

0001

1 BEFORE THE WASHINGTON STATE
2 UTILITIES AND TRANSPORTATION COMMISSION

3 -----

4 QWEST CORPORATION,)
5 Complainant,)
6 vs.) DOCKET NO. UT-063038
7 LEVEL 3 COMMUNICATIONS, LLC,)
8 PAC-WEST TELECOMM, INC.,)
9 NORTHWEST TELEPHONE, INC.,)
10 TCG SEATTLE, ELECTRIC)
11 LIGHTWAVE, INC., ADVANCED)
12 TELECOM, INC. d/b/a ESCHELON)

13 (Continued Next Page))

14 -----

15 DEPOSITION UPON ORAL EXAMINATION
16 OF
17 ROBERT WILLIAMSON

18 -----

19 10:00 a.m. - 2:20 p.m.
20 January 16, 2007
21 1300 South Evergreen Park Drive Southwest, Room 206
22 Olympia, Washington

23

24 Joan E. Kinn, CCR, RPR
25 Court Reporter

0002

1 -----

2 TELECOM, INC., FOCAL)

3 COMMUNICATIONS CORPORATION,)

4 GLOBAL CROSSING LOCAL)

5 SERVICES, INC., and MCI)

6 WORLDCOM COMMUNICATIONS, INC.,)

7 Respondents.)

8 -----

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

0003

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

A P P E A R A N C E S

For the Complainant: LISA ANDERL
Attorney at Law
QWEST CORPORATION
1600 - 7th Ave., #3206
Seattle, WA 98191

For COMMISSION STAFF: JONATHAN THOMPSON
Asst. Attorney General
1400 S. Evergreen Park
Dr. S.W.
Olympia, WA 98504-0128

For the Respondent GREG L. ROGERS
LEVEL 3
Attorney at Law
LEVEL 3 COMMUNICATIONS
1025 Eldorado Blvd.
Broomfield, CO 80021

For the Respondent GREGORY J. KOPTA
PAC-WEST
Attorney at Law
(Via bridgeline) DAVIS WRIGHT TREMAINE
1501 - 4th Ave., #2600
Seattle, WA 98101

0004

1	For the Respondent	GREGORY L. CASTLE
2	TCG SEATTLE	Attorney at Law
3		AT&T SERVICES, INC.
4		525 Market St., #2022
5		San Francisco, CA 94105
6		
7	For the Respondent	GREGORY M. ROMANO
8	MCI METRO	Attorney at Law
9		VERIZON
10		1800 - 41st St., WA0105GC
11		Everett, WA 98201
12		
13	For the Respondent	RICHARD A. FINNIGAN
14	WITA	Attorney at Law
15		2112 Black Lake Blvd. S.W.
16		Olympia, WA 98512
17		
18	For the Respondent	DENNIS D. AHLERS
19	ATI	Attorney at Law
20	(Via bridgeline)	ESCHELON TELECOM, INC.
21		730 - 2nd Ave. S., #900
22		Minneapolis, MN 55402
23		
24	Also Present:	MARK S. REYNOLDS
25		SCOTT PORTER (bridgeline)

0005

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

I N D E X

EXAMINATION BY:	PAGE
GREG L. ROGERS	6
GREGORY J. KOPTA	114
LISA ANDERL	130
DENNIS D. AHLERS	132
JONATHAN THOMPSON	133

EXHIBIT	DESCRIPTION	PAGE
A	11-20-2006 Direct Testimony of Robert Williamson in UT-063038	6
B	8-13-2003 Direct Testimony of Robert Williamson in UT-030614	14
C	Printout of Qwest Website Product Offerings	35
D	FCC Order on Remand and Report and Order	62

0006

1 (Marked Deposition Exhibit A.)

2 Whereupon,

3 ROBERT WILLIAMSON,

4 having been first duly sworn, was called as a witness

5 herein and was examined and testified as follows:

6

7 E X A M I N A T I O N

8 BY MR. ROGERS:

9 Q. Good morning, Mr. Williamson.

10 A. Good morning.

11 Q. Can you state your name and your present
12 business address for the record, please.

13 A. I can never remember the address. It's
14 Robert Williamson.

15 THE WITNESS: Do you have a card, John, I'm
16 sorry.

17 Oh, maybe it's here.

18 It doesn't have it.

19 MR. THOMPSON: Oh, you're right, it doesn't.

20 A. Robert Williamson, 1300 South Evergreen Park
21 Drive Southwest, Post Office Box 47250, Olympia,
22 Washington 98504-7250.

23 THE WITNESS: Thank you.

24 BY MR. ROGERS:

25 Q. Thank you.

0007

1 I'm Greg Rogers, and I'm representing Level 3
2 Communications in this case. Have you ever had your
3 deposition taken before?

4 A. No, I have not.

5 Q. Do you understand the purpose of this
6 deposition?

7 A. I believe so.

8 Q. What's your understanding of what we're going
9 to be doing this morning?

10 A. My understanding is that you will be asking
11 me questions on my testimony to help clarify in your
12 mind what I testified to.

13 (Bridgeline interruption.)

14 (Discussion off the record.)

15 BY MR. ROGERS:

16 Q. The deposition is part of the discovery
17 process in essence where we are seeking information that
18 you may have relied on in developing your testimony,
19 have an opportunity to ask you questions to clarify
20 statements that you may have made in your testimony, and
21 just have a general discussion about the issues in the
22 case as part of the discovery process.

23 I want to in doing the deposition be sure
24 that we're as clear as we can be for the court reporter
25 so that she can produce a clear transcript of the

0008

1 discussion that we're going to have, and in that vein
2 you need to be sure that your answers are always audible
3 so that they appear on the record and not giving body
4 motions that she would need to interpret, okay?

5 A. Okay.

6 Q. Then we also need to be sure as we go through
7 this that we're not talking over one another. I will
8 try and finish my question and wait so that you can then
9 answer before I begin with another question.

10 A. Okay.

11 Q. Be sure to let us know if you need to take a
12 break for any reason, if you need to go to the bathroom
13 or need a break to talk to your attorney or any reason,
14 we can certainly accommodate that and take breaks as
15 needed.

16 A. All right.

17 Q. Is there any reason why you wouldn't be able
18 to give accurate testimony today?

19 A. No.

20 Q. How are you currently employed?

21 A. I am employed as an engineer with the
22 Washington Utility Commission.

23 Q. What do your duties generally include as a
24 Utility engineer?

25 A. Generally to handle all the technical details

0009

1 for Commission Staff, for filings, write testimony,
2 oversee new or unusual services.

3 Q. How long have you been with the Commission?

4 A. I have worked with the Commission twice, five
5 years total, four years, a little over four years since
6 I came back in 2002.

7 Q. And what other experience in the
8 telecommunications industry do you have other than your
9 employment at the Commission?

10 A. I have worked in the industry for, well, I
11 hate to say this because it's a long time, from 1965. I
12 hired on with Pacific Tel and Tel in California, worked
13 for two years there, and then transferred to Tacoma,
14 Washington with Pacific Northwest Bell. Was promoted to
15 a manager, oh, in the early '70's. Did project
16 management for large switch conversions. Settled on
17 5-E's. Transferred to Seattle in the engineering
18 department to do network design engineering in the early
19 '80's. Did network design engineering until the late
20 '80's. Transferred to maintenance engineering, which
21 was the highest technical place for an engineer to be.
22 Left Pacific Northwest Bell, it was U S West at the
23 time, in 1995, retired with 30 years service. Went to
24 work for TCG, Teleport Communications, in 1995 as an
25 engineering manager. Left Teleport after -- towards the

0010

1 end of '96. Came to the Commission for about nine
2 months. Left the Commission to go to work for AT&T in
3 Honolulu, Hawaii for a project for the Department of
4 Defense where I was their technical interface with the
5 government as a test manager, and I interfaced with the
6 government parties to verify all contract details were
7 met and helped convert all of their communications on --
8 cut over 12 new switches plus all the data requirements.
9 Left Honolulu in spring of 2000. Went to work for
10 NeuStar, Inc. to do a project in Europe in 12 countries
11 to install a new SS7, what they call C7 is the European
12 standard, to promote number portability. Changed jobs,
13 that was a director job, changed to director new
14 business technical development for NeuStar in 2001 and
15 worked on a project to provide number portability via IP
16 for companies such as Level 3. Left NeuStar when they
17 laid a lot of people off in spring of 2002 and came here
18 same time, spring 2002, and I have stayed with the
19 Commission since then.

20 Q. If I followed all of that, I understand that
21 you were employed within the Bell operating company
22 system for about 30 years; is that about right?

23 A. That's correct.

24 Q. How many of those 30 years were you with U S
25 West or with U S West predecessor companies?

0011

1 A. The whole time I was with the Bell system, of
2 the 30 years, probably 27 were with Pacific Northwest
3 Bell or U S West.

4 Q. I think I have seen in other testimony that
5 you filed that you have said you are a retiree of --

6 A. Yes, I am.

7 Q. -- U S West; is that right?

8 A. Yes, I am.

9 Q. So at this point in time, do you obtain
10 benefits from Qwest as a retiree?

11 A. I have a pittance of a retirement because I
12 retired at a younger age, but yes, I do.

13 Q. You said that in your duties as a Utility
14 engineer, one of things that you do is testify or file
15 testimony in proceedings; have you filed testimony in
16 other proceedings --

17 A. Yes.

18 Q. -- while you have been employed at the
19 Commission?

20 A. Sorry.

21 Yes, I have.

22 Q. What proceedings were those?

23 A. I believe they're listed in my attachment,
24 and I'm not sure I will remember the numbers from that.
25 Do you need that detail if it's in my attachment?

0012

1 Q. Well, just generally to begin with do you
2 recall what the cases were about?

3 A. Yes. One was a line extension case that
4 Qwest was involved with, and I testified on the other
5 side of that against Qwest. One was a Qwest request
6 for, oh, what do they call it, they wanted to change
7 their digital services to show that it was -- didn't
8 need to be regulated as heavily. I also testified in a
9 case with LocalDial that was about IP bypass of
10 intrastate toll, and that decision was the same as the
11 FCC made in their AT&T case that IP in the middle should
12 be regulated as opposed to the other types of VoIP. I
13 believe that's it until now.

14 Q. You just stated that you filed testimony in
15 the LocalDial proceeding?

16 A. Yes.

17 Q. Was that testimony accepted into the record?

18 A. Yes, it was.

19 Q. Were you subjected to cross-examination
20 during that proceeding?

21 A. No, it actually didn't go to -- you mean
22 live?

23 Q. Yes.

24 A. It did not go to hearing, it was resolved
25 before going to hearing.

0013

1 Q. I don't recall seeing in your testimony
2 mention of having participated as a witness in the
3 LocalDial proceeding, but that is another proceeding in
4 which you have acted as a Commission witness?

5 A. Yes.

6 Q. In the case that involved Qwest's request for
7 competitive status, how did you testify in that case?

8 A. I testified that VoIP basically was a new and
9 growing service in the state of Washington and so was
10 adding to the competition within the state.

11 Q. If I recall correctly, my understanding of
12 that case was that Qwest submitted evidence in support
13 of their petition to gain competitive designation and it
14 was your position that Qwest in fact underaccounted for
15 the amount of competition that was in the marketplace;
16 is that your recollection of how you testified?

17 A. I testified as a technical witness. My
18 recollection without rereading it was that I testified
19 that VoIP in particular, and I believe also maybe a
20 little wireless, had grown in this state and that that
21 was adding to competition.

22 MR. ROGERS: I just happen to have a copy of
23 your testimony that you filed in that case, which was
24 Docket Number UT-030614, and I will mark this document
25 as Level 3 Exhibit B because I have already marked

0014

1 something as Exhibit A.

2 And let me hand you a copy of that, and I
3 will distribute copies to others here momentarily.

4 (Marked Deposition Exhibit B.)

5 BY MR. ROGERS:

6 Q. But if I can have you turn to the last page I
7 believe of your testimony, there's a summary of the
8 position that you take. So on the last page, which is
9 page 11, are you there?

