent unbundling obligations of §271 that apply to
13 Verizon's legacy Bell Atlantic and NYNEX operations. The fact is that Verizon-
14 Washington is as an important part of Verizon's national dominance as a number
15 of its states that had been served by its legacy Bell Atlantic and NYNEX
16 operations to which §271 applies (See Table 4).

the same responsibility to apply the FCC-directed pricing rules for §271 elements (which must be "just and reasonable") as it does for §251 elements (which must be priced based on TELRIC).

²³ At the time of GTE's acquisition by Verizon, the principal role of §271 was to require the RBOCs to prove their markets were open before they could obtain long distance authority. Because GTE had never been prohibited from offering long distance services, this aspect of §271 had little application to its operations.

Table 4: Comparing Verizon-Washington to Verizon §271 States²⁴

Former Company	State	End User Lines
NYNEX	New York	7,335,142
Bell Atlantic	New Jersey	4,747,987
Bell Atlantic	Pennsylvania	4,637,835
NYNEX	Massachusetts	3,321,129
Bell Atlantic	Maryland	3,172,000
Bell Atlantic	Virginia	2,869,318
Bell Atlantic	District of Columbia	892,860
GTE	Washington	816,638
Bell Atlantic	West Virginia	741,408
NYNEX	New Hampshire	599,462
NYNEX	Maine	551,728
Bell Atlantic	Delaware	485,278
NYNEX	Rhode Island	420,277
NYNEX	Vermont	309,548

Q. Are the concerns that §271 was intended to address – i.e., discrimination and market dominance – as tangible in Verizon Washington’s area as they are other Verizon states?

A. Yes. Congress adopted §271 for a very specific purpose – as additional insurance

that entry to the long distance market by a major ILEC (which was what

distinguished the RBOCs) would not result in harm to long distance competition:

These additional requirements [the unbundling obligations in the competitive checklist] reflect Congress’ concern, repeatedly recognized by the Commission and courts, with balancing the BOCs’ entry into the long distance market with increased presence of competitors in the local market The protection of the interexchange market is reflected in the fact that section 271 primarily places in each BOC’s hands the ability to determine if and when it will enter the long distance market. If the BOC is unwilling to open its local telecommunications markets to competition or apply for relief, the interexchange market remains

²⁴ Source: SBC and Verizon Form 477 (Local Competition Report)(data as of December 2004).

1 protected because the BOC will not receive section 271
2 authorization.²⁵
3
4

5 Congress well understood that permitting the RBOCs to offer in-region long
6 distance services carried great risk. As everyone knew when the Act passed, the
7 RBOCs' ability to bundle local and long distance would be the most powerful
8 force in post-divestiture telecommunications. This fact is equally true for
9 Verizon's legacy GTE properties.
10

11 **Q. You indicated earlier that §271 has two roles. Can you elaborate?**
12

13 A. Yes. The first role of §271 is to ensure that an RBOC has opened its market
14 *before* it may provide long distance service. This gating role is tied to the
15 elimination of the line of business restriction in the MFJ that had prohibited
16 RBOCs from providing long distance services prior to the enactment of the
17 federal Act.

18 In addition, however, §271 has a continuing role to ensure that markets
19 remain open by including independent unbundling obligations separate from §251
20 of the Act. Specifically, §271 of the Act required that each of the core elements
21 of the local network – loops, transport, switching and signaling – would be
22 available to competitive entrants in any state where the RBOC sought to offer

²⁵ *In the Matter of Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, CC Docket No. 01-338, *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-98, *Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket No. 98-147, Report and Order and Order on Remand and Further Notice of Proposed Rulemaking, ¶ 655 (rel. August 21, 2003) (“TRO”).

1 long distance service, without the need for any additional findings by the FCC as
2 to whether an entrant would be “impaired.”²⁶

3 MCI’s acquisition by Verizon is properly viewed, at least in part, as an
4 inevitable consequence of MCI’s forced abandonment of consumer markets
5 because §251 access to the network was being curtailed by the FCC without first
6 ensuring that reasonable alternatives under §271 were available. I believe, as a
7 matter of sound policy and economic reality, the Commission should require as a
8 mitigating condition to this merger that the independent unbundling obligations of
9 §271 be applied to Verizon’s Washington property and that these obligations
10 should be fully implemented, with reasonable prices and stable terms, and without
11 threat of perpetual erosion. A properly structured price regulation plan can
12 provide that certainty.²⁷

13 ***B. Verizon Washington Should Be Required to Offer §271-***
14 ***Listed Network Elements Like Any Other RBOC.***
15

16 **Q. Please summarize Verizon’s unbundling obligations that you propose to**
17 **address through a price regulation plan.**
18

²⁶ The United States Supreme Court recognized this goal when it quoted Senator Breaux’s description of the competitive checklist at the Act’s passage :

Now, this legislation says you will not control much of anything. You will have to allow for nondiscriminatory access on an unbundled basis to the network functions and service of the Bell operating companies that is at least equal in type, quality, and price to the access [a] Bell operating company affords to itself.

Verizon v. FCC, supra, 535 U.S. at 488 (quoting 141 Cong. Rec. 15572 (1995)).

²⁷ MCI’s acquisition by Verizon is precisely the outcome that §271 of the federal Act was intended to prevent – *i.e.*, a large entrant, unable to compete without local access, becoming part of a re-emerging Bell System. The conditions the Commission adopts in this merger must be, in part, structured to prevent further competitive erosion.

1 A. As I explained above, I believe that the Commission should adopt conditions that
2 treat Verizon in Washington no differently than any other RBOC (at least with
3 respect to the independent unbundling obligations of §271), and that it should
4 regulate the prices of Verizon's wholesale services required by §251 and "§271"
5 under a price-cap mechanism.²⁸

6 The primary difference between §251 and §271 network elements is the
7 price at which they must be offered. Network elements unbundled in accordance
8 with §251 of the Act must be priced at TELRIC, while those listed under §271 of
9 the Act are held to a more liberal "just and reasonable" pricing standard.

10

11 **Q. Which network elements are specifically required by §271 of the federal Act?**

12

13 A. The network elements most central to local competition – loops, transport,
14 switching, and signaling – are all required to be offered under §271 of the Act as
15 distinct checklist items (four through six and ten):

16

17 (iv) Local loop transmission from the central office to the
18 customer's premises, unbundled from local switching or
19 other services.

20

21 (v) Local transport from the trunk side of a wireline local
22 exchange carrier switch unbundled from switching or other
23 services.

24

25 (vi) Local switching unbundled from transport, local loop
26 transmission, or other services; and

²⁸ In the remaining sections of this testimony I will simply refer to Verizon's §271 obligations as shorthand for the additional obligations that I recommend that the Commission apply as a mitigating condition to this merger (*i.e.*, by treating Verizon Washington as though §271 applied).

- 1
2 (x) Nondiscriminatory access to databases and associated
3 signaling necessary for call routing and completion.
4

5 For those network elements listed in §271 (but not required under §251), separate
6 pricing rules apply:

7 So if, for example, pursuant to section 251, competitive entrants
8 are found not to be “impaired” without access to unbundled
9 switching at TELRIC rates, the question becomes whether BOCs
10 are required to provide unbundled switching at TELRIC rates
11 pursuant to section 271(c)(2)(B)(vi). In order to read the provisions
12 so as not to create a conflict, we conclude that section 271 requires
13 BOCs to provide unbundled access to elements not required to be
14 unbundled under section 251, but does not require TELRIC
15 pricing.²⁹
16

17 **Q. If Verizon is not required to charge “TELRIC rates” to satisfy the additional**
18 **obligations you recommend (i.e., offering §271 network elements), what rate**
19 **standard should apply?**
20

21 **A.** The FCC determined that prices for elements offered in order to comply with
22 §271 must be just, reasonable, nondiscriminatory and must provide meaningful
23 access:

24 Thus, the pricing of checklist network elements that do not satisfy
25 the unbundling standards in section 251(d)(2) are reviewed
26 utilizing the basic just, reasonable, and nondiscriminatory rate
27 standard of sections 201 and 202 that is fundamental to common
28 carrier regulation that has historically been applied under most
29 federal and state statutes, including (for interstate services) the
30 Communications Act. Application of the just and reasonable and
31 nondiscriminatory pricing standard of sections 201 and 202
32 advances Congress's intent that Bell companies provide
33 meaningful access to network elements.³⁰
34

²⁹ TRO, ¶ 659 (emphasis added).

³⁰ *Id.* at ¶ 663 (footnotes omitted).

1 Thus, just as the FCC directed the states to apply the “TELRIC pricing standard”
2 when establishing the specific prices for elements unbundled under §251 of the
3 Act (*i.e.*, those elements where the FCC has found impairment), the FCC has
4 directed that the just and reasonable rate standard that “has historically been
5 applied under most federal and state statutes” should be applied to elements
6 required under §271.³¹ I similarly recommend that Verizon Washington’s
7 additional unbundling obligations be priced to satisfy this standard.

8
9 **Q. Other than price, should anything else (*i.e.*, ordering, provisioning, or**
10 **maintenance) be impacted by a network element moving from §251 status to**
11 **§271 status?**
12

13 A. No. I fully expect, however, that Verizon will claim that it need not combine the
14 additional wholesale services I recommend here with other facilities. As I explain
15 below, however, should the Commission require Verizon-Washington to offer
16 §271 network elements, I believe existing federal rules would require that they
17 combine these services with other facilities.³² The key is understanding a
18 semantic construction in federal rules concerning the connection of network
19 facilities for use by a competitor. When both elements are required under §251 of
20 the Act, the term combining is used to describe a connecting the facilities; when a
21 §251 network element is being connected to any other wholesale offering (such as

³¹ It is important to understand that the FCC was not claiming that §271 network elements are *interstate services* – *i.e.*, its analysis was not a statement of jurisdiction, but rather one describing the appropriate standard of review (just and reasonable), noting that §§ 201 and 202 are an embodiment of that traditional standard.

