EXHIBIT CMM-1T

BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of	)	
	)	**DOCKET NO. UT-033044**
QWEST CORPORATION	)	
	)	
To Initiate a Mass-Market Switching	)	
And Dedicated Transport Case	)	
Pursuant to the Triennial Review	)	
Order	)	

RESPONSE TESTIMONY OF

CATHERINE M. MONTFORT

ON BEHALF OF

AT&T COMMUNICATIONS OF THE PACIFIC NORTHWEST, INC.,
AT&T LOCAL SERVICES ON BEHALF OF TCG SEATTLE, AND TCG OREGON
(COLLECTIVELY "AT&T")

THE BUSINESS NECESSITY OF UNE-P FOR SERVING MASS-MARKET CUSTOMERS

February 2, 2004

REDACTED VERSION

REDACTED
HIGHLY CONFIDENTIAL PER PROTECTIVE ORDER IN
WUTC DOCKET NO. UT-033044

Q. WHAT IS YOUR NAME, YOUR BUSINESS ADDRESS AND YOUR CURRENT POSITION?

A. My name is Catherine M. Montfort. I am a District Manager for Business Local Voice Services for AT&T Corp., located at One AT&T Way, Bedminster, New Jersey.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I have worked with AT&T or one of its affiliates (*i.e.*, Bell Labs, now Lucent) for 17 years in network and product management positions. I have been a District Manager for AT&T's Business Local Voice Service since 1997 and I have extensive experience in all functional areas of business local services, including: sales, offer, product, provisioning, care, billing, maintenance and systems. I am knowledgeable about AT&T's efforts to provide local service to small business customers.

Q. PLEASE DESCRIBE YOUR CURRENT JOB RESPONSIBILITIES.

A. My current responsibilities include supporting various small business products, including AT&T's primary small business product, All In One ("AIO"). I am responsible for initiatives to reduce expense and improve customer satisfaction. I also support various legal/regulatory issues that affect our small business products.

Q. HAVE YOU EVER TESTIFIED BEFORE PUBLIC UTILITIES COMMISSIONS OR THE FEDERAL COMMUNICATIONS COMMISSION REGARDING TELECOMMUNICATIONS ISSUES?

A. I have recently filed similar testimony with the California Public Utilities Commission, but I have no other experience testifying in this kind of proceeding.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to explain why UNE-L and AT&T's Digital Link service (ADL) are not viable means for serving mass-market customers (*i.e.* residential and small business customers) and that without UNE-P, AT&T has no other viable way to serve a large number of mass-market customers in Washington.

Q. WOULD AT&T PREFER TO USE ITS OWN FACILITIES TO PROVIDE LOCAL TELEPHONE SERVICE TO MASS-MARKET CUSTOMERS?

A. Yes. AT&T would prefer to use its own switches to provide service to mass market customers for several reasons:

- First, to the extent AT&T can serve its customers on its own network, it is in the best position to control the costs, quality and services that create the overall customer experience.

- Second, AT&T can best fulfill business customers' demand for advanced features and pricing plans and can better provide for and control the availability of such features by providing service using its own switches.

- Third, when AT&T employs its own switches, it can create standardized offerings across the country, which is desirable for efficient marketing, high-quality customer service, and for attracting the largest multi-state users.

- Fourth, use of its own switches and facilities allows AT&T to achieve a greater sharing of common costs, and is the only means for AT&T to achieve economies of scale.

- Fifth, if AT&T does not use its own facilities, then it must heavily rely on another company, and, in the case of UNEs, it must rely on its principal competitor, which is plainly undesirable.

Q. HAS AT&T ATTEMPTED TO PROVIDE LOCAL TELEPHONE SERVICE USING ITS OWN FACILITIES?

A. Yes. Because of the potential cost savings and ability to differentiate its products, AT&T has consistently sought to deploy its own switching equipment to serve all segments of the market whenever it is economically and operationally feasible to do so. In 1998, AT&T took two significant steps toward becoming a facilities-based provider of local service. First, AT&T acquired Teleport Communications Group "(TCG"), with local networks in approximately 30 states, including Washington. TCG was attempting to use its own switching and connectivity on all but the "last mile". In addition, AT&T introduced a new product, ADL, which was designed to take advantage of existing long distance switches and facilities to provide local service.[1]

Q. WERE THE SERVICES OFFERED BY TCG AND THE ADL PRODUCT DESIGNED FOR MASS-MARKET CUSTOMERS?

A. No, they were designed for large and enterprise market customers. Nevertheless, for the two years after the acquisition of TCG, AT&T worked to expand the use of these services to mass-market customers in approximately twenty local markets.