10 MR. THOMPSON: Maybe if you could give him a
11 few moments just to refamiliarize himself with the
12 testimony.

13 MR. ROGERS: Sure.

14 MR. THOMPSON: Okay.

15 A. (Reading.)

16 MR. FINNIGAN: While he's doing that, do you
17 have copies?

18 MR. ROGERS: I do, I may not have enough for
19 everyone.

20 John, do you need an additional copy?

21 MR. THOMPSON: Yeah, that would be nice.

22 BY MR. ROGERS:

23 Q. If you will just let me know when you're
24 ready --

25 A. Okay.

0015

1 Q. -- once you have familiarized yourself with
2 the testimony.

3 If you're ready to talk about it?

4 A. Whenever you're ready.

5 Q. At line 12 on page 11, can you just read that
6 paragraph from line 12 to line 16 into the record,
7 please.

8 A. (Reading.)

9 Both of these scenarios apply to
10 facilities-based CLEC business line
11 counts. It is difficult to tell, even
12 at a macro level, if the comparison
13 between the Intrado E911 data and
14 Qwest's count of CLEC lines,
15 definitively demonstrates that the Qwest
16 count of 104,109 CLEC lines, is
17 conservative and substantially
18 understates the actual level of CLEC
19 competition in this state.

20 Q. So do you think it's accurate to say that it
21 was Staff's position in this case that Qwest had
22 substantially understated the level of competition in
23 their petition?

24 A. What I stated here was that the Intrado E911
25 database, the number of lines shown there didn't match

0016

1 the number of lines that CLEC counted, and it showed
2 that there was a larger number. That's comparing the
3 two databases basically. So it was Staff's position
4 that it was possible that because the 911 database
5 showed a larger number of lines that Qwest had
6 undercounted.

7 Q. But you as Staff's witness took it upon
8 yourself to actually bolster Qwest's case; is that
9 right?

10 A. It was Staff's position that Qwest may have
11 undercounted, and Qwest -- or and Staff, not just me,
12 but Staff in general did testify that in this case Qwest
13 was correct in their reasoning.

14 Q. Well, you're saying that they were correct in
15 their reasoning, but your testimony says they were not
16 correct and that they underreported the amount of
17 competition in the marketplace, which you then corrected
18 and stated could have been in your assessment
19 underreporting the competition that they needed to
20 demonstrate in order to get competitive status; did you
21 follow all that?

22 A. Yes, and I think my testimony says that it
23 was apparent if you could use the 911 database that
24 Qwest may have undercounted the CLEC lines in this
25 state.

0017

1 MR. THOMPSON: I just want to make one
2 objection to that too, because I think it assumes facts
3 not in evidence to a degree, because we don't have on
4 the record what Qwest's actual position was in the case.
5 I don't know that they -- well, I will just leave it at
6 that.

7 Q. Turning to your testimony that you have filed
8 in our case here that we're dealing with here today,
9 which is Case Number UT-063038, can you give your
10 general description of what you understand the case to
11 be about?

12 A. My general understanding is that VNXX or
13 virtual NXX is in use by a number of CLECs in this
14 state, and this case is to decide whether that meets the
15 standards and the rules in this state as a service.

16 Q. Do you understand that Qwest has filed a
17 complaint to initiate the proceeding?

18 A. I do understand that.

19 Q. And they have complained against who?

20 A. All the CLECs that are using it in this state
21 my understanding, Level 3, ELI, Verizon, MCI, a number
22 of companies.

23 Q. All CLECs?

24 A. Yes.

25 Q. You use the term VNXX, which I think you said

0018

1 stands for virtual NXX, can you provide your definition,
2 working definition, of what VNXX is?

3 A. I'm looking for how I worded it in my
4 testimony, you would think it would fall right to my
5 hand.

6 What I said in my testimony is that:
7 VNXX is a term coined to describe a
8 practice used by some CLECs that serve
9 dial-up ISP customers. It means that,
10 contrary to the COCAG rule discussed
11 above, a CLEC provides service to its
12 dial-up ISP customer using telephone
13 numbers with an NXX that is not based on
14 the actual physical location of the
15 ISP's premise where the modem is
16 actually located.

17 Q. How have you developed that definition?

18 A. I have used the definition that was provided
19 by the FCC, a number of different states that have heard
20 the VNXX case, as well as a couple of cases that were
21 heard in this state.

22 Q. Can you tell us which cases those were that
23 you're referring to that have occurred in Washington?

24 A. I don't have those numbers with me. One is
25 an arbitration with Level 3 that is ongoing. I believe

0019

1 that's 06 -- I'm sorry, I don't have the number with me.

2 Q. Well, so the numbers I'm not as concerned
3 about, if you can just give a general description of
4 virtual NXX cases that you have had a role in here in
5 Washington.

6 A. Actually, I didn't have a role until the one
7 with Level 3, but there is a Pac-West arbitration that
8 was held that this Commission ruled on. There is an
9 ongoing case, an arbitration with Level 3, that I have
10 worked also with Judge Rendahl on with the agreement of
11 all the parties. Those are the ones in this state I'm
12 familiar with.

13 Q. Can you describe your role in the Qwest/Level
14 3 arbitration?

15 A. Well, there's a number of issues with the
16 Qwest/Level 3 arbitration, and I have worked as a
17 technical advisor for Judge Rendahl for all issues other
18 than VNXX because when we started, we knew that that
19 would be an issue. So although all of the parties
20 involved sent in letters saying that it was all right if
21 I worked both as a technical advisor for the Judge and
22 also as an advocate in this case, both Judge Rendahl and
23 I have not spoken of the virtual NXX in that case.

24 Q. You just said that you had not had a role in
25 virtual NXX proceedings at the Washington Commission

0020

1 except for the Level 3 arbitration. If I understand you
2 now correctly, you don't have a role in the Level 3
3 arbitration with respect to virtual NXX either; is that
4 accurate?

5 A. I'm the technical advisor to the Judge on
6 that case, but I am not dealing with VNXX in that case.

7 Q. And you haven't --

8 A. All other issues that are in that case I'm
9 dealing with.

10 Q. But you haven't dealt with virtual NXX in any
11 other case either?

12 A. That's correct.

13 Q. In the Level 3/Qwest arbitration that's
14 currently before the Commission, have you studied all
15 the testimony that's been filed in that case on the
16 virtual NXX issue?

17 A. Yes, I have.

18 Q. Have you participated in other Commission
19 proceedings on virtual NXX?

20 A. Well, the technical conference in the Level 3
21 arbitration dealt with VNXX also, and I did participate
22 in that.

23 Q. And so have you studied all of the exhibits
24 that were introduced in the technical conference on the
25 virtual NXX issue?

0021

1 A. Yes, I have.

2 Q. You didn't participate in the Pac-West and
3 Level 3 complaints against Qwest trying to enforce their
4 interconnection agreements after the FCC's core
5 communications order?

6 A. No, I did not.

7 Q. Are you familiar with the outcome of those
8 complaint cases?

9 A. Yes, I am.

10 Q. How would you describe your understanding of
11 the outcome of those two complaints?

12 A. My understanding of, well, let me think, I'm
13 sorry, the arbitrations, well, my understanding is that
14 the judge ruled in the CLECs' favor.

15 Q. Did the Commission ultimately adopt an order
16 in both of those cases?

17 A. Yes, it did.

18 Q. And do you know how the Commission came out
19 in the Pac-West versus Qwest and Level 3 versus Qwest
20 core communications cases?

21 A. In general I believe that the Commission
22 ruled that Qwest, make sure I don't do this incorrectly,
23 that the CLECs were correct in their complaint, and
24 Qwest needed to comply with the reciprocal compensation
25 that the CLECs sought.

0022

1 Q. Are there other cases that the Washington
2 Commission has heard and issued orders on that dealt
3 with virtual NXX, as far as you know?

4 A. Not that I'm aware of unless it's an
5 arbitration or if they're tied together.

6 Q. Are you familiar with the Level 3 versus
7 Century Tel arbitration from a couple of years ago?

8 A. No, I am not. I do remember hearing it, but
9 I'm not familiar with it.

10 Q. You didn't study the record --

11 A. No, I did not.

12 Q. -- of that case in preparing your testimony
13 for this case?

14 A. No, I did not.

15 Q. How about the Level 3 versus Qwest
16 arbitration on the interconnection agreement that they
17 are currently operating under?

18 A. Yes, I did.

19 Q. You participated in that arbitration?

20 A. Sorry, I did not participate, but I did study
21 it.

22 Q. Can you tell me what the arbitration issue
23 was in the previous arbitration?

24 A. I believe there were a lot of different
25 issues. Of course, one was VNXX, I'm sure that's what

0023

1 you're interested in hearing. And my understanding was
2 that the Commission decided the same as the previous
3 cases, that Qwest should meet the reciprocal
4 compensation request of Level 3. Now I also understand
5 that, if that's the same one, that the judge left open
6 if there was a question to the meaning of VNXX or to its
7 legality that Qwest could bring a complaint, and that's
8 why we're here now.

9 Q. Just so I'm clear, this is your recollection
10 of the Level 3 versus Qwest arbitration for the
11 interconnection agreement that they are currently
12 operating under, not the current arbitration?

13 A. Oh, I'm sorry, I was talking about the
14 current arbitration.

15 Q. Okay. So that is your understanding of the
16 current arbitration and the issues that are before the
17 Commission presently; is that right?

18 A. Yes, I believe so.

19 Q. So my question was, are you familiar with the
20 arbitration that Level 3 and Qwest had that preceded
21 this current arbitration?

22 A. Only very generally.

23 Q. Did you go back and look at the record of
24 that previous arbitration at all?

25 A. Only very generally, I did not study it in

0024

1 detail.

2 Q. Do you have a recollection of what the issue
3 was in that arbitration?

4 A. Not really.

5 Q. If I can direct you to page 2 of your
6 prefiled testimony, and I have marked your prefiled
7 testimony as Exhibit A, so I will refer to Exhibit A
8 going forward, if you can turn to page 2.

9 A. I'm there.

10 Q. At page 2 you give a brief history of the
11 telephone industry over the last approximately 100
12 years; can you describe the technology and the network
13 design in general terms that have existed over that
14 period of time?

15 A. Well, it's longer than I worked for the
16 telephone company. I described from the beginning when
17 telephones were manual, and then when Strowger devised
18 his step-by-step switch that numbers became extremely
19 important. That there was a point in time when there
20 may have been a lot of companies, that the people in
21 network realized the importance of a network was the
22 ability for the more people to contact each other. And
23 so they devised a standardized method of telephone
24 numbering based on geography so that users could contact
25 each other.

0025

1 Q. How about the technology that's used in that
2 historical traditional network, can you speak to that?

3 A. The original was an electromechanical system
4 that followed dial pulses. As the dial moved, the
5 pulses would count to a certain number, and the
6 electromechanical switches would follow that. And so a
7 system was set up of seven or ten digits of dialed
8 pulses to reach a particular customer.

9 Q. That's essentially the same technology that
10 existed over that entire period of approximately 100
11 years?

12 A. Well, it changed. It lasted for a long
13 period of that time, until the 1970's, late 1970's, when
14 touch-tone became more in use so that it didn't rely
15 always on dial pulses but on multifrequencies tones to
16 signal the telephone switches to the number that the
17 party wanted to reach. Until the '80's when ISDN was in
18 vogue for a while where the telephone companies actually
19 moved the digital portion all the way to the customer's
20 prem. But in general still most telephone users used
21 touch-tones, nobody uses pulse any more but used
22 touch-tones to dial telephone numbers to reach other
23 parties.

24 Q. Would you describe the technology, the
25 switching technology, that was used throughout that

0026

1 period of time as circuit switch technology?

2 A. Yes, it was.

3 Q. In a circuit switch network, is a line
4 dedicated to one communication at a time; is that fair
5 to say?

6 A. Yes, that's fair to say.

7 Q. Can you tell us your understanding of what's
8 transpired in more recent history with respect to
9 technology and the telecommunications network, what's
10 going on within the last ten years let's say?

11 A. Well, circuit switch is still a large part of
12 the PSTN, public switched telephone network. At the
13 same time as the Internet became more important,
14 Internet protocol has been used for voice traffic as
15 well and packet switching as opposed to circuit
16 switching. In circuit switching you're correct that a
17 call is dedicated to the users involved, two or
18 multiples, and no other calls can use those same
19 channels or time slots that are available. In the
20 Internet protocol packet world, it's shared between
21 parties. The conversation is broken up into packets,
22 and then the packets share the same transport and are
23 put back together at both ends, so the conversation
24 appears to be one.

25 Q. I don't know that I heard you mention the

0027

1 physical circuitry itself, but would you agree that
2 fiber optics, the advent of fiber optics in the network,
3 has also been a fairly recent development in
4 telecommunications technology?

5 A. Relatively recent, yes.

6 Q. And do you think those more recent
7 developments, technological developments, can we
8 characterize them as advancements in the network; is
9 that something that you would agree is an accurate
10 characterization?