³² Although I believe federal rules would apply, I would recommend that the Commission reiterate this requirement as a mitigating condition before approving the merger.

1 a §271 network element or any wholesale offering required by the Commission
2 here), the term commingling is used to describe the arrangement:

3 By commingling, we mean the connecting, attaching, or otherwise
4 linking of a UNE, or a UNE combination, to one or more facilities
5 or services that a requesting carrier has obtained at wholesale from
6 an incumbent LEC pursuant to any method other than unbundling
7 under Section 251(c)(3) of the Act, or the combining of a UNE or
8 UNE combination with one or more such wholesale services.³³
9

10 Because of the different terms, the issue is not whether Verizon must *combine*
11 §271 network elements -- I would agree that since one or more of the elements
12 may not also be required under §251 that it would not. Instead, the issue is
13 whether Verizon must *commingle* §271 elements under the same obligations as
14 any other wholesale offering.

15
16 **Q. Has the FCC already concluded that a refusal to “commingle” would be an**
17 **unjust and unreasonable practice?**
18

19 A. Yes it has. Although the FCC had determined that the obligation to *combine*
20 network elements under §251 of the federal Act did not apply unless both
21 elements were required by §251, prohibitions against unjust and unreasonable
22 practices under §§ 201 and 202 do require that Verizon support commingled
23 offerings:

³³ TRO, ¶ 597 (emphasis added). Specifically, CFR 51.5 provides:

Commingling means the connecting, attaching, or otherwise linking of an unbundled network element, or a combination of unbundled network elements, to one or more facilities or services that a requesting telecommunications carrier has obtained at wholesale from an incumbent LEC, or the combining of an unbundled network element, or a combination of unbundled network elements, with one or more such facilities or services. Commingle means the act of commingling.

1 Thus, we find that a restriction on commingling would constitute
2 an “unjust and unreasonable practice” under 201 of the Act, as well
3 as an “undue and unreasonable prejudice or advantage” under
4 section 202 of the Act. Furthermore, we agree that restricting
5 commingling would be inconsistent with the nondiscrimination
6 requirement in Section 251(c)(3).³⁴

7
8 ***

9
10 In addition, upon request, an incumbent LEC shall perform the
11 functions necessary to commingle a UNE or a UNE combination
12 with one or more facilities or services that a requesting carrier has
13 obtained at wholesale from an incumbent LEC pursuant to a
14 method other than unbundling under Section 251(c)(3) of the
15 Act.³⁵
16

17 The only dimension of a network element that changes when it ceases to be
18 required under §251 – but is still required to be offered under §271 or this
19 Commission’s order – is its price. While offered under §251, the element’s price
20 must be tied to TELRIC; once moved to §271, the price is governed under the
21 potentially more liberal “just and reasonable” standard.
22

23 ***C. The TELRIC and Just and Reasonable Standards Can be***
24 ***Satisfied by and Appropriately Structured Price Cap***
25

26 **Q. Is it possible to develop a price regulation plan that complies with both the**
27 **TELRIC pricing standard (for §251 elements), and the “just and reasonable”**
28 **standard (for §271 elements)?**
29

30 **A. Yes.** Price regulation plans consist of two basic steps. First, rates must be
31 initialized that satisfy each standard. Second, the plan must adopt parameters that
32 govern price changes during the plan (*i.e.*, the annual inflation factor and

³⁴ *Id.* at ¶ 591 (footnotes omitted).

³⁵ *Id.* at ¶ 597.

1 productivity offsets) that ensure continuing compliance. Although I address
2 specific parameters of a recommend plan in the next section of my testimony, I
3 want to make clear at the outset that the Commission can establish a price cap
4 plan that satisfies both standards.

5
6 **Q. Is it relatively simple for the Commission to ensure that the *initial* rates in a**
7 **price regulation plan satisfy both relevant pricing requirements (*i.e.*,**
8 **TELRIC and the Just and Reasonable Standard)?**
9

10 A. Yes it is. Remembering that there are two components of rates in the price cap
11 plan (§251 and §271 elements), the Commission must set rates for each type.
12 Specifically, I recommend that the Commission set the prices for §251 elements
13 at TELRIC-based rate levels. As I explain in more detail in the following section
14 of my testimony, I recommend that the Commission adopt as initial §271 rates the
15 transitional prices adopted by the FCC.³⁶ By establishing initial rates at a level
16 that the FCC already accepts, the remaining issue is whether a price regulation
17 plan can be expected to *maintain* cost-based relationships over the life of the plan,
18 as required by federal rules. It is important to note that while the FCC's rules
19 require that prices satisfy the appropriate pricing standard, the rules do not detail
20 any particular approach to maintaining that relationship over time.

21
22 **Q. Has the FCC previously concluded that price cap plans can ensure cost-**
23 **based rates?**
24

³⁶ The FCC has permitted Verizon to increase the rates for high capacity loops and transport that are no longer required by §251 by 15% and the rate for local switching by \$1.

1 A. Yes, it has. When the FCC first embraced price regulation as a regulatory
2 system,³⁷ it confronted this very question, concluding unequivocally that a price
3 cap system can be designed to ensure cost-based price changes:

4 We proposed to adjust price caps each year according to a
5 predetermined formula that is designed to ensure a continuing
6 nexus between tariffed rates and the underlying cost of providing
7 service.³⁸

8 ***

9 A carrier's services are grouped together in accordance with
10 common characteristics, and the weighted prices in each group are
11 adjusted annually pursuant to formulas designed to ensure that
12 rates are based on cost ...³⁹

13 ***

14 ... the foundation of the price cap regulatory approach is to ensure
15 that rates follow costs, while creating incentives to reduce
16 costs...⁴⁰

17
18 The FCC's conclusion with respect to the ongoing nexus between rates and costs
19 is particularly important because it means that TELRIC-based rate relationships
20 could also be maintained by a price cap plan similar to the federal plan.

21
22 **Q. Why do you say that TELRIC-based rates could be maintained by adopting**
23 **a price cap plan that is similar to the federal price cap plan?**

24
25 A. Although the FCC applied its price regulation to a system of starting prices that
26 were based on embedded costs, its conclusion that its price regulation formula

³⁷ *Policy and Rules Regarding Rates for Dominant Carriers*, Report and Order and Second Further Notice of Proposed Rulemaking, CC Docket No. 87-313. 4 FCC Rcd 2873 (rel. April 17, 1989) ("*First Price Cap Order*").

³⁸ *Id.* at ¶ 8 (emphasis added).

³⁹ *Id.* at ¶ 38 (emphasis added).

⁴⁰ *Id.* at ¶ 865 (emphasis added).

1 would “ensure a continuing nexus” between rates and costs necessarily means that
2 as *current* costs changed, those changes would be reflected in *changes* in current
3 rates.

4 The basic role of the price regulation formula (*i.e.*, an inflation rate
5 reduced by expected productivity) is to act as a proxy for changes in current costs.
6 Because the formula is intended to be a proxy for the change in current costs, it
7 can be applied equally well *either* to embedded costs or to TELRIC-based rates.
8 The difference between the two standards is important only when the initial rates
9 are established, but it is not relevant to measuring changes in current costs.⁴¹ If a
10 price regulation plan reasonably tracks gains in the productivity of current
11 technology, then that formula would maintain a reasonable nexus between prices
12 and TELRIC costs.

13
14 **Q. Is there *any* reason to conclude that federal rules prohibit the Commission**
15 **from designing a price cap framework to govern future changes in §251 rates**
16 **(or establishing just and reasonable prices for §271-listed elements and**
17 **including those rates within the plan)?**
18

19 A. No, there is not. First, federal rules are silent as to how changes in TELRIC-
20 based rates should be reviewed. There are no rules concerning how frequently
21 such rates should be adjusted, or whether an automatic formula may apply.⁴² To

⁴¹ TELRIC-based rates reflect currently available technology, while embedded costs reflect prior technologies. Price-cap formulas are intended to track changes in current costs and thus would reasonable measure changes in the costs of currently available technology.

⁴² The FCC requested comment on whether the FCC itself should adopt a price-regulation framework in 1996 (in the context of its original Interconnection Order) and concluded that no such rules were needed at the federal level. *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, First Report and Order, ¶ 838, (rel. August 8, 1996) (“*Local Interconnection Order*”).

1 the contrary, the FCC recognizes that the timing of full UNE cost proceedings is
2 within the state's discretion, and has requested comment on whether the FCC
3 itself should mandate a price-cap system. In the *TELRIC NPRM*, the FCC asked:

4 If the use of productivity factors to adjust rates periodically is feasible,
5 should it be mandatory? Or should states retain the ability to conduct a
6 full UNE-pricing proceeding at their discretion?⁴³
7

8 Given the FCC's extensive history finding that price-regulation formulas *maintain*
9 the appropriate nexus between costs and prices, it would be counter to precedent
10 to expect it would suddenly reverse course and conclude that such formulas
11 cannot be used. Moreover, as the above indicates, to the extent the FCC has
12 expressed interest in a price-regulation framework, it has been to query whether
13 such a system should be made *mandatory*, not to suggest that a state-developed
14 system would run afoul of federal rules. As the above citation makes clear, the
15 FCC recognizes that under its existing rules, states have complete discretion as to
16 when to conduct a full UNE-pricing proceeding.