[1] In addition, AT&T acquired two cable television companies, TCI in 1999 and MediaOne in 2000 and formed its AT&T Broadband unit. AT&T provided facilities-based telephone service to residential customers for a short time through AT&T Broadband. Comcast Corporation acquired AT&T Broadband in 2002.

Q. IN GENERAL, WHAT WAS AT&T'S EXPERIENCE WITH THIS EFFORT?

A. Unfortunately, AT&T's experience showed that use of its own switches and backbone network in combination with the ILEC's unbundled local loop (i.e. UNE-L) is not a feasible means of serving low-volume mass-market customers.

Q. AS PART OF ITS EFFORT TO PROVIDE LOCAL SERVICE TO SMALL BUSINESS CUSTOMERS BEGINNING IN 1998, DID AT&T ATTEMPT TO USE OF ITS OWN SWITCHES AND BACKBONE NETWORK IN COMBINATION WITH THE ILEC'S UNBUNDLED LOCAL LOOP (I.E. UNE-L) IN THE STATE OF WASHINGTON?

A. Yes. AT&T acquired collocation space and installed digital loop carrier ("DLC") equipment in ILEC local serving offices ("LSOs"). AT&T provisioned a very small number of small business service lines in WA using UNE-L. Today, AT&T has **HIGHLY CONFIDENTIAL** [redacted] AIO UNE-L lines in **HIGHLY CONFIDENTIAL** [redacted] LSOs in the Seattle MSA. Those lines represent less than **HIGHLY CONFIDENTIAL** [redacted] of the total number of small business AIO lines served in the State.

Q. DOES AT&T USE UNE-L AND ITS OWN SWITCH TO PROVIDE BASIC LOCAL EXCHANGE SERVICE TO RESIDENTIAL CUSTOMERS IN WASHINGTON **TODAY?**

A. No. Except for serving its "grandfathered" small business customers, as noted in my previous answer, AT&T has ceased using UNE-L to provide service to new mass-market small business customers. Moreover, AT&T does not use and never has used UNE-L to serve residential customers.

Q. HOW DOES AT&T PROVIDE SERVICE TO SMALL BUSINESSES IN WASHINGTON?

A. Service to small businesses is provided using UNE-P.

Q. WHY DID AT&T STOP SERVING NEW SMALL BUSINESS CUSTOMERS USING UNE-L?

A. AT&T's experience in serving small business customers in a number of markets, including Washington, and the consistency of the operational and economic problems in all of those markets, led AT&T to conclude that it could not effectively serve small business customers using UNE-L in Washington or elsewhere. The existing processes to access and migrate loops of low volume mass-market customers were and are technically and economically infeasible, and, even more important, they are unacceptable to customers. To offer a switch-based service to these customers, competing carriers must have an easy, inexpensive, and reliable method to access and migrate the customer's loop to their own switches. If that does not occur, CLECs are unable to use their switches at the efficient levels necessary to generate the economies of scale that drive down switching costs. That is precisely what happened to AT&T: In spite of the deployment of dozens of switches throughout the country and considerable investment in backbone network facilities, the lack of a seamless migration process and the considerable cost associated with that service proved to be a major impediment to use of those facilities.

Q. PLEASE ELABORATE.

A. The 'hot cut' process for direct conversion of ILEC customers to AT&T with UNE-L, imposed significant costs, most notably the price AT&T must pay ILECs to complete the

conversion. Moreover, the hot cut process resulted in significant customer dissatisfaction. Customers expected a provisioning process as immediate and efficient as they had experienced in making a long-distance PIC change. Even under the best scenario, the conversion requiring a 'hot cut' was neither immediate nor seamless.

Q. WERE THERE OTHER PROBLEMS?

A. In order to access small business customers' loops using UNE-L, CLECs must establish a collocation in every ILEC central office, a process that is very costly and time-intensive. Indeed, it is simply impossible to establish collocations in all 14,000 ILEC central offices in the United States. Moreover, for voice-grade loops, competing carriers cannot rely on enhanced extended links ("EELs") to reduce the need for collocation, because EELs are only effective to combine high capacity loops with transport. Thus, even though EELs may in theory reduce the need for collocation, they do nothing to resolve the problem of accessing mass-market customer loops, and they do not address the flaws in current hot cut processes.

Q. ARE THERE ADDITIONAL COSTS ASSOCIATED WITH "BACKHAULING" THE MASS-MARKET CUSTOMER'S TRAFFIC FROM THE LOCAL LOOP TO THE CLEC'S SWITCH?