11 A. Yes, I would say that's an advancement that's
12 used both, if you're talking about fiber optics, that's
13 used both in the circuit switch world as well as the
14 packet world.

15 Q. So why do you think it's an advancement in
16 the network?

17 A. Well, before if conversations all had to be
18 carried over a twisted pair wire, you're very limited to
19 how many conversations you can have at one time by the
20 size of the cable involved or the cables that are
21 needed. With fiber, many, many, many more conversations
22 can be carried over the same fiber strand.

23 Q. Would you agree that the advent of Internet
24 protocol and Internet protocol technology is also an
25 advancement in technology of the telecommunications

0028

1 network?

2 A. It's a change, and I guess the future will
3 tell us whether it's a true advancement. It is
4 definitely a change to the voice world.

5 Q. I'm curious why you say to the voice world in
6 particular and why not to telecommunications more
7 broadly?

8 A. At the moment, if we're talking about voice
9 over IP type services, it's pretty obvious that it's
10 growing fast, that a lot of people like it. I'm not
11 sure that it has shown yet that it is capable of
12 carrying possibly the loads or the survival rate of the
13 older circuit switch. It may very well in the future.
14 Particularly if it's calls being made over the public
15 Internet, there's some concern for its quality and
16 capacity.

17 Q. I'm still confused about why you would limit
18 the discussion about IP to a voice application.

19 MR. THOMPSON: I want to make an objection
20 here, it seems like the questions are getting a little
21 vague and abstract and also not relevant I think to what
22 Mr. Williamson's actual testimony was at pages 2 and 3,
23 but he can answer the question to the extent that he's
24 able.

25 A. I'm not sure I understand your question,

0029

1 could you say it again?

2 Q. Well, you understand that Internet protocol
3 technology is not solely used in support of voice
4 communications?

5 A. Yes.

6 Q. That it really is simply the exchange of IP
7 packets to exchange data for whatever application may be
8 carried?

9 A. I may have misunderstood when you asked your
10 first question that you were asking it to the voice
11 world. IP protocol is a great advancement for the
12 movement of data of all kinds, digitized movies, E-mail,
13 which we all live and die with any more. And so yes,
14 it's a great, if that's what you're after, IP is a great
15 advancement for the movement of data.

16 Q. All I wanted to clarify was that voice is
17 merely one of the applications that can be used or
18 applied to IP packet technology?

19 A. That's true. And if I could add to that, the
20 reason that IP is an advancement is it's a standard that
21 all parties for all types of data adhere to, so that it
22 works end-to-end because everybody agrees to the
23 standard. I mean all the bits are understood, everybody
24 follows the same.

25 Q. Going back to your discussion of the history

0030

1 of the industry, you state at the bottom of page 2 at
2 about line 19 that:

3 The location of the calling and called
4 party is what still differentiates
5 between "free" local area calls and long
6 distance calls and is the basis for all
7 intercarrier compensation.

8 A. I see that.

9 Q. Why do you put free in quotation marks in
10 that sentence?

11 A. I put it in quotation marks to -- I guess to
12 draw attention to it that -- and I think later in my
13 testimony I also explained that it's not actually free.
14 The people that make those calls that are within the
15 local calling area pay for that call in what they pay in
16 their monthly fee. So even though they don't pay extra
17 as if it was a long distance call, in the quotations for
18 free, they have actually paid for those calls by what
19 they pay in their monthly fee to the telephone company.

20 Q. So if I understand your answer correctly,
21 you're saying it's in quotation marks because it's not
22 actually free?

23 A. True.

24 Q. You would acknowledge that the advent of
25 intercarrier compensation, the purpose of intercarrier

0031

1 compensation only becomes relevant when there's more
2 than one carrier involved in the exchange of
3 communications?

4 A. Yes, I would agree.

5 Q. So in a monopoly, a pure monopoly world,
6 there's really no reason to have intercarrier
7 compensation?

8 A. I'm not sure there ever was a true real
9 monopoly world, because there were a lot of independent
10 companies that had to come to agreements with the Bell
11 system in completing calls. But in general if you're
12 only talking in an area where one company served and
13 calls between itself, you're correct.

14 Q. At the top of that section, line 12 on page
15 2, you have a sentence that says, wireline telephone
16 numbers are generally assigned geographically, and then
17 it goes on. Why do you use the term generally?

18 A. Well, I use generally because there are
19 telephone numbers that are not geographic in nature that
20 have been set aside for different services, such as 800
21 service or 911 service, and so that's why I said
22 generally.

23 Q. Are there any other services or circumstances
24 that are exceptions to the general rule?

25 A. I believe I state later in my testimony that

0032

1 the standard for that assignment is the COCAG, and they
2 state that FX service is a service that may not be
3 geographic, at least in where the -- in what local
4 calling area the customer physically is in.

5 Q. So is FX service the only allowed exception
6 to the general rule?

7 A. I think in my testimony on page 5, I answered
8 that there are exceptions other than FX, some NPAs in
9 the format N00 and N11 are not geographic in nature.
10 NPAs formatted N11 are used for common public purposes.
11 A common example of an NPA format in N00 is an 800 NPA,
12 that's non-geographic in nature.

13 Q. Is that intended to capture the universe of
14 all the exceptions to the general COCAG rule that you
15 have cited?

16 A. In general.

17 Q. So what about voice over IP, is voice over
18 IP, an assignment of telephone number resources for
19 voice over IP services, an exception that you're
20 familiar with?

21 A. It's not listed in the standard as an
22 exception, and my testimony is on the public switched
23 telephone network what exceptions there may be to the
24 standard.

25 Q. I'm not sure I understand. So the fact that

0033

1 it's fairly common practice nowadays to assign virtual
2 telephone numbers for voice over IP services, is that an
3 exception to the rule, or how does that fit with the
4 rule that you're citing?

5 MR. THOMPSON: Let me just -- maybe you could
6 just ask him that foundational question first, whether
7 he agrees with that statement.

8 Q. That's fine, I guess would you agree that
9 that's become a fairly accepted practice, virtual
10 numbering for voice over IP services?

11 A. I would agree that some VoIP carriers are
12 assigned numbers per their CLEC partners that may be
13 moved in a geographic nature. But as far as the
14 standards that the industry have, that's not mentioned
15 at all. There's no carve out that I'm aware of for VoIP
16 geographic NXX movement.

17 Q. So is it your opinion that the assignment of
18 virtual telephone numbers with voice over IP services is
19 in violation of the rules if there's no carve out?

20 A. My testimony and my opinion is that that does
21 not meet the standard that the industry through ATIS has
22 at this time. I have no legal opinion as to whether
23 that's correct, right or wrong. All I'm saying is that
24 the standard that is used for the public switched
25 telephone network is that telephone numbers are

0034

1 geographic in nature.

2 Q. But we did just discuss you understand that
3 it's common practice that virtual numbers be used with
4 voice over IP services, correct?

5 A. Yes.

6 Q. And are you familiar with the arguments that
7 the parties who engage in that virtual number
8 assignment, what their positions are as to why that's
9 not a violation of the rules?

10 A. I'm familiar with some of the arguments, yes.

11 Q. And what's your understanding?

12 A. My understanding is that the IP world is not
13 regulated by states, that the FCC has said that those
14 are non-regulated services.

15 Q. Have you done some general research and study
16 of who is deploying or using voice over IP and virtual
17 numbering in the Washington market?

18 A. Yes, there's a number of companies, Vonage
19 being of course the one that probably gets the most
20 press as it's the largest in the state, but there's a
21 number of companies in the state that provide VoIP, some
22 of which are dependent upon geography still for their
23 service and some that aren't.

24 Q. Did you happen to look into Qwest's product
25 offerings?

0035

1 A. Not in particular.

2 Q. You didn't go to their web site to see if
3 they have voice over IP services?

4 A. I am familiar that they offer VoIP service.

5 Q. Are you aware that they offer virtual
6 telephone numbering with their voice over IP services?

7 A. I wouldn't be surprised, but I didn't check
8 myself.

9 MR. ROGERS: I'm going to mark a set of
10 documents as Exhibit C for your review.

11 (Marked Deposition Exhibit C.)

12 MR. ROGERS: Here is Exhibit C is that set of
13 documents, if you can spend some time, look at that and
14 familiarize yourself for a minute, let me know when
15 you're ready.

16 MR. FINNIGAN: Counsel, are you going to
17 distribute copies so we can follow this?

18 MR. ROGERS: Yes, I'm sorry.

19 BY MR. ROGERS:

20 Q. Have you had a chance to look that over?

21 A. Yes, briefly.

22 Q. What does it appear to be that I have handed
23 you as Exhibit C?

24 A. It appears to be a Qwest web site that speaks
25 of a number of services they provide. One is Qwest

0036

1 OneFlex which appears to be a VoIP offering I think.

2 Q. Can I get you to turn to what is page 4 of 4
3 is in the upper right-hand corner, it's I think page 6
4 of the entire set that I have handed to you.

5 A. Where it speaks of virtual number?

6 Q. Yes.

7 A. I'm there.

8 Q. Can you read that, just read it aloud so
9 you're familiarizing yourself and you're also reading
10 into the record the virtual number paragraph there.

11 A. Okay, this is on page 4 of 4:
12 Virtual number. Virtual numbers are
13 alias phone numbers that can be
14 associated with your OneFlex phone
15 number. Your friends and family can
16 dial your virtual phone number and avoid
17 incurring long distance charges. For
18 example, if you live in Denver and your
19 primary number is 303-xxx-xxxx and your
20 family lives in Omaha, your family has
21 to call long distance. With One-Flex,
22 you can get a virtual phone number
23 assigned to your account with an Omaha
24 area code, so your family doesn't have
25 to pay long distance charges. You can

0037

1 have up to five virtual phone numbers
2 attached to one primary OneFlex phone
3 number.

4 Q. Is that description generally consistent with
5 your understanding of virtual telephone number
6 assignment practices with voice over IP services in the
7 industry or in the marketplace today?

8 A. Yes, I believe so.

9 Q. Do you have any reason to suspect I guess or
10 are you familiar with the fact that Qwest is out there
11 selling this in Washington today?

12 A. I'm sure they are, it's on the web site, I'm
13 sure they are selling it.

14 Q. Are there any other services or products that
15 you think are exceptions to the COCAG rule that says
16 numbers ought to be assigned geographically?

17 A. I'm not sure that I said that this is an
18 exception to the COCAG rule. The COCAG rule does not
19 include VoIP number assignment as an exception to their
20 rule. Maybe they should, but at the moment it is not in
21 COCAG as an exception.

22 Q. So is it your position that what Qwest
23 describes on their web site is a violation of the rules
24 as they're written?

25 A. It's my position that it's not an exception

0038

1 to the COCAG, because it's not in the COCAG as an
2 exception.

3 Q. So then my question is, what should be done
4 about that, if anything?

5 A. Similar to the other VNXX issues, I'm a
6 little surprised that Qwest as well as all the CLECs
7 including Level 3 and Pac-West have not gone to ATIS or
8 NANPA or NANC or INC to ask for an exception for number
9 assignments. And I did contact all of those, and nobody
10 has gone to ask for an exception.

11 Q. Can we go back to the rule itself that you
12 have included in your testimony at page 4, the bottom of
13 page 4 and then continues over to page 5. Is it your
14 position that all exceptions need to be included in the
15 rule for it to be an acceptable practice?

16 A. Similar to why IP protocol works correctly,
17 because it's a standard that everybody meets. It would
18 be my position that anything that does not meet the
19 standard as written should be listed as an exception.

20 Q. But the rule only lists one exception,
21 correct?

22 A. That's true.

23 Q. And so what it says is exceptions exist, for
24 example tariffed services such as foreign exchange
25 service; is it your opinion that the only exception that

0039

1 should be allowed then is foreign exchange service?

2 A. The way the standard reads is that that is
3 the only exception that it lists. There's another
4 document that lists all the others in more detail like
5 800 service, 911 service, but the way the standard reads
6 is there is only one exception listed.

7 Q. Is it possible that what Qwest is offering
8 and describing on their web site could be classified as
9 a foreign exchange service?

10 A. Are you talking about the handout you gave
11 me?

12 Q. Yeah, their description of virtual numbers
13 with their OneFlex product.

14 A. I didn't read that in the small section I
15 read. If you want to point me to a section that says
16 that, I mean I only looked at it for a couple seconds.