17
18 **Q. You say that the FCC has directed that rates should be established by**
19 **applying the just and reasonable rate standard. What role would this**
20 **Commission play in the establishment of prices for §271-listed elements?**
21

22 A. State commissions have essentially the same responsibilities in establishing rates
23 for §271 network elements as they have for §251 elements. That is, the states are
24 charged with applying the pricing guidance adopted by the FCC to the particular

⁴³ *Review of the Commission's Rules Regarding the Pricing of Unbundled Network Elements and the Resale of Services by Incumbent Local Exchange Carriers*, WC Docket No. 03-173, Notice of Proposed Rulemaking, 18 FCC Rcd 18945, ¶ 140 (rel. September 15, 2003) (emphasis added) ("*TELRIC NPRM*").

1 circumstances in their state. The federal Act requires that §271 network elements
2 be offered in interconnection agreements approved under §252 of the Act in the
3 very same way that §252 is used to arbitrate and approve agreements that address
4 elements required under §251. In both instances, the state commission would
5 apply the federal standard to the facts before it. Obviously, because this
6 Commission would be applying §271-like obligations to Verizon as a mitigating
7 condition to its approval of this merger, the Commission would have the authority
8 to adopt the appropriate pricing mechanism.⁴⁴
9

10 **Q. Would a price cap regulation plan maintain the needed nexus between just**
11 **and reasonable rates and costs?**
12

13 A. Yes. The only additional issue associated with §271 elements is the need to
14 establish initial rates – once established, the same basic parameters can be used to
15 maintain an ongoing relationship to cost.⁴⁵
16

⁴⁴ The approach recommended here is no different than that which would apply if Verizon were legally an RBOC. Section 271(C)(1)(A) clearly requires that §271-listed elements (of the competitive checklist) must be offered in interconnection agreements approved by state commissions pursuant to §252 of the Act (emphasis added):

(A) PRESENCE OF A FACILITIES-BASED COMPETITOR- A Bell operating company meets the requirements of this subparagraph if it has entered into one or more binding agreements that have been approved under section 252 specifying the terms and conditions under which the Bell operating company is providing access and interconnection to its network facilities for the network facilities of one or more unaffiliated competing providers of telephone exchange service (as defined in section 3(47)(A), but excluding exchange access) to residential and business subscribers.

⁴⁵ As I explain in the next section of my testimony, however, it may be reasonable to structure the price regulation plan to provide some additional pricing flexibility to §271 elements, given the somewhat relaxed nature of the just and reasonable pricing standard.

1 **Q. Is it important for §271 rates to have a nexus to cost?**
2

3 A. Yes. As I explained above, §271 rates must be just and reasonable in order to
4 comply with §271. Although the traditional “just and reasonable” rate standard is
5 somewhat more flexible than the TELRIC cost-standard, that does not mean that
6 the standard is divorced from cost entirely. To the contrary, the standard has
7 generally been interpreted as defining a *range* of cost-related prices:

8 The Communications Act requires that rates be just and reasonable
9 and not create unreasonable discrimination or undue preference.
10 Sections 201(b) and 202(a), 47 U.S.C. §§ 201(b), 202(a). Costs
11 are traditionally and naturally a benchmark for evaluating the
12 reasonableness of rates, because cost-based rates both deliver price
13 signals which contribute to efficient use of the networks and
14 generally distribute network costs to the customer who causes
15 those costs.⁴⁶
16

17 Over time, as regulation has adapted to changing cost conditions, the two
18 constants of the “just and reasonable” standard have been that (1) the touchstone
19 to judge a rate is cost and (2) the view that just and reasonable encompasses a
20 range of rates. These concepts permeate the record of FCC decisions, including
21 those decisions that granted temporary deviations from cost.⁴⁷

⁴⁶ *Investigation of Special Access Tariffs of Local Exchange Carriers*, CC Docket 85-166, Memorandum Opinion and Order, ¶ 32 (rel. December 1, 1988)(emphasis added)(“*Special Access Tariff Investigation*”).

⁴⁷ For instance, the FCC once permitted the RBOCs to strategically price special access services, due to the “dislocations” of the MCI divestiture and the fear of bypass from high initial access rates. Even then, however, the FCC’s approach was to “bracket” allowed pricing relationships in an effort to reflect costs:

As the Commission found in the *Strategic Pricing Order*, the six to one ratio represents the most likely approximation of the cost relationship between HiCap and VG services based on the record. The 4 to 8 range should be broad enough to encompass a “cost based” rate that might be produced by any rational cost allocation methodology used by an exchange carrier in the near future.

1 As the Court summarized when it evaluated the reasonableness of
2 TELRIC:

3 What is remarkable about this evolution of just and reasonable
4 ratesetting, however, is what did not change. The enduring feature
5 of ratesetting from *Smyth v. Ames* to the institution of price caps
6 was the idea that calculating a rate base and then allowing a fair
7 rate of return on it was a sensible way to identify a range of rates
8 that would be just and reasonable to investors and ratepayers.⁴⁸
9

10 **IV. THE RECOMMENDED PRICE CAP REGULATION PLAN TO**
11 **GOVERN VERIZON'S WHOLESALE OFFERINGS**
12

13 **Q. What are the two basic areas that the Commission must address in order to**
14 **establish a price-regulation plan to govern Verizon's wholesale offerings?**
15

16 A. As noted earlier, the two basic areas concern: (1) deciding the initial rates that
17 should be used to initialize the plan, and (2) adopting the price-adjusting
18 parameters that will limit Verizon's prices in the future. Because each area
19 presents its own issues, I address each separately below.

20
21 **A. The Initialization of §251 and §271 Wholesale Elements**
22

23 **Q. How should the Commission establish the initial rate levels of those UNEs**
24 **required under §251 of the federal Act?**
25

26 A. As explained earlier, there is no real issue as to how the rates required under §251
27 of the Act should be initialized. These prices are required to be TELRIC-based.
28

Id., Order on Reconsideration ¶ 167 (rel. January 19, 1990).

⁴⁸ *Verizon v. FCC*, *supra*, 535 U.S. at 481.

1 **Q. How should the initial prices for the §271-listed network elements be**
2 **established?**

3
4 A. The initial rates for §271 network elements pose a different issue because no such
5 “just and reasonable” rates yet been established. As such, the Commission must
6 establish initial rates for local switching, and high-capacity loops and transport
7 facilities (once it is clearly determined where the precedent conditions that permit
8 Verizon to withdraw §251 access have been satisfied).⁴⁹

9
10 **Q. How should the Commission establish the initial rates in a wholesale price**
11 **cap plan for the §271 elements?**

12
13 A. I recommend that the Commission initialize Verizon’s §271 wholesale offerings –
14 *i.e.*, local switching and high capacity loops and transport where appropriate – at
15 the “transitional rate levels” approved by the FCC. These rates would be \$1
16 higher than TELRIC for local switching and 15% higher than TELRIC for high
17 capacity loops and transport.

18
19 **Q. Why do you recommend that the Commission initialize §271 rates at the**
20 **transitional prices adopted by the FCC?**

21
22 A. First, as I explained earlier, “just and reasonable” is traditionally viewed as a
23 *range* of possible prices that are reasonably related to their cost. The federal Act
24 requires that §251 prices be “just and reasonable,” a standard that the FCC has

⁴⁹ As I explain in somewhat more detail below, Verizon is permitted to withdraw §251 access to high capacity loops and transport where certain conditions have been satisfied. Verizon has not provided the information, however, to determine precisely where such conditions are satisfied, nor what effect its acquisition of MCI will have on those conditions.

1 defined as TELRIC. Consequently, TELRIC rates are, by definition, within the
2 range of just and reasonable rates, although rates may be somewhat higher than
3 TELRIC and remain just and reasonable.⁵⁰

4 Second, these increases have been presumptively approved by the FCC.
5 The federal Act embraced an unusual model of “cooperative federalism” in which
6 many aspects of federal and state regulation interact. Adopting initial rates that
7 the FCC has already signaled are just and reasonable provides additional comfort
8 that the price regulation plan here is consistent with federal objectives.

9
10 **Q. Would this approach be consistent with the pricing guidance provided by the**
11 **Supreme Court in *Verizon*?**
12

13 **A.** Yes it would. The transitional rates are priced at a reasonable premium above
14 TELRIC. In upholding TELRIC, the Court recognized that the federal Act was
15 intended to fundamentally change local market structure:

16 Under the local-competition provisions of the Act, Congress called
17 for ratemaking different from any historical practice, to achieve the
18 entirely new objective of uprooting the monopolies that traditional
19 rate-based methods had perpetuated.
20

21 ***
22

23 For the first time, Congress passed a ratesetting statute with the
24 aim no just to balance the interests between sellers and buyers, but
25 to reorganize markets by rendering regulated utilities’ monopolies
26 vulnerable to interlopers ...⁵¹
27

⁵⁰ The transitional prices established by the FCC provide a premium over TELRIC of \$1 per month for switching and 15% for loops and transport.

⁵¹ *Verizon v. FCC, supra*, 535 U.S. at 489.