A. Yes. Competitive carriers cannot use their own switches to provide service unless they can arrange to 'backhaul' their customers' traffic from the serving central office to their own switching location. These are costs that ILECs generally do not incur, because their customers' loops always terminate at the switch in the central office that serves the customer. This problem is exacerbated because the costs CLECs incur for the facilities to deliver these calls are often inflated. Even though the ILECs are required to offer these

facilities as UNEs priced at cost-based rates, in fact CLECs must often order them as a special access services, which are priced above-cost and which further raises CLECs' costs.

Q IS THERE ANYTHING ELSE?

A. Unfortunately, yes. As I mentioned, in order to serve mass-market customers using UNE-L, AT&T needs to be collocated in the ILEC local serving office where the customer's loop terminates. With the existing costs of collocation and backhaul, it would be infeasible for any CLEC to be collocated in every ILEC LSO or even the vast majority of those LSOs. Therefore, even in markets where AT&T attempted to serve mass-market customers using UNE-L, inevitably there were many potential customers it could not serve. As a result, AT&T was not able to offer its service on a broad basis, but instead had to pre-screen potential customers. Limited to this "Swiss cheese" service footprint, AT&T found that it had to incur additional expense to identify potential customers and that it had to turn away potential customers who sought to be served by AT&T. This second problem was particularly damaging to AT&T's brand and its ability to compete with Qwest and other ILECs.

Q. ARE THERE ANY CIRCUMSTANCES IN WHICH AT&T CURRENTLY USES UNE-L TO PROVIDE ANY BUSINESS SERVICES TO MASS-MARKET CUSTOMERS?

A. AT&T will occasionally use UNE-L to add lines to serve customers that were originally provisioned using UNE-L. We do this to keep the customer on the same platform, which

allows them to have similar numbers, the same voice mail platforms and hunting[2]. . In those limited circumstances, serving customers with new UNE-P lines would result in a lower quality of service.

We also occasionally use UNE-L for enterprise customers who already have service on a DS-1 and need a few extra lines, but not enough to warrant adding another high capacity facility. Again, the purpose for doing so is to keep the customer on the same platform so that their numbering, voice mail and other features are consistent.

Finally, in a few limited locations in New York, California and Illinois (none in the Qwest territory), AT&T has been able to convert some small business customers originally acquired by UNE-P to UNE-L service. These conversions have been limited to circumstances where concentrations of customers are high, AT&T has existing on-net collocations and spare DLC capacity in place, the ILEC's "hot cut" cost is not totally prohibitive and AT&T has been able to negotiate a process to migrate customers on a project basis designed to significantly reduce the risk of customer outage or other operational complications.

Q. DOES AT&T CURRENTLY PROVIDE SERVICE USING UNBUNDLED LOOPS AND AT&T'S OWN SWITCH TO NEW SMALL BUSINESS CUSTOMERS ANYWHERE IN WASHINGTON?

A. No. All small business service to new customers is provided using UNE-P.

[2] "Hunting" is a feature that allows a call made to a customer's main telephone number to roll to other lines in a predetermined sequence in the event the main line is in use. In order to implement hunting, all lines must be on the same switch platform.

Q. YOU PREVIOUSLY MENTIONED AT&T'S DIGITAL LINK ("ADL") SERVICE.

A. Yes. ADL was designed to take advantage of existing long distance switches and facilities to provide local service. ADL is not a stand-alone product but rather is a product that allows existing AT&T enterprise long distance customers to add local voice service to their dedicated facilities that handle voice and data transmission. This permits customers to maximize efficiency by using the same trunks for local, intraLATA toll, long distance and international calls.

Q CAN YOU EXPLAIN WHY THAT SERVICE IS NOT AVAILABLE TO SERVE MASS-MARKET CUSTOMERS?

A. Yes, it would not be technically practical or economic for small business to use ADL services for their local service. ADL services require a DS-1 or higher-level facility and require sophisticated customer premises equipment. Mass-market small business customers usually have no need for and cannot afford DS-1 facilities or sophisticated customer premises equipment. Moreover, AT&T's Class 4 Long Distance switches are not and cannot be configured to support E-911. All of AT&T's ADL customers are required to maintain a local line from the ILEC for E-911 support. Although it is economic for enterprise customers to do this, it is not for small business customers.

Q. WOULD AT&T BE ABLE TO CONTINUE TO SERVE MASS-MARKET CUSTOMERS IN WASHINGTON IF UNE-P WERE NO LONGER AVAILABLE?

A. As a general proposition, without access to UNE-P, AT&T would have no other economically viable and technically satisfactory way to serve a large number of mass-market customers in Washington. As a prudent company, AT&T continues to look at,

evaluate and test a number of alternative technologies. These efforts are generally in early experimental or trial stages, however, and no alternative that could adequately serve mass-market customers has been proven to exist.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.