17 Q. Well, my question is, is the use of virtual
18 numbering with voice over IP a foreign exchange
19 offering?

20 A. I don't believe it is, no.

21 Q. Why not?

22 A. It's not a tariffed service. And I think if
23 you read in my testimony farther, if you would like me
24 to find it or explain what FX is, because it's a
25 tariffed service and the way that it's laid out

0040

1 technically does not match what VoIP does.

2 Q. Is a service being tariffed a requirement to
3 qualifying as FX in your mind?

4 A. In this state, yes.

5 Q. Isn't Washington going through the question
6 of whether tariffs really ought to be required at all?

7 A. Yes, and price listed, but there are some
8 services that will always remain, my understanding
9 anyway, as the general standards, such as the tariff
10 that explains local calling areas, those standards will
11 remain, that's my understanding.

12 Q. But so if something is not tariffed, then it
13 can't be foreign exchange?

14 A. Until lately, and I still believe is the case
15 even though CLECs don't have to -- don't have to give
16 their price lists or put them on their web site, yes, it
17 had to be tariffed or price listed depending on the
18 company to be that service and okayed as a service in
19 this state.

20 Q. But doesn't that present a problem for CLECs
21 that they're being told on the one hand, we find that
22 there's a competitive marketplace such that we don't
23 require tariffs any longer, but in order to offer your
24 services according to our rules you have to file a
25 tariff.

0041

1 A. Well, that --

2 Q. I don't understand how those two things can
3 square.

4 A. I don't believe that the CLECs had to offer a
5 tariff, they offered price lists in this state. My
6 understanding now is that a CLEC can provide a service
7 that they want, and it may need a complaint brought
8 against it if it's not considered legal in this state.
9 The commissioners would have to make a ruling.

10 Q. We talked a little bit earlier at the very
11 outset of your testimony about Qwest seeking competitive
12 status, so Qwest can be a competitor that could also be
13 relieved of tariffing obligations I assume; is that
14 correct, is that your understanding as well?

15 A. I'm not a party to that case, but that's my
16 general understanding, in at least some tariffs they
17 would not have to bring forth.

18 Q. But they offer foreign exchange services; is
19 that your understanding?

20 A. Yes, they do.

21 Q. If they're relieved of their tariffing
22 obligations and they don't file a foreign exchange
23 tariff, something in their tariff for foreign exchange
24 service, could they continue to offer foreign exchange
25 service?

0042

1 A. I believe so, but I honestly don't know that
2 that's one of the tariffs involved, I truly don't know
3 that.

4 Q. Are there PBX services that you're familiar
5 with that are also exceptions to the general rule that
6 you have to have telephone numbers that are assigned
7 geographically?

8 A. Not really, not that I'm aware of. You might
9 help me with that.

10 Q. Well, let's just say that you have a business
11 where you're operating on a PBX, and you have extensions
12 that are in a separate office building outside of the
13 local calling area where the telephone number, the main
14 telephone number, is assigned. Are you familiar with
15 situations like that where --

16 A. You're --

17 Q. -- the remote office has a telephone number
18 that is a foreign exchange kind of arrangement?

19 A. I believe what you're speaking to probably is
20 an off prem extension to a PBX.

21 Q. Are you familiar with --

22 A. Yes.

23 Q. -- that kind of an arrangement?

24 A. Yes, I am.

25 Q. So would that be another exception to the

0043

1 COCAG rule that you rely upon?

2 A. Yes, it would appear that it is, and I'm only
3 wrestling and taking time to answer it in that a PBX is
4 a private exchange owned and operated usually by a
5 company that buys it or hires someone else to do that
6 for them. I don't know if that affects, you know, how
7 things are done or not. An off prem extension is very
8 similar to an FX only instead of remoted from a general
9 central office but from a PBX.

10 Q. Is that a scenario that you contemplated in
11 developing your testimony in this case?

12 A. No, I did not.

13 Q. If I can direct your attention to your
14 testimony at page 6 and specifically to line 9, you
15 described the general benefit of FX services to business
16 customers in that part of your testimony; is that an
17 accurate general description?

18 A. Yes, it is.

19 Q. And I think you said that you're aware that
20 Qwest and other ILECs in Washington offer this to
21 business customers in Washington today?

22 A. Yes.

23 Q. Did you do anything to confirm that
24 understanding in preparing this testimony?

25 A. Did I go seek out information from Qwest to

0044

1 see if they do that?

2 Q. Yes.

3 A. No, I based it on my knowledge of the
4 industry.

5 Q. And did you consider voice over IP services
6 when you thought about the general benefit of FX, or did
7 you not really consider that in making these statements?

8 A. I based my testimony on the PSTN and how
9 numbers were being used in the PSTN. I did not take
10 into consideration IP services I don't believe.

11 Q. Now at line 13 on page 6, you describe the
12 pricing structure of FX service as you understand it.

13 A. Yes.

14 Q. What did you rely on as the basis for your
15 testimony in that particular point?

16 A. In this particular page I relied on my
17 experience in the industry.

18 Q. Is it a requirement according to Washington
19 Utilities and Transportation Commission regulations that
20 this pricing structure must exist?

21 A. No, it's what the tariff that's been accepted
22 by this Commission explains.

23 Q. But again, we just talked about the
24 possibility of these services being declared competitive
25 and then detariffed, right?

0045

1 A. I don't know if FX is in that detariffing or
2 not honestly.

3 Q. I guess my question fundamentally is, is the
4 pricing of FX service in Washington regulated?

5 A. It is now I believe, it's tariffed so it's
6 regulated.

7 Q. So again we're back to in order to have a
8 valid FX service, it must be tariffed; is that your
9 position?

10 A. My position is that it's a tariffed service
11 in this state as well as price listed in this state,
12 because some CLECs have also filed price lists for FX
13 service, and that's the only knowledge I have on how FX
14 is billed in the state of Washington. Now it also is
15 very much in general, if you go to Newton's Dictionary,
16 any number of industry documents, in general
17 dictionaries will explain FX as the same.

18 Q. Is it your opinion that only ILECs can offer
19 FX?

20 A. No, it's not. In fact, in my testimony I say
21 that's not my opinion.

22 Q. That kind of a rule would be discriminatory,
23 you would agree?

24 A. I'm not an attorney. My testimony is that to
25 my knowledge in this state it is not that only ILECs can

0046

1 provide FX service.

2 Q. Is it, however, accurate to say that in order
3 to have a legally valid FX service, you must offer it in
4 the way that you have described here in lines 13 through
5 15 on page 6?

6 A. I'm not sure of the legal classification
7 because I am not an attorney, but in the state of
8 Washington FX can be offered as tariffed or price listed
9 by a number of companies in this state, and they all do
10 it in the same manner.

11 Q. So CLECs could offer the capability to
12 receive local calls to a business customer in a rate
13 center that is not the local rate center for the
14 telephone number that they're receiving numbers into; is
15 that clear?

16 A. Would you state that again to make sure I
17 understood it.

18 Q. Well, so CLECs can offer FX service to
19 business customers.

20 A. Yes.

21 Q. Have we agreed on that?

22 A. Yes.

23 Q. And FX service generally speaking gives a
24 business customer the capability to receive calls on a
25 local basis that would not otherwise be local if you

0047

1 were simply looking at their physical location, is
2 that --

3 A. In general that's true.

4 Q. -- accurate?

5 A. (Nodding head.)

6 Q. Internet service providers are businesses you
7 would agree?

8 A. Yes.

9 Q. And so couldn't an Internet service provider
10 be a business that buys FX service?

11 A. Yes, they could. In fact, in the past they
12 have.

13 Q. In fact, they buy it from CLECs very often,
14 don't they?

15 A. Yes, and I'm sure from ILECs in the past. I
16 don't know if they still do.

17 Q. But they could buy it from either one?

18 A. That's correct.

19 Q. I would like to turn our discussion now to
20 your understanding of interconnection obligations a
21 little bit and the requirements I guess around points of
22 interconnection. You would agree that there's an --
23 it's an established rule at this point in time that
24 CLECs are only required to establish one point of
25 interconnection in each LATA?

0048

1 A. That's my understanding.

2 Q. Why do you believe that was the requirement
3 that was put into the Act and that the FCC has enforced?

4 A. I can't read into the FCC's mind why they did
5 that. From an engineering standpoint, it's cheaper for
6 a competitor to only have one point of interconnection,
7 so it helps the competitor.

8 Q. Would you agree that that was one of the
9 fundamental purposes of the Telecom Act was to help
10 competitors enter the market?

11 A. Yes, I guess I can agree to that.

12 Q. Would you agree that the one POI per LATA
13 requirement is a recognition that CLECs being new
14 entrants aren't going to have as extensive a network in
15 place as ILECs would have?

16 MR. FINNIGAN: Objection, would you define
17 what you mean by ILECs plural in this case in your
18 question, please.

19 Q. ILECs, I'm using the term generally to mean
20 an incumbent provider, so the provider of
21 telecommunications services in a serving territory prior
22 to the introduction of competition I guess.

23 A. Would you restate the question again.

24 Q. Would you agree that the one POI per LATA
25 requirement may have also been a recognition that CLECs

0049

1 would not have established extensive networks like the
2 ILECs likely would have when the '96 Act was passed?

3 A. Yes, I can agree with that.

4 Q. And so as start ups, you understand that
5 CLECs had to build out networks from the ground up and
6 raise money to invest in their network in order to offer
7 their services that ILECs didn't necessarily have to do
8 in the same way at that point in time; would you agree
9 with that?

10 A. Yes.

11 Q. And wasn't that one of the fundamental goals
12 in trying to introduce competition was that you raise
13 investment capital, you spur competition in the
14 marketplace, which hopefully then spurs innovation and
15 ultimately results in the consumer benefiting from that
16 competition; would you agree with that general policy
17 premise of the '96 Act?

18 A. I would agree.

19 Q. At the bottom of page 11 in your testimony at
20 line 19, you state that in the 1990's dial-up access to
21 the Internet became popular. Why do you think the
22 Internet became popular?

23 MR. THOMPSON: Maybe if I could just ask for
24 a clarifier, are you asking whether particularly dial-up
25 access or just the Internet in general?

0050

1 Q. I just mean the Internet in general.

2 A. It was a new, exciting method to gain
3 knowledge in the world, to communicate via E-mail with
4 other parties.

5 Q. Are there some general benefits of the
6 Internet that you can sort of think of off the top of
7 your head?

8 A. Access to news, access to advertisements and
9 services from other companies. Obviously the subject
10 has been discussed in great detail, I think we all
11 understand the benefit that the Internet provides.

12 Q. Would you agree that it's the ability to
13 communicate with people all over the world in a way that
14 didn't exist prior to that time?

15 A. Yes, I would agree.

16 Q. Now so back to the dial-up access became
17 popular, why do you think that dial-up access became
18 popular at that point in time?

19 A. Well, there was no other method except in
20 businesses with dedicated -- the only -- in fact, most
21 businesses used dial-up at the time also, it was the
22 only method to reach the Internet.

23 Q. Do you think that the advancement of the
24 benefits of the Internet is a goal that we as a society
25 ought to be pursuing?

0051

1 A. I think we already have pursued that, yes.

2 Q. But do you think that -- do you agree that
3 that's a goal we ought to be pursuing?

4 A. Yes, in general I agree, yes.

5 Q. That the benefits of the Internet bring
6 things to end users that we ought to make accessible,
7 and it ought to be a tool that is readily available to
8 people?

9 A. Yes, in general I agree.

10 Q. Do you believe that the rules for reciprocal
11 compensation and for interconnection and for access have
12 an effect on the ultimate network that competitors put
13 in place, and I should, let me strike the
14 interconnection, do you believe that reciprocal
15 compensation and access rules affect the network design
16 that carriers establish?

17 A. Yes, I do.

18 Q. Do you think that regulators ought to try and
19 promote efficient network design?

20 A. In general, yes, efficient and even handed.

21 Q. Do you believe that efficient network design
22 as opposed to inefficient network design will benefit
23 end users?

24 A. That's a complex question, and in general I
25 would agree only if the efficiency affects all

0052

1 customers. And the reason I hesitated, if the
2 efficiency enforced on one network is inefficient to
3 another, then maybe that doesn't help all customers. If
4 it's an efficient network for all parties involved, yes,
5 obviously.

6 Q. What if one party is incented to force
7 inefficiencies into network design?

8 MR. THOMPSON: I'm going to object to this as
9 maybe you could provide more specifics. It just seems
10 so vague that it's a hard question to answer.

11 Q. Well, I can rephrase.

12 I guess the question ultimately is what
13 purpose do you think is served by regulators imposing
14 inefficient network design on carriers?