1 Although the Court was referencing the pricing of network elements offered
2 under §251 of the Act,⁵² there is an important linkage between the *objectives* of
3 §251 and §271 that cannot be ignored. As the Supreme Court noted, the intended
4 purpose of the local-competition provisions of the Act (§251) was to uproot the
5 existing monopolies, while the intended purpose of §271 of the Act was the
6 protection of competition in the interexchange market.

7 Events have demonstrated, however, that these two objectives – promoting
8 local competition and protecting interexchange competition -- are essentially one
9 and the same. Interexchange competition *depends* upon local competition
10 because of the emerging dominance of bundled local/long-distance service. As
11 this merger makes absolutely clear, a company that is incapable of offering mass
12 market local exchange services is also no longer able to compete in the
13 interexchange market.

14
15 ***B. The Annual Adjustment Parameters:***
16 ***Inflation and Productivity***

17
18 **Q. How should the Commission govern Verizon's wholesale network element**
19 **prices going forward in a price regulation framework?**
20

21 A. The basic parameters that govern future prices are the applicable inflation rate
22 (which permits gradually increasing price levels to compensate for inflation) and
23 the productivity factor (that reduces prices based on expected productivity

⁵² To be precise, the Supreme Court was referring to the pricing rule in section 252(d)(1) that was *later* interpreted (by the FCC and the DC Circuit) to apply solely to network elements unbundled under section 251 of the Act. No such distinction existed at the time of *Verizon*.

1 improvements). Together these factors ensure that the nexus between initial
2 prices and costs is maintained. In addition, the Commission must determine how
3 to apply these indices to prices themselves, and whether to group certain services
4 together in baskets to provide some degree of flexibility.

5
6 **Q. What general approach do you recommend that the Commission use to**
7 **establish measures of inflation and productivity?**
8

9 A. As a general matter, I recommend that the Commission adopt the basic
10 parameters that the FCC has adopted with respect to Verizon's access services.
11 These are the Gross Domestic Product Price Index (GDP-PI) for inflation and a
12 productivity factor of 5.3%. The reasons for this recommendation are two-fold.

13 First, the facilities used to provide access services – *i.e.*, local loops,
14 switching and transport – are the same facilities that Verizon uses to provide
15 wholesale network elements. Consequently, the same rationale that supports
16 applying these factors to Verizon's access services can be used to govern changes
17 in network elements prices.

18 Second, as with my recommendation concerning the initialization of §271
19 prices, the cooperative federalism embraced by the federal Act encourages
20 similarity in pricing approaches. Thus I recommend structuring a price-regulation
21 plan for Verizon's wholesale network element prices that generally follows the
22 approach used for its wholesale access services.

23
24 **Q. Following the FCC's approach, what parameters should the Commission**
25 **adopt for inflation and productivity?**

1

2 A. I recommend that the Commission use the GDP-PI as its measure of inflation.

3 This is the measure that the FCC adopted during its review of its initial LEC price
4 regulation plan.⁵³

5 Adopting the appropriate productivity factor (sometimes called the X-
6 factor) is somewhat more complicated. This is because the FCC, in 2000,
7 temporarily supplanted its formal price regulation system with an industry-
8 negotiated plan sponsored by the CALLS Coalition.⁵⁴ In that negotiated plan,
9 there was no productivity factor *per se*, but rather a negotiated schedule of
10 reductions to move rates lower.⁵⁵

11 The CALLS plan is now expiring and, as a result, the FCC has begun a
12 review as to how to structure a replacement. Because of the increasing
13 importance of special access services, the FCC is focusing on the post-CALLS
14 regulation of that service.⁵⁶ In the *Special Access NPRM*, the FCC must confront
15 the same issue as is being raised here -- how to efficiently adopt a productivity
16 factor without the need for protracted proceedings.

⁵³ *Pricing Cap Performance Review for Local Exchange Carriers*, First Report and Order, 10 FCC Rcd. 8961, 9116 (¶351) (1995), *aff'd sub. Nom.*, *Bell Atlantic Tel. Companies v. FCC*, 79 F.3d 1195 (D.C. Cir. 1996).

⁵⁴ *Access Charge Reform*, Sixth Report and Order, 15 FCC Rcd 12962 (2000), *aff'd in part and remanded in part sub. nom.*, *Texas Office of Public Util. Counsel v. FCC*, 265 F.2d 313 (5th Cir. 2001).

⁵⁵ *Id.* at ¶ 160.

⁵⁶ The second broad category of interstate access services is "switched access." The FCC is separately reviewing those policies as part of a comprehensive review of intercarrier compensation. See *In the Matter of Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Notice of Proposed Rulemaking, (rel. 2001) ("*Intercarrier Compensation NPRM*").

1 Given the complexities of the proceeding we initiate in this
2 NPRM, there is a strong likelihood this proceeding will not be
3 completed prior to July 1, 2005. This record contains substantial
4 evidence suggesting that productivity has increased and continues
5 to increase Under the CALLS plan, however, there is currently
6 no productivity factor in place to require price cap LECs to share
7 any of their productivity gains with end users.... One interim
8 option would be to impose the last productivity factor, 5.3 percent,
9 that was adopted by the Commission and judicially upheld.⁵⁷
10

11 Based on this analysis, I recommend here that the Commission adopt an initial
12 productivity factor of 5.3% and revisit the productivity issue at the conclusion of
13 the FCC's investigation. This appears to be the most reasonable middle-ground
14 between adopting a plan with no productivity factor (which would ensure inflated
15 wholesale rates) or the alternative of this Commission conducting an extensive
16 investigation into productivity that would parallel the FCC addressing the same
17 issue. By adopting the 5.3% productivity factor on an interim basis (which was
18 the productivity factor used by the FCC until it agreed to implement, on a
19 temporary basis, the negotiated CALLS plan), the Commission could wait until
20 the FCC adopts a final order in the Special Access proceeding. At that time, the
21 Commission could then evaluate whether additional changes may be needed in
22 the wholesale price cap plan for Washington.
23

24 **Q. How do you recommend the annual change in the price cap index be applied**
25 **to specific rates?**
26

⁵⁷ *Special Access NRPM*, ¶131.

1 A. In general, I recommend that the Commission establish two baskets. One basket
2 would include all network elements required by §251; the second basket would
3 include all network elements required by §271.

4 With respect to those elements required by §251 and that are subject to
5 TELRIC, I recommend that any change in the price cap index (PCI) be applied
6 uniformly across all rate elements.⁵⁸ This approach would ensure a very tight
7 nexus between costs and the rates for §251 network elements, consistent with
8 federal rules.

9

10 **Q. What do you recommend for the §271 basket of services?**

11

12 A. I recommend that the plan grant Verizon some additional flexibility with respect
13 to §271 network elements. Specifically, I recommend that three sub-baskets be
14 created, one each for switching, loops and transport,⁵⁹ with the PCI applied to
15 each separately. Having three sub-baskets would prevent Verizon from shifting
16 costs and/or revenues between each area, recognizing that competition is likely to
17 develop differently in each area.

18 In addition, I recommend that the productivity offset *not* be applied to the
19 §271 basket, in order to provide Verizon additional pricing flexibility and the
20 opportunity to fully retain as profit any gain in productivity.

⁵⁸ That is, if the PCI requires a reduction of 2%, then each rate element should be reduced by 2%.

⁵⁹ Charges for signaling services should be included in the switching sub-basket.

1 **Q. Should the PCI be applied to each rate element within each basket?**
2

3 A. No. In keeping with the view that price cap regulation provides a transitional path
4 to a less regulated environment, I recommend that *some* flexibility be provided to
5 Verizon. Specifically, while the overall price level of each sub-basket would be
6 limited by the PCI, I do recommend that Verizon be granted some flexibility to
7 change individual rate elements. Because this is the initial application of a price
8 cap framework to wholesale services, I recommend that no individual rate
9 element should be permitted to increase more than 10% per year.
10

11 **Q. How frequently should Verizon be permitted to adjust prices in compliance**
12 **with the price cap plan?**
13

14 A. I recommend that an annual filing procedure be established that is keyed to
15 Verizon's filing of ARMIS business line data. Whether high-capacity loops
16 and/or transport are offered under §251 or §271 of the Act is determined by a wire
17 center's "tier assignment" as detailed in the *TRRO*. Thus, in order to determine
18 the split of annual network element demand between §251 and §271 arrangements
19 requires that any potential change in tier assignment be made a part of the price
20 cap filing process. Because one of the parameters used to assign wire centers to
21 their various tiers are the number of business lines reported in ARMIS 43-08,⁶⁰ I
22 recommend that Verizon's annual price cap filing occur at that time (April 1st of
23 each year).

⁶⁰ The other parameters used to assign wire centers to the tiers adopted by the *TRRO* are UNE Loop volumes used to provide switched business services and the number of fiber based collocators.

1 In addition, however, it is clear that the Commission also needs a routine
2 process to review Verizon's claimed wire center designations, including a process
3 that permits CLEC challenges to Verizon's wire center claims. The process I
4 recommend includes:

- 5 * Verizon would file a proposed list of any new wire centers
6 on April 1 of each year (coincident with its filing of
7 ARMIS 43-08 with the FCC), reflecting the number of
8 business lines and fiber-based collocators in each wire
9 center as of December 31st of the year just ending.
- 10 * Included with the April filing, Verizon would file all
11 supporting documentation that each new wire center meets
12 *TRRO* criteria, including the following information. Such
13 documentation would be available to CLECs under terms
14 of a standing proprietary agreement.
 - 15 a. The CLLI of the wire center.
 - 16 b. The number of switched business lines served by
17 RBOC in that wire center as reported in ARMIS 43-
18 08 for the year just ending.
 - 19 c. The number of UNE-P lines used to serve business
20 customers.
 - 21 d. The number of analog UNE-L lines in service.
 - 22 e. The number of DS-1 UNE-L lines in service.
 - 23 f. The number of DS-3 UNE-L lines in service.
 - 24 g. The number of resold lines used to serve business
25 customers.
 - 26 h. A completed worksheet that shows, in detail, any
27 conversion of access lines to voice grade
28 equivalents.
 - 29 i. The names of claimed independent fiber-optic
30 networks (or comparable transmission facilities)
31 terminating in a collocation arrangement in that
32 wire center.
- 33 * CLECs would have until May 1 to file a challenge to any
34 new wire center named by Verizon.
- 35 * The Commission should have a standing hearing date
36 reserved (by June 1) to take evidence on any disputed wire
37 center, and issue a decision by June 15th.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

* Any changes to the wire center list would become effective on July 1 of that year.

Under the schedule above, any dispute concerning the appropriate wire center designation would be resolved with 90 days of Verizon’s initial filing with a revised wire center list becoming effective July 1.

Q. Is there any issue concerning the wire center designation list that the Commission must address now?

A. Yes. Under the *TRRO*, Verizon is not permitted to include as a fiber-based collocator the facilities of any affiliate. Verizon may be gaming the process by both listing MCI as an independent collocator at the same time as it seeks to acquire the company. It makes no sense to allow Verizon to exploit a “coincidence in timing” to assign any wire center to a tier for which it would not qualify but for the temporary presence of MCI as an independent provider. The Commission should require that Verizon propose wire center designations that treat MCI as its affiliate.

V. PROMOTING THE DEPLOYMENT OF IP-BASED SERVICES

Q. Please summarize your principal concerns with respect to the effect of the merger on IP-based services.

A. Verizon’s acquisition of MCI will have both near-term and long-terms effects for traditional Internet services and the deployment of competitive IP-based services.

1 In the short term, Verizon will gain “Tier-1” status, an event that could disrupt its
2 existing peering arrangements. More fundamentally, however, is that over the
3 long-term, the Verizon (and SBC) merger(s) could redefine the tiering structure
4 altogether, creating a “Tier-0” comprised of two mega-RBOCs with strong
5 incentives to favor their own retail services over those of any rival.

6
7 **Q. With respect to the near-term effect of the merger, what is the implication of**
8 **Verizon becoming a Tier-1 carrier?**
9

10 A. The immediate concern arising from Verizon’s acquisition of MCI is that it will
11 disrupt existing peering arrangements. Today there are six “Tier-1” Internet
12 backbone providers that other carriers must pay for Internet transit – AT&T, MCI,
13 Sprint, Level 3, Qwest and Global Crossing. These carriers are able to charge
14 other providers of Internet services because they alone interconnect with all other
15 Internet backbones.

16
17 **Q. What is the concern caused by Verizon’s acquisition of MCI?**
18

19 A. Today, the existing Tier-1 backbone providers are not themselves large retail
20 providers of Internet services. Consequently, their pricing and interconnection
21 decisions are focused on the provision of backbone services without an incentive
22 to favor retail offerings.

23 Verizon’s incentives as a Tier-1 backbone provider, however, will be quite
24 different than those of MCI in the past. Verizon (and SBC) dominate retail voice
25 markets (which will *become* IP-based) and are very large retail providers of

1 Internet services already. As such, these companies have the incentive to increase
2 backbone costs (or reduce quality) to other retail providers, thereby favoring their
3 own retail services. As such, the incentives for price and quality discrimination
4 by Verizon are much different than the incentives that have influenced Tier-1
5 behavior to date.

6
7 **Q. Are these concerns regarding Verizon's incentives for IP backbone services**
8 **likely to grow in the future?**
9

10 A. Yes. As networks and services evolve towards more IP-based arrangements,
11 Verizon's dominance in the voice market will have ramifications for the exchange
12 of IP-based traffic more generally. Because the carrier with retail customer
13 control "picks" the backbone, Verizon's retail dominance will translate to
14 increasing backbone traffic for Verizon. Further, other backbone providers will
15 have a greater amount of "destination" traffic going to Verizon's backbone traffic
16 as its prominence grows.

17 As Verizon's retail services (voice and potentially video) are converted to
18 IP, the *level* of IP traffic controlled by Verizon will grow; in addition, the
19 sensitivity of that traffic to basic quality parameters (such as latency and error
20 rates) will increase.⁶¹ As a result, the danger of discrimination in IP networks is
21 much larger going-forward than it was in the past.

⁶¹ For instance, voice-IP services are far more sensitive to delay and dropped bits than is traditional Internet traffic (where delay may slightly slow a download from a website, but - does not fundamentally alter the customer experience). Voice service, in contrast, must occur in real-time in order to be acceptable.

1 Moreover, a new technology, Multi-Protocol Label Switching (“MPLS”),
2 enables a network operator to prioritize packets, providing superior performance
3 over the ordinary method of routing Internet traffic, which requires routing table
4 look-ups for all packets routed.⁶² This form of routing has a lower latency rate
5 (the amount of time it takes a data packet to travel roundtrip between two points
6 in the network) and a lower packet loss rate than ordinary Internet routing.
7 Services that are heavily dependent on proper prioritization by an MPLS
8 backbone (which is built to do just that) are likely to be the higher margin services
9 (such as VoIP) and those that are the most sensitive to service quality.

10 Given the importance of Quality of Service (“QoS”) to business (and,
11 presumably, as expectations change, residential) customers, it is important that
12 Verizon not have the opportunity to act on its incentives to discriminate. In order
13 for other carriers to offer quality IP-based services, quality interconnection to
14 Verizon’s IP network will be needed.

15
16 **Q. What do you recommend?**

17
18 **A.** First, Verizon should be required to commit that it will not terminate any Internet
19 peering agreement and it must agree to extend all existing agreements for an
20 additional five (5) years. This commitment would, at least, address the immediate
21 concern of Verizon achieving Tier-1 status and the resulting change in incentives
22 to offer settlement-free exchange agreements.

⁶² Newton, Harry. Newton’s Telecom Dictionary, 17th Edition. CMP Books: New York, 2001.

1 More fundamental, however, is the issue of ensuring *future* access to
2 Verizon's IP network in a manner that permits other service providers to offer
3 VoIP and Internet services in competition with Verizon. As Verizon moves all of
4 its services into IP format, *hoping* that it will treat competitors fairly makes little
5 sense.

6 Although it may be too early to adopt specific rules directly governing
7 interconnection standards and obligations for IP-based services, the Commission
8 should do the following:

- 9 * Adopt a monitoring process now, in part to place Verizon
10 on notice that IP discrimination will be treated seriously.
11 To begin, this monitoring process could be as simple as
12 quarterly meetings with a CLEC IP-advisory group.
- 13
14 * Require Verizon to agree to provide a VoIP packet
15 transit/termination capability with a Quality of Service
16 equal to the best QoS capability offered its own
17 subscribers.
18

19 These steps are, obviously, first steps to ensure that IP networks are permitted to
20 evolve without having to overcome discrimination problems that plagued the
21 circuit-switched world for so long. More (or perhaps less) may be necessary over
22 time. The Commission should make clear at the outset, however, that it intends to
23 remain engaged, at least so far as necessary to ensure a functioning competitive
24 market.

1 **VI. CONCLUSION**

2 **Q. Please summarize your testimony.**

3
4 A. The fundamental intent of the federal Act was to extend the nation's experience
5 with the benefits of long distance competition to local markets. This merger will
6 cause the reverse result, confirming Verizon's extension of its local power to long
7 distance markets as well. It need not end this way.

8 In my testimony, I outline a practical reform that will both provide critical
9 stability to local entrants and offers appropriate – but measured – deregulatory
10 flexibility to Verizon, while reducing regulatory costs for entrants, Verizon and
11 the Commission itself. The solution is an old idea applied to a new area by
12 applying price caps to Verizon's wholesale service.


13 In addition, my testimony addresses a number of concerns associated with
14 Verizon extending its circuit-switched dominance to IP-based networks and the
15 Internet itself. In this area, I proposed modest mitigating conditions that would
16 (a) prevent Verizon from terminating tiering arrangements with other Internet
17 providers, (b) establish a forum for the Commission to more closely monitor the
18 evolution of IP-based competition, and (c) prohibit Verizon from favoring its
19 VoIP traffic over the VoIP traffic of other providers that must transit and/or
20 terminate using the Verizon network.

21
22 **Q. Does this conclude your testimony?**

23
24 A. Yes.

PARTIES' REPRESENTATIVES (cont.)
DOCKET NO. UT-050814

PARTY	REPRESENTATIVE	PHONE	FACSIMILE	E-MAIL
Integra Telecom of Washington, Inc.	John P. (Jay) Nusbaum 1201 NE Lloyd Blvd. Suite 500 Portland, OR 97232	(503) 453-8054	(503) 453-8221	jay.nusbaum@integratelecom.com
Covad Communications Company	Gregory T. Diamond Senior Counsel 7901 Lowry Blvd. Denver, CO 80230	(720) 670-1069	(720) 670-3350	gdiamond@covad.com
Citizens Utility Alliance	John O'Rourke, Director 212 W. 2 nd Ave., Suite 100 Spokane, WA 99201	(509) 744-3370 (ext) 247	(509) 744-3374	orourke@snapwa.org
Public Counsel	Simon fitch Assist. Attorney General Office of the Atty. Gen. 900 Fourth Avenue Suite 2000 Seattle, WA 98164	(206) 389-2055	(206) 389-2079	simonf@atg.wa.gov
Commission Staff	Jonathan C. Thompson Assist. Attorney General 1400 S. Evergreen Park Drive S.W. P.O. Box 40128 Olympia, WA 98504-0128	(360) 664-1225	(360) 586-5522	jthomps@wutc.wa.gov



Education

B.A. Economics, University of Wyoming, 1978.
M.A. Economics, University of Wyoming, 1979.