15 MR. THOMPSON: I think I will object to that
16 too. I don't think I heard Mr. Williamson to say that
17 there was a reason to enforce inefficient design, if
18 that's what the question assumes.

19 Q. That is what the question assumes. Is there
20 a reason why regulators would choose to do that? Can
21 you think of hypothetically why anyone would want to try
22 to create inefficiencies in the network?

23 A. I'm assuming when you say efficiencies, it's
24 efficiencies to all the networks involved, and if that's
25 the case, that it's efficient for all parties involved

0053

1 and fair and equitable, then no, there would not be.
2 Obviously there are cases where one company's
3 inefficiency is another's efficiency, if that makes any
4 sense. A business case may be based on taking advantage
5 of an efficiency for one side that's inefficient for
6 another. In general if you're saying should regulators
7 ever prefer inefficiency for all parties equally, I
8 would say no.

9 Q. Okay. In your testimony you seem to
10 essentially conclude that CLECs must either pay access
11 for virtual NXX, originating access, or place their ISP
12 customer's modem in the local calling area; is that
13 accurate that that's ultimately where your testimony
14 goes as to --

15 A. Could you --

16 Q. -- how you address virtual NXX?

17 A. Could you point me to that, and then I can
18 answer, just make sure I'm on the same page you are.

19 Q. Well, I'm not necessarily referring to a
20 specific line I guess at this point. My question is
21 more general, which is, is that ultimately where your
22 testimony comes out, that virtual NXX presents a
23 problem, and the way to fix it is to either require
24 CLECs to pay access, intrastate originating access, or
25 to require that ISPs put their equipment in the local

0054

1 calling area; would you agree that that's what your
2 testimony ultimately concludes?

3 A. I think my testimony says that the use of
4 virtual NXX does not meet the standards to the industry
5 or to the rules, my understanding of the rules in the
6 state of Washington, the WACs that apply. Unless those
7 are changed, then that might be the only method. I
8 don't think I stated that's the only thing to do, I may
9 have. But I believe I stated that in the state of
10 Washington, a local call per our rules is a call that
11 originates and terminates in the same local calling
12 area. And then I also quote the COCAG, which is the
13 standard for the assignment of NXXs in the state of
14 Washington. VNXX the way you have just explained it by
15 CLECs and their ISP customers does not meet those
16 standards. I as a regulator don't get to choose the
17 standards I like or don't, I'm just faced with what I
18 believe they say, and that's what I testified to.

19 Q. My question though is, if it's a problem,
20 which I think you have said just now you have identified
21 a problem, how would you propose to fix the problem?

22 A. I think I stated that -- I believe I stated
23 that the correct place to fix this:

24 The proper venue to change the existing
25 manner for the rating of calls and

0055

1 compensation between carriers is the
2 FCC's intercarrier compensation docket
3 or an appropriate state proceeding on
4 the intrastate access charge system and
5 then the NANC for the standard.

6 So what I believe I said in my testimony that
7 there are places where this should be resolved. That
8 doesn't mean that because you can technically do
9 something you can stand outside the standard of the
10 industry or the rules of the state and do it without
11 solving it in these type of places.

12 Q. Okay. So if I understand you correctly, are
13 you then saying that the Washington Commission is not
14 the place to fix the problem that you have identified?

15 A. It's possible I believe in a state proceeding
16 dealing with intrastate access charge system to deal
17 with this on an industry basis. I don't get to tell the
18 Commission or the Commissioners what they should do. My
19 personal feeling and what I believe I testified to, this
20 should be resolved at an industry level, and the
21 appropriate places to do that is with the FCC docket or
22 a docket that deals with the intrastate access charge
23 system in this state followed up with the standards
24 organizations.

25 Q. Okay. And so saying that the ultimate

0056

1 solution is either the imposition of originating access
2 or putting modems in the local calling area is not your
3 position; it's not your position or recommendation for
4 how the Washington Commission should resolve this
5 complaint case?

6 A. I don't make -- I don't believe I have made a
7 recommendation in my testimony. What I testified to is
8 that it doesn't meet the standards or the rules of this
9 state. And I understand the difficulty you're in, I do
10 remember when CLECs provided service to ISPs in each
11 local calling area. In fact, I built a lot of those
12 when I was with Teleport.

13 Q. Is that something that you believe ought to
14 be required, the network design that you have just
15 described where you place ISP equipment in the local
16 calling area?

17 A. I believe what I stated in my testimony that
18 per the rules of this state as they stand right now, the
19 WACs that I quoted, and the standard for the assignment
20 of telephone numbers that's the industry standard is
21 that for a call to be local in nature, the originator
22 and terminator need to be physically in the same local
23 calling area. That's my understanding of the rule.

24 Q. Unless it's a tariffed FX service?

25 A. Yes.

0057

1 Q. Now the FCC in trying to deal with this
2 question, is it local, is it long distance, what's your
3 understanding of what they ultimately found?

4 A. I believe what they found is they were
5 confused, and I quote from a brief the FCC wrote on the
6 Global NAPs Verizon or New England case that they say
7 that the administrative history that led up to -- should
8 I give you this?

9 Q. Sure, go ahead.

10 A. It's the Global NAPs Verizon New England
11 052657, the United States Court of Appeals for First
12 Circuit, and I'm only quoting, I'm not an attorney, so
13 I'm not saying what I think they meant, I'm just
14 quoting:

15 The administrative history that led up
16 to the ISP Remand Order indicates that
17 in addressing compensation, the
18 Commission was focused on calls between
19 dial-up users and ISPs in a single local
20 calling area.

21 Although they -- I'm looking for the other.

22 On page 13 of the same, the FCC staff says:

23 The ISP Remand Order thus can be read to
24 support the interpretation set forth by
25 either party in this dispute.

0058

1 And the parties in the dispute were
2 discussing whether it was a local or a toll call for
3 VNXX, so it looks like the FCC said it could have --
4 what they said could be taken either direction.

5 Q. And so my question is, in light of what you
6 just said, is it appropriate for the Washington
7 Commission to make a finding that it must be a local
8 call as you have defined it where people are physically
9 located in the same local calling area?

10 A. In general in the state of Washington per the
11 WAC, which I have quoted in my testimony, the originator
12 and terminator of a call have to be in the same local
13 calling area for it to be considered a local call, with
14 the exception of FX, which I'm sure you will ask.

15 Q. I don't want to get too much into legal
16 interpretation, but what's your understanding of how
17 those Washington rules as you understand them relate to
18 what the FCC has ordered in the FCC's ISP Remand Order?

19 MR. THOMPSON: Well, I guess I will object,
20 just it seems like it might be getting into the question
21 of whether or not state rules are preemptive, and I
22 don't think -- that seems like a pure legal question to
23 me. But if there's something other than that, I think
24 it's a fair question.

25 Q. So I think we can note the objection, and if

0059

1 you feel like you can answer the question, you can go
2 ahead and answer the question if you feel like it.

3 A. Would you restate it, please.

4 Q. What's your understanding of how the
5 Washington rules that you have just cited us to relate
6 to the FCC's ISP Remand Order?

7 A. I guess I would rather look for a place in my
8 testimony to see if I discussed that, because I'm not an
9 attorney.

10 Q. Well, so again, if you feel like you can
11 answer it, you know, feel free to answer it. If you
12 don't feel like you're ready or able to answer it, you
13 can tell us that.

14 A. I'm not ready to answer that.

15 Q. Okay. Going back to you have introduced the
16 topic of the FCC's amicus brief in the Verizon versus
17 Global NAPS case, and you point us to the quote that
18 says, you know, we can see how both parties' position
19 may have some validity, I'm paraphrasing. Why do you
20 think they come to that conclusion, can you explain from
21 an engineering technical basis on how ISP-bound traffic
22 is exchanged, why do you come to that conclusion, why
23 does the FCC in your opinion come to that conclusion?

24 A. I honestly am not sure, because they have
25 made the complex so complicated -- the subject so

0060

1 complicated that they have made decisions in both
2 directions and then say that they can support both
3 sides. I honestly don't know.

4 Q. But in your testimony, you do in fact address
5 the question of what it means for the FCC to have
6 asserted its jurisdiction and declared the traffic to be
7 interstate in nature.

8 A. Could you point me to that, please.

9 Q. Yes, I believe where I am --

10 MR. THOMPSON: Page 11 I think.

11 Q. Well, there are a few different spots, but I
12 think the place that I want to direct you to is page 19
13 and at the bottom at line 16, or excuse me, 15 through
14 18, and at that point you state:

15 It is important to note that, although
16 the FCC does consider all calls to the
17 Internet to be jurisdictionally
18 interstate in nature, for compensation
19 purposes it was addressing only ISP
20 calls that originate and terminate
21 within the same local calling area and
22 to which reciprocal compensation
23 applies.

24 A. That's what I stated.

25 Q. You just said this is all very confusing how

0061

1 that works, and I'm afraid what you have in your
2 testimony confuses me; can you explain how it can be
3 interstate and local all at the same time?

4 A. Well, my understanding is for jurisdictional
5 reasons the FCC has said that ISP traffic is interstate
6 in nature. But when they made that decision, they were
7 looking at calls between customers and ISPs that always
8 originated and terminated in a local calling area, and
9 they had not, trying not to make a legal distinction
10 because I'm not an attorney, but they had not looked at
11 -- had never thought of whether a call was going to be
12 anything other than intra local calling area.

13 Q. How could it be interstate then?

14 A. Interstate jurisdictionally so the FCC has
15 jurisdiction over it. But if you call your mother in
16 Idaho from Olympia, it's a long distance call. If you
17 had a telephone number in Idaho for an existing ISP in
18 Idaho and you called that number from Washington, you
19 would be billed for a long distance call.

20 Q. But I guess I don't understand --

21 A. So the --

22 Q. I don't understand your understanding of what
23 the FCC stated by declaring the traffic to be
24 interstate. I mean it's not as though they can just
25 say, well, you know, we have this magic ability to say

0062

1 it's interstate and therefore we make the rules. I mean
2 I don't understand how it can be it must be local but
3 we're calling it interstate?

4 MR. THOMPSON: I'm going to object, because I
5 really do think it is getting into purely legal
6 questions, and also ones that have been addressed in the
7 D.C. Court of Appeals more than once, and Mr. Williamson
8 has already stated that it's confusing.

9 Q. But did you go back and look at the ISP
10 Remand Order and the D.C. Circuit decisions to help you
11 understand what the FCC did and why?

12 A. Yes, I did, as a non-legal mind I did that,
13 as well as a number of other state commissions and their
14 decisions and how they discussed the same issue.

15 Q. And did you become familiar with the
16 rationale for why they felt the traffic was inherently
17 interstate in nature?

18 A. The FCC has stated that they believe the call
19 is from the originator's computer to the web site that
20 that user is terminating to on the Internet, and so they
21 see that as inherently interstate because it could be
22 interstate, it could be to any web site.

23 MR. ROGERS: Okay, I'm going to mark the ISP
24 Remand Order here as Exhibit D I think is where I am.

25 (Marked Deposition Exhibit D.)

0063

1 BY MR. ROGERS:

2 Q. And I'm going to ask you to turn to Paragraph
3 59.

4 A. You said paragraph?

5 Q. At --

6 A. Paragraph 59?

7 Q. Yes.

8 A. I'm there.

9 Q. Have you had a chance to review that
10 paragraph?

11 A. (Reading.)

12 Yes, I have.

13 Q. I want to direct your attention to kind of
14 the middle of that paragraph and the sentence that says:

15 The proper focus for identifying a
16 communication needs to be the user
17 interacting with a desired webpage,
18 friend, game, or chat room, not on the
19 increasingly mystifying technical and
20 mechanical activity in the middle that
21 makes the communication possible.

22 A. I see that.

23 Q. Is that something that you considered in
24 developing your testimony, that statement in this ISP
25 Remand Order?

0064

1 A. I read that, and I did take that into
2 consideration.

3 Q. How does it relate to your testimony then,
4 the statement that the focus really ought to be with the
5 communication that takes place and not with the
6 technical mechanical mumbo jumbo in the middle?