Professional History

Gillan Associates, Economic Consulting (1987-Present)

In 1987, Mr. Gillan established a private consulting practice specializing in the economic evaluation of regulatory policies and business opportunities in the telecommunications industry. Since forming his consulting practice in 1987, Mr. Gillan has advised business clients as diverse as AT&T and TDS Telecom (a small entrant seeking the authority to compete in a rural area).

Vice President, US Switch, Inc. (1985-1987)

Responsible for crafting the US Switch business plan to gain political acceptance and government approval. US Switch pioneered the concept of "centralized equal access," which positioned independent local telephone companies for a competitive long distance market. While with US Switch, Mr. Gillan was responsible for contract negotiation/marketing with independent telephone companies and project management for the company's pilot project in Indiana.

Policy Director/Market Structure - Illinois Commerce Commission (1980-1985)

Primary staff responsibility for the policy analysis of issues created by the emergence of competition in regulated markets, in particular the telecommunications industry. Mr. Gillan served on the staff subcommittee for the NARUC Communications Committee and was appointed to the Research Advisory Council overseeing NARUC's research arm, the National Regulatory Research Institute.

Mountain States Telephone Company - Demand Analyst (1979)

Performed statistical analysis of the demand for access by residential subscribers.

Professional Appointments

Guest Lecturer	School of Laws, University of London, 2002
Advisory Council	New Mexico State University, Center for Regulation, 1985 – Present
Faculty	Summer Program, Public Utility Research and Training Institute, University of Wyoming, 1989-1992

Professional Appointments (Continued)

Contributing Editor	<u>Telematics: The National Journal of Communications Business and Regulation</u> , 1985 - 1989
Chairman	Policy Subcommittee, NARUC Staff Subcommittee on Communications, 1984-1985
Advisory Committee	National Regulatory Research Institute, 1985
Distinguished Alumni	University of Wyoming, 1984

Selected Publications

"The Local Exchange: Regulatory Responses to Advance Diversity", with Peter Rohrbach, Public Utilities Fortnightly, July 15, 1994.

"Reconcentration: A Consequence of Local Exchange Competition?", with Peter Rohrbach, Public Utilities Fortnightly, July 1, 1994.

"Diversity or Reconcentration?: Competition's Latent Effect", with Peter Rohrbach, Public Utilities Fortnightly, June 15, 1994.

"Consumer Sovereignty: An Proposed Approach to IntraLATA Competition", Public Utilities Fortnightly, August 16, 1990.

"Reforming State Regulation of Exchange Carriers: An Economic Framework", Third Place, University of Georgia Annual Awards Competition, 1988, Telematics: The National Journal of Communications, Business and Regulation, May, 1989.

"Regulating the Small Telephone Business: Lessons from a Paradox", Telematics: The National Journal of Communications, Business and Regulation, October, 1987.

"Market Structure Consequences of IntraLATA Compensation Plans", Telematics: The National Journal of Communications, Business and Regulation, June, 1986.

"Universal Telephone Service and Competition on the Rural Scene", Public Utilities Fortnightly, May 15, 1986.

"Strategies for Deregulation: Federal and State Policies", with Sanford Levin, Proceedings, Rutgers University Advanced Workshop in Public Utility Economics, May 1985.

"Charting the Course to Competition: A Blueprint for State Telecommunications Policy", Telematics: The National Journal of Communications Business, and Regulation, with David Rudd, March, 1985.

"Detariffing and Competition: Options for State Commissions", Proceedings of the Sixteenth Annual Conference of Institute of Public Utilities, Michigan State University, December 1984.

Listing of Expert Testimony – Court Proceedings

Dwayne P. Smith, Trustee v. Lucent Technologies (Civil Action No. 02-0481 Eastern District of Louisiana)(Entry and CLEC Performance)

BellSouth Intellectual Property v. eXpeTel Communications (Civil Action No. 3:02CV134WS Southern District of Miss.)(Service definition, industry structure and Telecom Act of 1996)

CSX Transportation Inc. v. Qwest International, Inc. (Case No. 99-412-Civ-J-21C Middle District of Florida) (industry structure and wholesale contract arrangements).

Winn v. Simon (No. 95-18101 Hennepin Cty. Dist. Ct.)(risk factors affecting small long distance companies)

American Sharecom, Inc. v. LDB Int'l Corp. (No. 92-17922, Hennepin County District Court) (risk factors affecting small long distance companies)

World Com, Inc. et al. v. Automated Communications, Inc. et al. (No. 3:93-CV-463WS, S.D. Miss.) (damages)

International Assignments

Recovering Contribution: Lessons from the United States' Experience, Report submitted to the Canadian Radio-television and Telecommunications Commission on behalf of CallNet.

Forcing a Square Peg into a Round Hole: Applying the Universal Service Cost Model in the Cayman Islands, Analysis Presented to the Government of the Cayman Islands on behalf of Cable and Wireless.

Summary of Expert Testimony and Affidavits – Regulatory Proceedings

State	Docket/Case	Topic	Sponsor(s)
Washington	Docket UT-050814	Verizon-MCI Merger	Covad
California	Application 05-04-020	Verizon-MCI Merger	Cox
California	Application 05-04-020	Verizon-MCI Merger	Covad/CalTel
Oklahoma	Cause 200400695	Supersedes Bond	Cox
Florida	Docket 041269-TP	TRRO Implementation	CompSouth
Mississippi	Docket 2005-AD-139	TRRO Implementation	CompSouth
South Carolina	Docket 2004-316-C	TRRO Implementation	CompSouth

Summary of Expert Testimony and Affidavits – Regulatory Proceedings

State	Docket/Case	Topic	Sponsor(s)
Kentucky	Case No. 2004-00427	TRRO Implementation	CompSouth
Alabama	Docket No. 29543	TRRO Implementation	CompSouth
Louisiana	Docket No. U-28356	TRRO Implementation	CompSouth
North Carolina	Docket P-55, Sub 1549	TRRO Implementation	CompSouth
Tennessee	Docket No. 04-00381	TRRO Implementation	CompSouth
Georgia	Docket No. 19341-U	TRRO Implementation	CompSouth
California	Application 05-02-027	SBC-AT&T Merger	Cox
California	Application 05-02-027	SBC-AT&T Merger	CalTel
Oklahoma	Cause 200400695	SBC Deregulation	Cox
Kansas	05-SWBT-907-PDR	SBC Deregulation	Cox-WorldNet
Wisconsin	6720-TI-196	SBC Deregulation	CUB
Oklahoma	Cause 200400042	Status of Local Competition	Cox
Michigan	Case U-14323	SBC Deregulation	Talk America
Oklahoma	Cause RM 200400014	Regulatory Flexibility for SBC	CLEC Coalition
New Mexico	Case No. 3567	Regulation of Wireless Carriers	Wireless Coalition
North Carolina	Docket P-19 Sub 277	Alternative Regulation	CompSouth
North Carolina	Docket P-55 Sub 1013	Alternative Regulation	CompSouth
Mississippi	Docket 2003-AD-714	Switching Impairment	CompSouth
Kentucky	Case No. 2003-00379	Switching Impairment	CompSouth
Texas	Docket 28607	Switching Impairment	CLEC Coalition
Massachusetts	D.T.E 03-60	Switching Impairment	CLEC Coalition
Louisiana	Docket U-27571	Switching Impairment	CompSouth
New Jersey	Docket TO03090705	Switching Impairment	CLEC Coalition
Kansas	03-GIMT-1063-GIT	Switching Impairment	CLEC Coalition
South Carolina	Docket 2003-326-C	Switching Impairment	CompSouth
Alabama	Docket 29054	Switching Impairment	CompSouth
Illinois	Docket No. 03-0595	Switching Impairment	AT&T
Indiana	Cause No. 42500	Switching Impairment	AT&T

Summary of Expert Testimony and Affidavits – Regulatory Proceedings

State	Docket/Case	Topic	Sponsor(s)
Pennsylvania	Case I-00030099	Switching Impairment	CLEC Coalition
Tennessee	Docket No. 03-00491	Switching Impairment	CompSouth
North Carolina	P-100, Sub 133Q	Switching Impairment	CompSouth
Georgia	Docket No. 17749-U	Switching Impairment	CompSouth
Missouri	Case TW-2004-0149	Switching Impairment	CLEC Coalition
Michigan	Case No. U-13796	Switching Impairment	CLEC Coalition
Florida	Docket No. 030851-TP	Switching Impairment	FCCA
Ohio	Case 03-2040-TP-COI	Switching Impairment	AT&T/ATX
Wisconsin	05-TI-908	Switching Impairment	AT&T
Washington	UT-023003	Local Switching Rate Structure	AT&T/MCI
Arizona	T-00000A-00-0194	UNE Cost Proceeding	AT&T/WCOM
Illinois	Docket 02-0864	UNE Cost Proceeding	AT&T
North Carolina	P-55, Sub 1013 P-7, Sub 825 P-19, Sub 277	Price Cap Proceedings	CLEC Coalition
Kansas	02-GIMT-555-GIT	Price Deregulation	Birch/AT&T
Texas	Docket No. 24542	Cost Case	AT&T
North Carolina	Docket P-100, Sub 133d	UNE Cost Proceeding	CLEC Coalition
Georgia	Docket No. 11901-U	DSL Tying Arrangement	WorldCom
Tennessee	Docket No. 02-00207	UNE Availability/Unbundling	CLEC Coalition
Utah	Docket No. 01-049-85	Local Switching Costs/Price	AT&T
Tennessee	Docket No. 97-00309	Section 271 Compliance	CLEC Coalition
Illinois	Docket No. 01-0662	Section 271 Compliance	AT&T
Georgia	Docket No. 14361-U	UNE Availability/Unbundling	CLEC Coalition
Florida	Docket 020507-TL	Unlawful DSL Bundling	CLEC Coalition
Tennessee	Docket No. 02-00207	UNE Availability/Unbundling	CLEC Coalition
Georgia	Docket No. 14361-U	UNE Costs and Economics	AT&T/WorldCom
Florida	Docket 990649-TP	UNE Cost and Price Squeeze	AT&T/WorldCom
Minnesota	P-421/CI-01-1375	Local Switching Costs/Price	AT&T

Summary of Expert Testimony and Affidavits – Regulatory Proceedings

State	Docket/Case	Topic	Sponsor(s)
Florida	Docket 000075-TP	Inter-carrier Compensation	WorldCom
Texas	Docket No. 24542	Unbundling and Competition	CLEC Coalition
Illinois	Docket 00-0732	Certification	Talk America
Indiana	Cause No. 41998	Structural Separation	CLEC Coalition
Illinois	Docket 01-0614	State Law Implementation	CLEC Coalition
Florida	Docket 96-0768	Section 271 Application	SECCA
Kentucky	Docket 2001-105	Section 271 Application	SECCA
FCC	CC Docket 01-277	Section 271 for GA and LA	AT&T
Illinois	Docket 00-0700	Shared Transport/UNE-P	CLEC Coalition
North Carolina	Docket P-55 Sub 1022	Section 271 Application	SECCA
Georgia	Docket 6863-U	Section 271 Application	SECCA
Alabama	Docket 25835	Section 271 Application	SECCA
Michigan	Case No. U-12622	Shared Transport/UNEs	AT&T
Ohio	Case 00-942-TP-COI	Section 271 Application	AT&T
Alabama	Docket No. 25835	Structural Separation	SECCA
Alabama	Docket No. 27821	UNE Cost Proceeding	ITC^Deltacom
Louisiana	Docket U-22252	Section 271 Application	SECCA
Mississippi	Docket 97-AD-321	Section 271 Application	SECCA
South Carolina	Docket 2001-209-C	Section 271 Application	SECCA
Colorado	Docket 99A-577T	UNE Cost Proceeding	AT&T
Arizona	Case T-00000A-00-0194	UNE Cost Proceeding	AT&T
Washington	Docket UT-003013	Line Splitting and Combinations	AT&T
Ohio	Case 00-1368-TP-ATA Case 96-922-TP-UNE	Shared Transport	AT&T/PACE
North Carolina	P-100 Sub 133j	Standard Collocation Offering	CLEC Coalition
Florida	Docket 990649-TP	UNE Cost Proceeding	CLEC Coalition
Michigan	Case No. U-12320	UNE Combinations/Section 271	AT&T
Florida	Docket 00-00731	Section 251 Arbitration	AT&T
Georgia	Docket 5825-U	Universal Service Fund	CLEC Coalition

Summary of Expert Testimony and Affidavits – Regulatory Proceedings

State	Docket/Case	Topic	Sponsor(s)
South Carolina	97-239-C	Universal Service Fund	CLEC Coalition
Texas	PUC Docket 22289/95	ETC Designation	Western Wireless
Washington	Docket UT-003013	UNE Costs and Local Competition	AT&T
New York	Docket 98-C-1357	UNE Cost Proceeding	Z-Tel
Colorado	Docket 00K-255T	ETC Designation	Western Wireless
Kansas	99-GCCZ-156-ETC	ETC Designation	Western Wireless
New Mexico	98-484-TC	ETC Designation	Western Wireless
Illinois	Docket 99-0535	Cost of Service Rules	AT&T/MCI
Colorado	Docket 00-B-103T	U S WEST Arbitration	ICG Comm.
North Dakota	PU-1564-98-428	ETC Designation	Western Wireless
Illinois	Docket 98-0396	Shared Transport Pricing	AT&T/Z-Tel
Florida	Docket 981834-TP	Collocation Reform	CLEC Coalition
Pennsylvania	M-00001353	Structural Separation of Verizon	CompTel/ATX
Illinois	Docket 98-0860	Competitive Classification of Ameritech's Business Services	CompTel/ AT&T
Georgia	Docket 6865-U	Complaint re: Combinations	MCIWorldcom
Virginia	Case No. PUC 990100	GTE/Bell Atlantic Merger	AT&T
Florida	Docket 990649-TP	UNE Cost and Pricing	CLEC Coalition
Nebraska	Application C-1960/PI-25	IP Telephony and Access Charges	ICG Communications
Georgia	Docket 10692-U	Pricing of UNE Combinations	CLEC Coalition
Colorado	Docket 99F-141T	IP Telephony and Access	Qwest
California	Case A. 98-12-005	GTE/Bell Atlantic Merger	AT&T/MCI
Indiana	Case No. 41255	SBC/Ameritech Merger	AT&T
Illinois	Docket 98-0866	GTE/Bell Atlantic Merger	AT&T
Ohio	Case 98-1398-TP-AMT	GTE/Bell Atlantic Merger	AT&T
Tennessee	Docket 98-00879	BellSouth BSE	SECCA
Missouri	Case TO-99-227	§ 271 Review: SBC	AT&T

Summary of Expert Testimony and Affidavits – Regulatory Proceedings

State	Docket/Case	Topic	Sponsor(s)
Colorado	Docket 97A-540T	Stipulated Price Cap Plan/USF	CLEC Coalition
Illinois	ICC Docket 98-0555	SBC/Ameritech Merger	AT&T
Ohio	Case 98-1082-TP-AMT	SBC/Ameritech Merger	AT&T
Florida	Docket 98-1121-TP	UNE Combinations	MCI WorldCom
Georgia	6801-U	§ 251 Arbitration: BellSouth	AT&T
Florida	92-0260-TL	Rate Stabilization Plan	FIXCA
South Carolina	Docket 96-375	§ 251 Arbitration: BellSouth	AT&T
Kentucky	Docket 96-482	§ 251 Arbitration: BellSouth	AT&T
Wisconsin	05-TI-172/5845-NC-101	Rural Exemption	TDS Metro
Louisiana	U-22145	§ 251 Arbitration: BellSouth	AT&T
Mississippi	96-AD-0559	§ 251 Arbitration: BellSouth	AT&T
North Carolina	P-140-S-050	§ 251 Arbitration: BellSouth	AT&T
Tennessee	96-01152	§ 251 Arbitration: BellSouth	AT&T
Arizona		§ 251 Arbitration: US West	AT&T Wireless
Florida	96-0883-TP	§ 251 Arbitration: BellSouth	AT&T
Montana	D96.11.200	§ 251 Arbitration: US West	AT&T
North Dakota	PU-453-96-497	§ 251 Arbitration: US West	AT&T
Texas	Docket 16226	§ 251 Arbitration: SBC	AT&T/MCI
Alabama	Docket 25703	§ 251 Arbitration: BellSouth	AT&T
Alabama	Docket 25704	§ 251 Arbitration: GTE	AT&T
Florida	96-0847-TP	§ 251 Arbitration: GTE	AT&T
Kentucky	Docket 96-478	§ 251 Arbitration: GTE	AT&T
North Carolina	P-140-S-51	§ 251 Arbitration: GTE	AT&T
Texas	Docket 16630	§ 251 Arbitration: SBC	LoneStar Net
South Carolina	Docket 96-358	§ 251 Arbitration: GTE	AT&T
Texas	Docket 16251	§ 271 Review: SBC	AT&T
Oklahoma	97-0000560	§ 271 Review: SBC	AT&T
Kansas	97-SWBT-411-GIT	§ 271 Review: SBC	AT&T

Summary of Expert Testimony and Affidavits – Regulatory Proceedings

State	Docket/Case	Topic	Sponsor(s)
Alabama	Docket 25835	§ 271 Review: BellSouth	AT&T
Florida	96-0786-TL	§ 271 Review: BellSouth	FCCA
Georgia	Docket 6863-U	§ 271 Review: BellSouth	AT&T
Kentucky	Docket 96-608	§ 271 Review: BellSouth	AT&T
Louisiana	Docket 22252	§ 271 Review: BellSouth	AT&T
Texas	Docket 16226	UNE Cost	AT&T/MCI
Colorado	97K-237T	Access Charges	AT&T
Mississippi	97-AD-321	§ 271 Review: BellSouth	AT&T
North Carolina	P-55 Sub 1022	§ 271 Review: BellSouth	AT&T
South Carolina	97-101-C	§ 271 Review: BellSouth	AT&T
Tennessee	97-00309	§ 271 Review: BellSouth	AT&T
Tennessee	96-00067	Wholesale Discount	AT&T
Tennessee	97-00888	Universal Service	AT&T
Texas	Docket 15711	GTE Certification as CLEC	AT&T
Kentucky	97-147	BellSouth BSE Certification	SECCA
Florida	97-1056-TX	BellSouth BSE Certification	FCCA
North Carolina	P691 Sub O	BellSouth BSE Certification	SECCA
Florida	98-0696-TP	Universal Service	FCCA
New York	97-C-271	§ 271 Review: Bell Atlantic	CompTel
Montana	D97.5.87	§ 271 Review: US West	AT&T
New Mexico	97-106-TC	§ 271 Review: US West	AT&T/CompTel
Nebraska	C-1830	§ 271 Review: US West	AT&T
Alabama	Docket 25980	Universal Service	AT&T
Kentucky	Admin 360	Universal Service	AT&T
North Carolina	P100-S133B	Universal Service	AT&T
North Carolina	P100-S133G	Universal Service	AT&T
Illinois	95-0458/0531	Combined Network Elements	WorldCom
Illinois	96-0486/0569	Network Element Cost/Tariff	WorldCom