7 A. You're going to hurt my feelings if you call
8 telecommunications mumbo jumbo in the middle. I took it
9 to mean what I stated before, that the FCC considers it
10 to be one call between the user's computer and the web
11 site they happen to be talking to or the E-mail customer
12 or whatever. I took that as one piece of my testimony,
13 one understanding. I also understand that in other
14 places the FCC has stated for intercarrier compensation
15 that they have looked at that call differently. Now for
16 me to say that that's clear in my mind would be
17 difficult, because I'm -- from my reading in other
18 states and court cases, it's confused a lot of people.
19 My understanding is for jurisdictional purposes, the FCC
20 said that it's an interstate communication, and as such
21 the FCC has purview over it. In other places similar to
22 the brief they have said that it also could mean that a
23 call that goes outside of a local calling area may be
24 billable as a long distance call. I have obviously
25 stated that in my own words, it's not that clear. So

0065

1 this I took as one piece of information and an important
2 piece of information. In this particular document there
3 are lots of important pieces, some that are kind of at
4 cross purposes with this.

5 Q. I want to direct you now to your testimony at
6 page 19. And at the top of page 19 you were asked the
7 question:

8 Didn't the FCC's ISP Remand Order
9 resolve this problem for the industry by
10 deeming all ISP-bound calls to be
11 interstate?

12 Do you see that?

13 A. Yes, I do.

14 Q. All right. And your answer at the outset is,
15 in my opinion, no, not entirely?

16 A. Yes, I did say that.

17 Q. Then you go on to point to the amicus brief
18 that you have cited us to and the quotes from that. My
19 question is ultimately, if the FCC didn't fix the
20 ISP-bound intercarrier compensation issue, why not?

21 A. You're asking me why not?

22 Q. (Nodding head.)

23 A. I wish I could answer. I don't know why not.
24 I don't know why they didn't fix it, why they haven't
25 come back and made a final decision on it and left it

0066

1 open, I don't know why.

2 Q. But you don't think they accounted for
3 virtual NXX is ultimately why you don't -- why you
4 answered, in my opinion, no, not entirely; is that
5 right?

6 I mean what did they accomplish I guess is
7 the question?

8 A. I'm not sure I'm qualified to ask, I mean to
9 answer that. They may have thought in their mind they
10 did at one time, the courts came back and said they
11 didn't. My answer to you is I don't know why they
12 didn't fix it. The fact that it's been in pretty much
13 every state means that there are a lot of people
14 confused as to what the FCC fixed.

15 Q. Okay, going back to the FCC's ISP Remand
16 Order, I want to direct your attention to Paragraph 85.

17 MR. THOMPSON: Before we go there, we've been
18 going for about an hour and a half now, would this be an
19 okay time for a break?

20 MR. ROGERS: Sure.

21 (Recess taken.)

22 BY MR. ROGERS:

23 Q. Before we took our break, I was directing you
24 to the ISP Remand Order, Paragraph 85.

25 A. I'm there.

0067

1 Q. And just before the break we were discussing,
2 you know, what the FCC considered with respect to
3 calling patterns with ISP-bound traffic and whether it's
4 local or whether it's long distance and how they
5 struggled with that generally, I guess I would just
6 summarize our conversation before the break that way.
7 Have you had a chance to read Paragraph 85?

8 A. Yes.

9 Q. Were you aware that the FCC cited to
10 interconnections agreements that Level 3 had established
11 with Verizon and with SBC as part of their basis for
12 their reciprocal compensation rate structure that they
13 ultimately adopted in this order?

14 A. That's what it says in Paragraph 85.

15 Q. Was that something that you were aware of?

16 A. In passing I noticed that.

17 Q. Have you ever gone back and looked at any of
18 these interconnection agreements that they cite in
19 Footnote 158?

20 A. No, I don't believe so.

21 Q. So you don't know the specifics of the Level
22 3/SBC interconnection agreement or the specifics of the
23 Level 3/Verizon interconnection agreement that they're
24 citing or the ICG/BellSouth interconnection agreement?

25 A. No, I don't believe so.

0068

1 Q. You're not then familiar with whether those
2 agreements spoke to virtual NXX architectures for
3 ISP-bound traffic exchange?

4 A. No, I don't, I don't know, I didn't read
5 them.

6 Q. Are you familiar or aware of any Qwest
7 interconnection agreements that the FCC relied upon or
8 looked at in trying to adopt reciprocal compensation
9 rates for ISP-bound traffic?

10 A. No, I'm not.

11 Q. Okay. I want to direct your attention to
12 your testimony again at page 12 at approximately line
13 10, and here you're discussing the ESP exemption.

14 A. Yes, I'm there.

15 Q. At line 10 you state:
16 However, for purposes of exempting the
17 ISP from access charges, the FCC
18 considers the ISP to be just another end
19 user of telecommunications services,
20 which implies that the telephone call
21 ends at the ISP's modem in each local
22 calling area.

23 Do you see that?

24 A. That's what I said.

25 Q. Can you explain how you make that inference

0069

1 or how you understand the FCC said that because an ISP
2 is an end user that its modems must be in the local
3 calling area?

4 A. Well, what I'm saying is that my
5 understanding is that the FCC considers an ISP an ESP
6 exemption to be just another end user of
7 telecommunications. And as an end user of
8 telecommunications, then they would be physically
9 located at some place, and it's my understanding and
10 what I have said is that as a user that the modem is in
11 the local calling area for this exemption, for the ESP
12 exemption.

13 Q. We talked about earlier though today that an
14 ISP could be a business that buys FX service, right?

15 A. Mm-hm.

16 Q. Which would mean that they could buy a
17 service that allows them to locate their modem or their
18 equipment outside the local calling area, right?

19 A. Right.

20 Q. Is there anything that you relied upon or can
21 point to that specifically supports this implication
22 that you draw?

23 A. Let me read further in what I said to catch
24 up to where we're at.

25 (Reading.)

0070

1 I believe what I'm saying is that for the ESP
2 exemption, the FCC is considering an ISP to be just an
3 end user and so not liable for access charges as if it
4 was a carrier. So an ISP is not a CLEC or a
5 telecommunications carrier, it's a consumer of
6 telecommunications services. And what I'm trying to say
7 is that throughout the testimony if you read my whole of
8 are ISP and non-ISPs regulated differently, that ISPs
9 are not created -- are not treated as carriers. And in
10 the past, an ISP customer calling an ISP modem located
11 in the customer's local calling area would not be making
12 a toll call even though the FCC said that a call to the
13 Internet, a dial-up call to the Internet encompassed
14 some long distance. But because the ISP is a consumer
15 of telecommunications, it was a local call, not an
16 interstate call, and so access charges didn't apply even
17 though the call originated from one local calling area
18 and terminated in the same local calling area. Even
19 though the FCC said jurisdictionally that's an
20 interstate call, normally interstate call access charges
21 would apply, they said no, this is a consumer, it's a
22 customer, not a carrier, so access charges don't apply.
23 That's my understanding.

24 Q. But what does that have to do with a
25 requirement that they place their equipment in the same

0071

1 local calling area as the telephone number where they
2 receive traffic?

3 A. I'm not sure I understand your question, but
4 to meet the standards of the rules of the State to be a
5 local call and the standard of the industry for the
6 COCAG for assignment, a local call has to be originated
7 and terminated within the same local calling area except
8 for FX service if it's been accepted here.

9 Q. And we have said that ISPs can be businesses
10 that can buy FX service?

11 A. Yes, they can.

12 Q. At the bottom of that page at line 17, you
13 say:

14 The ISP is considered an enhanced
15 service provider, but a LEC that sells
16 connectivity to an ISP is not.

17 A. That's my understanding.

18 Q. It's important that you use the term LEC I
19 believe, would you agree? Why do you -- I guess I will
20 ask that question first.

21 A. I think what you're probably getting at, it
22 doesn't matter if it's a CLEC or an ILEC, a LEC that
23 provides that service is not an enhanced service
24 provider.

25 Q. Well, I guess to cut to the chase, what I'm

0072

1 really getting at is it's not an IXC, right? An ESP
2 typically buys local business services as you have just
3 described it from a local carrier as opposed to buying
4 long distance service from a long distance provider?

5 A. That's true, that's my understanding.

6 Q. On page 14 of your testimony at line 7 in
7 response to the question of, what is virtual NXX and how
8 did it come about, you answer:

9 Virtual NXX is a term coined to describe
10 a practice used by some CLECs that serve
11 dial-up ISP customers.

12 Why do you say used by some CLECs and you
13 don't include -- you don't use the term LEC again in
14 this location?

15 A. I guess because all the times I have seen it
16 at the Commission it was CLECs who were involved with
17 this particular case. I believe it could say LECs,
18 include all LECs.

19 Q. Okay. So you're not suggesting that ILECs
20 couldn't also deploy virtual NXX or FX services to serve
21 ISP customers as well as CLECs, you're not saying that
22 ILECs can't do virtual NXX?

23 A. No, I'm not, I didn't mean to say that. It
24 falls more naturally into a CLEC network in the nature
25 of the CLEC network, but that doesn't mean to say that

0073

1 other LECs of some other type couldn't provide the same
2 service.

3 Q. You at the very outset of our discussion
4 today said that you had been involved in a Level 3/Qwest
5 arbitration that's before the Commission right now, and
6 you participated in the technical conference that was
7 held, and you also listened in on the hearing that was
8 held?

9 A. Yes, I did.

10 Q. Did you become aware of the fact that Qwest
11 also offers wholesale dial-up Internet access services
12 to ISPs?

13 A. Yes.

14 Q. So in saying that virtual NXX is a term
15 coined to describe a practice by some CLECs that serve
16 dial-up ISPs, how is it that you differentiate what you
17 understand Qwest's product to be from what CLECs offer
18 to ISPs typically?

19 A. I'm not sure that I understood if it's the
20 case that Qwest offers a VNXX kind of service, and I may
21 have just overlooked that, or at least that wasn't my
22 understanding.

23 Q. Well, I guess my question ultimately is, did
24 you consider that Qwest offers the wholesale dial-up
25 Internet access service to ISPs; first of all, in

0074

1 developing your testimony, did you consider that?

2 A. No, I developed the testimony based on the
3 complaint that was brought to the Commission, which was
4 a complaint against the CLECs that are listed in the
5 complaint. I did not look to see if the company that
6 brought that complaint provides the same service or not,
7 wasn't part of my testimony.

8 Q. Okay.

9 If I can direct you to Exhibit C, which is
10 the screen shots from the Qwest web site.

11 A. Yes.

12 Q. The very first page of that exhibit, if you
13 can take a moment and just read through the first page
14 and a quarter.

15 A. (Reading.)

16 Through how it works is where you want me to
17 read to?

18 Q. No, just the whole page.

19 A. Oh, okay.

20 Q. What the product is.

21 A. (Reading.)

22 I have gone over it quickly.

23 Q. Would you say based on this page that it
24 appears that Qwest is out there offering competitive
25 dial-up ISP services in Washington as well as CLECs?

0075

1 A. It says they offer that service to over 84%
2 of the U.S. population with a local call, I assume we're
3 part of that 84%.

4 Q. Do you have any sense of how they architect
5 the product in their region or how they architect their
6 product outside of their ILEC region?

7 A. Well, it doesn't say here other than end
8 users can dial local access numbers provided by Qwest
9 and then calls are authenticated, it doesn't say how
10 they do that.

11 Q. If the Commission in this proceeding were to,
12 and this is a hypothetical, if the outcome were to be
13 virtual NXX is not allowed, wouldn't it only be fair
14 that that rule apply equally to ILECs as well as CLECs?

15 A. If the Commission were to rule that VNXX does
16 not follow the rules of the State of Washington in the
17 WACs or the standards of the industry, then that should
18 apply to any carrier of any kind who provides that
19 service.

20 Q. So, right, you wouldn't propose that you
21 define virtual NXX to be a CLEC service then I gather?

22 A. I wrote my testimony based on the complaint
23 that was brought forward to us and with the companies
24 that were mentioned in the complaint, and they're all
25 CLECs, that's the reason I wrote the testimony the way I

0076

1 did. I do not mean to say that VNXX couldn't be
2 provided by some other form of LEC, although it falls
3 more naturally to the network of a CLEC.

4 Q. I'm curious, why you say that?

5 A. I think I say in my testimony that the way
6 the LECs, the existing LECs in this state, the way their
7 network was designed was beginning from a long time ago,
8 so there are existing switches in all local calling
9 areas, so it falls more easily to a CLEC who only has
10 one POP in a LATA to be able to put all of their ISPs'
11 modems into that same location and switch to them.
12 That's the way I -- the reason I say that. It doesn't
13 mean that a LEC couldn't do that if they chose to.
14 Technology available to anybody.

15 Q. But are you just assuming that that's what
16 CLECs do, or what do you base your, you know, your
17 statement about it falls more naturally into a CLEC
18 offering?

19 A. I'm basing it on my understanding of at least
20 the CLEC networks that I'm familiar with, TCG, AT&T's in
21 particular, because I helped design that in the state of
22 Washington, and my understanding from my reading of some
23 of the other cases in other states and their definitions
24 of how the networks are laid out.

25 Q. Well, but again you sort of make this

0077

1 assumption that because of the way the network is laid
2 out that that's how ISPs use the network in all
3 instances.

4 A. I don't mean to say that that's the way they
5 use it in all instances, because I know that's not the
6 case. There still are ISPs, mostly smaller and in rural
7 areas, that still position their modems in the same
8 local calling area as they assign the telephone numbers
9 in. Some of those still exist, so I don't mean to say
10 that all ISPs use the managed modem type of service that
11 some CLECs may offer. And there may be some CLECs that
12 still do position their modems in the same rate centers,
13 local calling areas, as their customers.

14 Q. Well, what about instances where an ISP might
15 centralize their equipment even more than putting it in
16 the CLEC's POP as you described it?

17 A. I'm sure there are cases for some larger ISPs
18 that may position what we would call as a modem in some
19 other state, some other LATA.

20 Q. Well, so and did you consider that
21 possibility in developing your testimony?

22 A. Yes, in general.

23 Q. Do you believe that if an ISP were to locate
24 its equipment in another state that the CLEC that
25 they're buying that from, that network functionality

0078

1 would provide them that capability, that transport, for
2 free?

3 A. Most likely not.

4 Q. If, for example, AOL were to say, I want to
5 put all my equipment in Virginia, is it likely that
6 their underlying provider would agree to haul all their
7 traffic from Washington to Virginia for free?

8 A. I'm not privy to the business plans of either
9 of those companies. I would assume that that wouldn't
10 be the case, I don't know that, but I assume that
11 wouldn't be the case.

12 Q. You would agree that wouldn't be very good
13 business?

14 A. I would agree that wouldn't be very good
15 business.

16 Q. How would you differentiate that, if we agree
17 that the likelihood is that they buy that transport from
18 Washington to Virginia from a CLEC and they buy that
19 transport for the purpose of receiving local calls, how
20 do you differentiate that from an FX service?

21 A. Well, my understanding of FX in this state is
22 that it's provided within a LATA, that you couldn't
23 cross LATA boundaries. That's the tariff as written for
24 the LECs in this state. So that wouldn't fit, crossing
25 the LATA boundary and going to another state doesn't fit

0079

1 my understanding of an FX.

2 Q. Again because there are tariffing
3 restrictions around what FX must be; is that the reason
4 why?

5 A. Well, past history until this point or until
6 it changes was that services were tariffed so that
7 customers, consumers, and the Commission understood what
8 that service was. And since CLECs no longer are
9 required to nor do we get to approve price lists, it's
10 my understanding that the only way to resolve the issue
11 is to bring forward a complaint. If the other parties
12 don't believe that that's what an FX should be, then
13 they bring it to the Commission, the Commission will
14 make a decision as to if that's what they want FX to be
15 in this state.

16 Q. On page 18 of your testimony at line 7, the
17 question that's posed is:

18 What is the difference between what an
19 FX customer pays and a virtual NXX
20 customer pays?

21 And you answer:

22 The FX customer pays a tariffed monthly
23 facility fee to be physically connected
24 to the local calling area of his choice.

25 The virtual NXX customer pays nothing

0080

1 for the same incoming service.

2 The question is, what is your basis for the
3 statement that the virtual NXX customer pays nothing for
4 the same incoming service?

5 A. Well, I assume it would be a bad business
6 practice for an ISP to pay for a facility that they
7 didn't have. So when I wrote this, I was looking at the
8 complaint was written in this state, my understanding
9 that those ISP modems are within the state of
10 Washington, and there is no facility between the CLEC
11 serving them other than within that location. They're
12 not paying a tariffed or a price listed rate for a
13 facility from Seattle to Olympia to get to the local
14 calling area.

15 Q. How do you know?

16 A. Based on the complaint and what I saw in
17 existing price lists from services that CLECs provide in
18 this state.

19 Q. Did you in preparing your testimony go out
20 and research CLEC tariffs?

21 A. No, but -- oh, yes, I did, not tariff but
22 price list. And I also researched the testimony and
23 orders written in other states, and that's my
24 understanding of the service that VNXX represents.

25 Q. But your understanding is that the ISP pays

0081

1 nothing for the service it gets?

2 A. No, I didn't say that. The ISP pays nothing
3 for a facility similar to an FX customer has to pay to
4 get back to the local calling area that they want their
5 service from.

6 Q. Assuming that they locate their equipment at
7 the point of interconnection, is that what you're basing
8 all of that upon is an assumption that they don't buy
9 transport from the point of interconnection because they
10 don't have to?

11 A. My assumption from the testimony in other
12 states and the technical documentation that I have been
13 able to read is that in most cases that my understanding
14 is that the ISP modems are collocated at the CLEC
15 location.

16 Q. Okay, I won't beat this any further, but
17 that's just a general understanding you have, you didn't
18 do any specific analysis in developing this testimony
19 and this statement in particular?

20 A. The analysis that I performed was to read
21 cases in other states, technical documentation that I
22 found on the Internet, and previous I believe testimony
23 in other cases in this state, but I believe that I read
24 other states' testimony and decisions.

25 Q. Regardless of where an ISP modem is placed,

0082

1 the obligation that the ILEC has is to bring traffic to
2 the point of interconnection; would you agree with that?

3 A. Are you talking about the CLEC provided ISP
4 service?

5 Q. Really any, I guess any provided ISP service
6 frankly, but I will say a CLEC. If a CLEC interconnects
7 with an ILEC, the ILEC as the end user's provider of
8 local exchange service outbound calling capabilities has
9 the obligation to bring that traffic that's originated
10 by their end user to the point of interconnection; is
11 that correct?

12 A. I believe that's correct for all types of
13 traffic, for voice, whatever.

14 Q. At the top of page 18 at line 1 you state:
15 VNXX is traffic that bypasses the
16 required legacy standards/regulations
17 and results in the ILEC transporting the
18 call in the same manner as a toll call.

19 And then it goes on. Can you explain why you
20 say that virtual NXX is transported in the same manner
21 as a toll call?

22 A. The VNXX traffic I say bypasses the legacy
23 standards and regulations, which means it leaves the
24 local calling area and doesn't return to the same local
25 calling area. And by doing so, it's similar in a long

0083

1 distance call that the call is terminated in a different
2 local calling area than it originated in, which is
3 similar to a toll call, unless it's provided by 800
4 service or an FX service.

5 Q. But what the ILEC does doesn't change whether
6 it's a long distance call or a local call fundamentally,
7 wouldn't you agree with that?

8 A. The ILEC transports to the CLEC if it's a
9 long distance call or a local call.

10 Q. Doesn't the ILEC transport to an IXC if it's
11 a long distance call?

12 A. Unless it's been bypassed, yes, it would
13 normally go to an IXC, which it could also be.

14 Q. By definition, isn't a long distance call,
15 doesn't that involve an IXC?

16 A. Yes.

17 Q. And in a local call there is no IXC, right?

18 A. That's true.

19 Q. So technically when you say that virtual NXX
20 transports a call in the same manner as a toll call,
21 that's not accurate if you consider who the parties are
22 that are carrying the traffic?

23 A. It's accurate that the call is routed as if
24 it's a local call even though it's going to be
25 terminated as if it was a long distance call. The

0084

1 originating LEC, whoever it happens to be, has no idea
2 that the terminating LEC is going to terminate the call
3 in a different local calling area. So in this instance,
4 the serving ISP LEC has bypassed the normal route for a
5 long distance call. And yes, you're right, it probably
6 should go to an IXC, and all access charges would apply,
7 but the end product is the same, the call originates in
8 Olympia and terminates in Seattle.

9 Q. But if I understand what you just said, you
10 said that it bypasses, which means that it's different
11 than an IXC call?

12 A. It's only different in the fact that the
13 serving, I'm saying ISP, this could be a voice call, but
14 it's easier to say ISP so we understand, the serving LEC
15 for the ISP routes the call as if it's going to be
16 local, that's how all their calls are routed. And
17 normally if it was going to be a local call, it would be
18 routed back to the local calling area over another local
19 trunk. But in this case, it terminates the call at the
20 end, which is different than the local calling area that
21 it originated from. That is the definition of a long
22 distance call for the State of Washington in our WAC. A
23 call that originates in one local calling area and
24 terminates in a different local calling area is a long
25 distance call.

0085

1 Q. But that's just the definition, and what
2 we're talking about is what the LEC does physically with
3 the call. When you compare an IXC call to a local call,
4 the LEC in a local call has the obligation to bring it
5 to the point of interconnection and hand it off to the
6 other carrier, correct?

7 A. That's true.

8 Q. And everything that you have described is
9 what happens after they hand it off, correct? You're
10 saying it becomes similar to a long distance call
11 because of what you understand the CLEC to do after it
12 gets the traffic handed off to it?

13 A. That's true, but it doesn't really fit the
14 whole scenario, because if it was a long distance call,
15 in most cases, not all cases, in most cases it would
16 have taken a different trunk route, a different type of
17 trunk to an IXC and then to the terminating party. In
18 this case, because it appears to be a local call, it's a
19 local telephone number to the area it originated from,
20 it's switched to that terminating LEC as if it was a
21 local call, yet it's not a local call per the rules of
22 the State.

23 Q. Which is my question. As I understand it
24 what you just said is virtual NXX ends up being
25 different than it would be if it was dialed as a long

0086

1 distance call?

2 A. Normally for a long distance call there would
3 be a 1-plus, it would route as if it was a long distance
4 call to an IXC, terminate to the terminating LEC, yes.

5 Q. Further down in that same place basically at
6 line 4, you state:

7 In essence, virtual NXX offers the
8 equivalent of incoming 800 or FX service
9 without any mechanism to compensate the
10 ILEC for its lost access revenue.

11 First question is, isn't the distinction
12 between 800 or FX critical?

13 A. I'm not sure I understand, could you rephrase
14 it.

15 Q. Well, if you want to make an analogy to 800
16 or virtual NXX, that's closer to saying it ought to be
17 long distance. If you make an analogy to FX, then
18 you're saying it's in essence a local call. Would you
19 agree with what I just said?

20 A. Yes, but it doesn't change the meaning of the
21 sentence I don't believe. If it's an 800 service,
22 there's a cost that the terminating party pays for it,
23 the lookup in a database, you know, a number of things
24 that an 800 service provides, and there's a cost to
25 that, it's an extra charge. If it's an FX service --

0087

1 that's more like a long distance call, like you said, an
2 800. If it's FX service, it's more similar to a local
3 call, it's treated as a local call, but there's the
4 extra charge that the terminating customer again pays
5 for to get that service. I mean there's an added
6 charge, it's not that you just pay for local service, to
7 bypass the normal geographic meaning of a telephone
8 number, these two manners of doing that work. 800
9 service, the terminating party pays by the minute so
10 that the originator doesn't have to pay. In FX service,
11 the terminating party pays for as it exists in this
12 state a facility that goes back to the originating
13 calling area, to the originating call area it wants to
14 be in. So there is lost service, I mean lost revenue in
15 either case if you're doing it without those.

16 Q. But what you just described goes back to my
17 original question, there's a difference between 800 and
18 what's involved in an 800 call and FX and what's
19 involved in an FX call?

20 A. That's true.

21 Q. And so my question is, isn't that difference
22 important?

23 A. Well, I think what I was trying to say was
24 that 800 and FX service are two means in this state to
25 provide a service that doesn't require access charges.

0088

1 If you don't use either one of those, but you complete a
2 call that's a long distance call, then access charges
3 apply. So I believe the meaning of my sentence was that
4 VNXX provides an equivalent, you're able to make a call
5 that no access charges apply to, but you're not using
6 either 800 or FX service to do that.

7 Q. And then you're making that statement to make
8 the point that whether it's 800-ish or FX-ish, the point
9 is that the LEC is not getting access revenue; is that
10 the point you're making with this sentence?

11 A. The point is that it meets the definition of
12 a long distance call in this state and the rules of this
13 state, and there are two possible methods to not make a
14 long distance call and terminate it in a different local
15 calling area, two of those are 800 service and FX
16 service. It's neither one of those, but it looks and
17 walks like a long distance call, so there would be in
18 that case a loss of access.

19 Q. Okay, next I want to focus on that
20 characterization, a loss of access. How can there be a
21 loss of access if dial-up Internet access service has
22 always been done with a local call?