Summary of Expert Testimony and Affidavits – Regulatory Proceedings

State	Docket/Case	Topic	Sponsor(s)
Illinois	96-0404	§ 271 Review: Ameritech	CompTel
Florida	97-1140-TP	Combining Network Elements	AT&T/MCI
Pennsylvania	A-310203-F0002	Local Competition	CompTel
Georgia	6415-U/6527-U	Local Competition	CompTel
Illinois	98-NOI-1	Structural Separation	CompTel/Qwest
New York	98-C-690	Combining Network Elements	CompTel
Texas	Docket 17579	§ 251 Arbitration: SBC (2nd)	AT&T/MCI
Texas	Docket 16300	§ 251 Arbitration: GTE	AT&T
Florida	Docket 920260-TL	Price Cap Plan	IXC Coalition
Louisiana	Docket U22020	Resale Cost Study	AT&T/LDDS
California	Docket R.93-04-003	Rulemaking on Open Network Architecture	LDDS/WorldCom
Tennessee	Docket 96-00067	Avoidable Cost/Resale Discount	AT&T
Georgia	Docket 6537-U	Unbundled Loop Pricing	CompTel
Georgia	Docket 6352	Rules for Network Unbundling	AT&T
Pennsylvania	Docket A-310203F0002	Introducing Local Competition	CompTel
Florida	Docket 95-0984-TP	Interconnection Terms and Prices	AT&T
Kentucky	Case No. 365	Local Competition/Universal Service	WorldCom
Mississippi	Docket 95-UA-358	Introducing Local Competition	AT&T/WorldCom
Florida	Docket 95-0984-TP	Interconnection Terms and Prices	AT&T
Illinois	Docket 95-0458	Wholesale Local Services	WorldCom
California	Dockets R.95-04-043/044	Local Competition	WorldCom
Florida	Docket 95-0696-TP	Universal Service and Carrier of Last Resort Obligations	IXC Coalition
Georgia	Docket 5755-U	Removing Subsidies from Access	AT&T
South Carolina	Docket 95-720-C	Price Regulation	ACSI

Summary of Expert Testimony and Affidavits – Regulatory Proceedings

State	Docket/Case	Topic	Sponsor(s)
Michigan	Case No. U-10860	Interconnection Agreement	WorldCom
Mississippi	Docket 95-US-313	Price Regulation Plan	WorldCom/AT&T
Missouri	Case TR-95-241	Expanded Local Calling	MCI
Washington	Docket UT-941464	Interconnection Complaint	IXC Coalition
Maryland	Case No. 8584 – Phase II	Introducing Local Competition	WorldCom
Massachusetts	DPU 94-185	Introducing IntraLATA and Local Competition	WorldCom
Wisconsin	Docket 6720-TI-111	IntraLATA Equal Access	Schneider Com.
North Carolina	Docket P-100, Sub 126	Expanded Local Calling	LDDS
Georgia	Docket 5319-U	IntraLATA Equal Access	MCI/LDDS
Mississippi	Docket 94-UA-536	Price/Incentive Regulation	LDDS
Georgia	Docket 5258-U	Price Regulation Plan	LDDS
Florida	Docket 93-0330-TP	IntraLATA Equal Access	IXC Coalition
Alabama	Docket 23260	Access Transport Rate Structure	LDDS
New Mexico	Docket 94-204-TC	Access Transport Rate Structure	LDDS
Kentucky	Docket 91-121	Alternative Regulation Proposal	Sprint, AT&T and LDDS
Texas	Docket 12784	Access Transport Rate Structure	IXC Coalition
Illinois	Docket 94-0096	Customer's First Proposal	LDDS
Louisiana	Docket U-17949-D	Alternative Regulation	AT&T, Sprint and LDDS
New York	Case No. 93-C-0103	Rochester Plan-Wholesale/Retail	LDDS
Illinois	Dockets 94-0043/46	Access Transport Rate Structure	IXC Coalition
Florida	Docket 92-1074-TP	Expanded Interconnection	Intermedia
Louisiana	Docket U-20800	Access Transport Rate Structure	LDDS
Tennessee	Docket 93-008865	Access Transport Rate Structure	LDDS
Ohio	Docket 93-487-TP-ALT	Alternative Regulation	Allnet/LCI/LDDS
Mississippi	Docket 93-UN-0843	Access Transport Rate Structure	LDDS
South Carolina	Docket 93-756-C	Access Transport Rate Structure	IXC Coalition

Summary of Expert Testimony and Affidavits – Regulatory Proceedings

State	Docket/Case	Topic	Sponsor(s)
Georgia	Docket 4817-U	Access Transport Rate Structure	IXC Coalition
Louisiana	Docket U-20710	Pricing and Imputation Standards	LDDS
Ohio	Case 93-230-TP-ALT	Alternative Regulation	MCI/Allnet/LCI
New Mexico	Docket 93-218-TC	Expanded Local Calling	LDDS
Illinois	Docket 92-0048	Alternative Regulation	LDDS
Mississippi	Docket 93-UN-0038	Banded Rates for Toll Service	LDDS
Florida	Docket 92-1074-TP	Expanded Interconnection	Florida Coalition
Louisiana	Docket U-20237	Preferential Toll Pricing	LDDS, MCI and AT&T
South Carolina	Docket 93-176-C	Expanded Local Calling	LDDS & MCI
Mississippi	Case 89-UN-5453	Rate Stabilization Plan	LDDS & ATC
Illinois	Docket 92-0398	Local Interconnection	CLEC Coalition
Louisiana	Docket U-19993	Payphone Compensation	MCI
Maryland	Docket 8525	Payphone Compensation	MCI
South Carolina	Docket 92-572-C	Payphone Compensation	MCI
Georgia	Docket 4206-U	Payphone Compensation	MCI
Delaware	Docket 91-47	Application for Rate Increase	MCI
Florida	Docket 88-0069-TL	Comprehensive Price Review	Florida Coalition
Mississippi	Case 92-UA-100	Expanded Local Calling	LDDS & ATC
Florida	Docket 92-0188-TL	GTE Rate Case	MCI & FIXCA
Wisconsin	Docket 05-TI-119	IntraLATA Competition	MCI & Schneider
Florida	Docket 92-0399-TP	Payphone Compensation	MCI & FIXCA
California	Docket I,87-11-033	Alternative Regulation	Intellical
Florida	Docket 88-0068-TL	Rate Stabilization	Public Counsel and Large Users
New York	Case 28425, Phase III	Access Transport Rate Structure	Empire Altel
Wisconsin	Docket 05-TR-103	Intrastate Access Charges	MCI & CompTel
Mississippi	Docket 90-UA-0280	IntraLATA Competition	Intellicall

Summary of Expert Testimony and Affidavits – Regulatory Proceedings

State	Docket/Case	Topic	Sponsor(s)
Louisiana	Docket U-17949	IntraLATA Competition	Cable & Wireless
Florida	Docket 88-0069-TL	Rate Stabilization	Florida Coalition
Wisconsin	Docket 05-TR-103	Intrastate Access Charges	Wisconsin IXCs
Florida	Docket 89-0813-TP	Alternative Access Providers	Florida Coalition
Alaska	Docket R-90-1	Intrastate Toll Competition	Telephone Utilities of Alaska
Minnesota	Docket P-3007/NA-89-76	Centralized Equal Access	MCI & Telecom*USA
Florida	Docket 88-0812-TP	IntraLATA Toll Competition	Florida Coalition
Wisconsin	Docket 05-TR-102	Intrastate Access Charges	Wisconsin IXCs
Wisconsin	Docket 6655-NC-100	Centralized Equal Access	Wisconsin IXCs
Florida	Docket 88-0069-TL	Rate Stabilization	Florida Coalition
Wisconsin	Docket 05-NC-100	IntraLATA Toll Competition	Wisconsin IXCs
Florida	Docket 87-0347-TI	AT&T Regulatory Relief	Florida Coalition
Illinois	Docket 83-0142	Intrastate Access Charges	Illinois Consolidated
Texas	Docket 8218	WATS Prorate Credit	TEXALTEL
Iowa	Case RPU 88-2	Centralized Equal Access	MCI & Teleconnect
Florida	Docket 87-1254-TL	Regulatory Flexibility for LECs	Microtel
Wisconsin	Docket 05-TR-5, Part B	IntraLATA Competition and Access Charges	Wisconsin State Telephone Assc.
Florida	Docket 86-0984, Phase II	Intrastate Loop Cost Recovery	Florida Coalition