23 A. If the call originates in a local calling
24 area physically and physically terminates in the same
25 local calling area, there is no access, so there is no

0089

1 access charge. In the state of Washington, my
2 understanding of the rule is if a call originates in one
3 local calling area and physically terminates in another
4 that it's a long distance call and access charges apply.

5 Q. But going back to the very beginning of our
6 discussion today, we talked about how in the '90's
7 dial-up Internet access became popular. Would you agree
8 that part of the reason it became popular is you could
9 dial into the Internet and get access to the Internet
10 with a local call?

11 A. Oh, yes.

12 Q. Are you aware of or familiar with any dial-up
13 Internet access services that were based upon toll
14 charges where you would have to dial a long distance
15 charge to get access to the Internet?

16 A. Actually I had an ISP that I had to do that
17 with, I'm not sure if they still exist. I would agree
18 that people who want to use dial-up Internet access
19 expect to be able to do that with a local call.

20 Q. What's your sense of the economic viability
21 of an ISP that would charge or would have a long
22 distance number to call into such that the end user
23 would incur toll from their local provider?

24 A. I think they proved the importance of that
25 when they placed their modems in the past in the local

0090

1 calling area where they had customers that they wanted
2 to have call them. It was cheaper for them to spend the
3 money to put their modems in the same local calling area
4 than it was to put them someplace else and make people
5 make long distance calls.

6 Q. If the LEC is doing the exact same thing
7 bringing its traffic to the point of interconnection
8 regardless of what happens after it hands that traffic
9 off, why does it matter where the modem bank is located?

10 A. It matters because the law of the land in the
11 state of Washington is that a long distance call and
12 access charges that follow that are calls that are
13 originated physically in one local calling area and
14 terminated in another.

15 Q. And so if you were to take that
16 interpretation and put it into practice, there would be
17 a requirement that says the modem bank must be placed in
18 the local calling area in order to exchange ISP-bound
19 traffic on a local basis; does that follow?

20 A. The way the rules are now in the state of
21 Washington, a call that originates in a local calling
22 area and terminates in the same local calling area are
23 local in nature, so the way the rules are written now,
24 that would be my understanding.

25 Q. And just --

0091

1 A. Unless of course you used FX service, and
2 then you would pay for a facility from that same local
3 calling area to wherever you wanted to place your
4 modems.

5 Q. In light of what you just said, how would you
6 explain the FCC statement in Paragraph 59 of the ISP
7 Remand Order that says:

8 The proper focus for identifying a
9 communication needs to be the user
10 interacting with a desired webpage,
11 friend, game, or chat room, not on the
12 increasingly mystifying technical and
13 mechanical activity in the middle that
14 makes the communication possible.

15 MR. THOMPSON: I'm going to object to that as
16 asked and answered.

17 Q. You can go ahead and answer the question, I
18 would say that while we have talked about Paragraph 59,
19 we didn't talk about it in the exact manner that I'm
20 asking you to talk about it now after you have described
21 what you understand the rules in practice to require.

22 A. Well, I would say that that is one very broad
23 generalization that the FCC said and that if you read
24 the rest of the order that it is not nearly so clear as
25 that. Also, I would go back again to the brief that the

0092

1 FCC wrote where it's obvious that it wasn't really that
2 clear when they wrote the brief either. My
3 understanding of the ISP Remand Order was that it was
4 written at a time when generally modems were in the same
5 local calling area. I can't see into the FCC staff's or
6 commissioners' minds, but it is very possible that they
7 had not thought of VNXX, so that they ruled based on
8 what knowledge they had.

9 Q. They cite specifically to Level 3's
10 agreements, however, as we discussed previously,
11 correct?

12 A. You showed me that, yes.

13 Q. And we can assume fairly safely that by
14 citing to those, they became familiar with the contents
15 of those agreements?

16 A. I'm not familiar --

17 Q. You would agree with that?

18 A. I would agree, I am not familiar with those
19 agreements.

20 Q. But in crafting what they believed to be the
21 solution to the ISP-bound intercarrier compensation
22 problem, we can safely assume that they studied the
23 agreements that they're using as their model fairly
24 carefully, don't you think?

25 A. Without knowledge, I would assume that.

0093

1 Q. And you don't know personally whether those
2 agreements address virtual NXX or not?

3 A. No, I don't.

4 Q. Are you familiar with, other than the amicus
5 brief, any additional direction in the form of orders
6 that the FCC has issued on intercarrier compensation for
7 ISP-bound traffic since the ISP Remand Order?

8 A. Well, at the same time, I believe it's the
9 same time, within one day of the Remand Order when they
10 filed their Developing Unified Intercarrier Compensation
11 Regime dated April 19, 2001, adopted, at Paragraph 115
12 they discuss virtual NXX and ask a number of questions
13 about VNXX that I have not seen answered in any order,
14 and they also quote the main commission addressing VNXX
15 in the Brooks Fiber case. So at the same date as that,
16 you know, they still are asking questions about VNXX.
17 That's FCC 01-132, paragraph or Section D, virtual
18 central office codes, Paragraph 115.

19 Q. Are you familiar with the core communications
20 forbearance order?

21 A. Yes, I am, briefly.

22 Q. What's your understanding of what the FCC did
23 in the core communications order?

24 A. Like most things that the FCC did in this,
25 it's a bit confusing. I noted that they I believe kept

0094

1 the rate cap at .0007 per minute. I thought they did
2 away with the mirror rule, new market rule, but I'm not
3 sure.

4 Q. So those are two different aspects of the IP
5 Remand Order rate structure that you mentioned?

6 A. Mm-hm.

7 Q. The mirroring rule and the new market rule?

8 A. Yes.

9 Q. Is that your understanding of what the FCC
10 addressed or changed in the core communications order?

11 A. I noted at Paragraph 5 that the commission
12 found that:

13 The availability of reciprocal
14 compensation for the type of traffic
15 undermined the operation of competitive
16 markets because competitive LECs were
17 able to recover a disproportionate share
18 of their costs from other carriers,
19 thereby distorting the price signals
20 sent to their ISP customers.

21 I happened to highlight that because that was
22 what I was looking at in my testimony. It's my
23 understanding in general of the core order was that they
24 were finding a way to keep from distorting the price
25 signals that had been sent.

0095

1 Q. But so then what did they ultimately do; do
2 you know?

3 A. Do you want me to go through -- I mean you're
4 probably better off to say and let me agree with you or
5 disagree, or I can read what they say at page 8.

6 Q. Well, I guess I'm just asking a fairly broad
7 question about in light of their expressed concerns
8 about the arbitrage opportunities in the ISP Remand
9 Order, then next came up the core communications order,
10 the question is what did they do with respect to those
11 arbitrage concerns that they had?

12 A. Well, one of the things that they did I
13 believe I said before, and this is my understanding,
14 that they thought by doing away with the caps would help
15 reduce the arbitrage.

16 We find that growth caps are no longer
17 in the public interest.

18 Q. So how does that have the effect --
19 (Cell phone interruption.)

20 BY MR. ROGERS:

21 Q. If they get rid of the growth caps, what
22 effect does that have on intercarrier compensation
23 between the parties?

24 A. Here, F-24:

25 Growth caps and new market rule both

0096

1 require carriers to exchange ISP-bound
2 traffic on a bill and keep basis under
3 certain circumstances. Under the new
4 markets rule, carriers must exchange
5 ISP-bound traffic on a bill and keep
6 basis if those carriers were not
7 exchanging traffic pursuant to
8 interconnection agreements prior to the
9 adoption of the ISP Remand Order.

10 Q. Well, but again I'm not I guess citing you to
11 specific parts of the order, I'm just trying to get your
12 sense of the outcome of the order, if you have one. And
13 I mean if you don't have a clear understanding of what
14 the FCC did in the core communications order, you know,
15 that's fine, but that's my question. What is your
16 understanding of what developed with the issue of
17 reciprocal compensation or intercarrier compensation for
18 ISP-bound traffic in the core order?

19 A. Well, in general my understanding is the
20 reciprocal compensation rate remained at a .0007 that
21 they had set before after the three year countdown to
22 that rate.

23 Q. At page 22, line 13, you make a statement
24 that:

25 VNXX does not in any way represent an

0097

1 innovation of the sort that competition
2 is intended to encourage.

3 Can you explain your basis for that
4 statement?

5 A. I follow that sentence and said:
6 Rather, VNXX is a practice that simply
7 aims to avoid toll charges and is
8 essentially a form of price arbitrage.

9 In this state, VNXX does not follow the rules
10 that are set forth by the State of Washington at this
11 time. So what I meant is that it is a form of arbitrage
12 that bypasses intraLATA toll, and further on I discuss
13 other cases that the Commission has ruled on that ruled
14 against bypassing intraLATA toll.

15 Q. The cases that you point to, how are they
16 relevant to this case, the toll bypass cases I guess
17 that you have cited in your testimony, how do you
18 consider those to be relevant?

19 A. I stated that although there's three
20 services, two toll bridging and an IP in the middle VoIP
21 case, this is on page 24 of my testimony starting at 1,
22 the question:

23 Although all three services differ in
24 how they technically achieve their goal,
25 they are similar in that they allow end

0098

1 users to call from one local calling
2 area to another without incurring toll
3 charges. Toll bridging and IP in the
4 middle VoIP have already been found by
5 this Commission, as well as a number of
6 other state commissions, to be unlawful.

7 Q. Wasn't the question in all those cases
8 whether the toll bridger was an enhanced service
9 provider or whether they were acting as a carrier?

10 A. I think both of those cases, but the question
11 in all three cases was whether they could bypass
12 intraLATA toll by some method, and in all three cases
13 the Commission ruled no, they couldn't.

14 Q. In the current case, we're not concerned with
15 whether an ISP is an ESP, right?

16 A. The ISP would be a customer of the serving
17 LEC, so its status as an ESP may not be pertinent.

18 Q. And we're not debating whether, you know, the
19 CLECs who have been complained against are or are not
20 telecommunications carriers in the current case?

21 A. There's no confusion that they are
22 telecommunications carriers; is that what you're saying?

23 Q. Well, that's my question.

24 A. CLECs are telecommunications carriers.

25 Q. Those things are all established, ISPs are

0099

1 ESPs, CLECs are carriers, those issues that were
2 addressed in the LocalDial, the Metrolink, and U&ICAN
3 orders don't exist in this case, correct?

4 A. The fact that the U&I case, all three of them
5 have different ways of doing it, doesn't change the fact
6 that the rules in this state are that a call that
7 originates in one local calling area and terminates in
8 another local calling area within the state is an
9 intraLATA toll call. And if you bypass that, by the
10 rules then you bypass the intraLATA toll.

11 Q. You said the LocalDial order basically said
12 that, you know, if it's only IP in the middle that
13 that's not a reason that you aren't obligated to pay
14 access on a long distance call, what is otherwise a long
15 distance call.

16 A. True.

17 Q. Is that fair?

18 A. True.

19 Q. Which is what the FCC has also ordered,
20 correct?

21 A. Yes.

22 Q. Now that's not the discussion we're having
23 here, this isn't a discussion about IP in the middle, is
24 it?

25 A. I never, when I wrote the testimony, I never

0100

1 meant to say that the service that VNXX provides is the
2 same. In fact, I state that they're not, that they
3 differ. But only that these are instances where this
4 Commission has ruled that bypass of intraLATA toll is
5 not by the rules in this state. I didn't mean to say
6 that VNXX is the same as U&ICAN or IP in the middle.

7 Q. I'm curious why you cite to those cases which
8 were not specifically on point to virtual NXX when there
9 are a plethora of other cases that are specifically on
10 point that the Washington Commission has addressed
11 virtual NXX specifically. Why choose the cases that
12 don't deal with virtual NXX directly over the ones that
13 do deal with virtual NXX directly?

14 A. I was testifying that the bypass of intraLATA
15 toll has been dealt with in this state before. These
16 are three instances of bypass of intraLATA toll, that's
17 why I testified to them.

18 Q. But you understand that the Washington
19 Commission has been presented with the virtual NXX
20 question on multiple prior occasions?

21 A. Yes, I do.

22 Q. We talked a little bit about, you know, those
23 specific instances earlier. One example was the Level
24 3/Century Tel arbitration, correct?

25 A. Yes.

0101

1 Q. So why not go back and look at the outcome of
2 the Level 3/Century Tel arbitration and how the
3 Washington Commission resolved the dispute about virtual
4 NXX in addressing the complaint in this case that is
5 essentially the very same issue?

6 MR. THOMPSON: Object to the form of the
7 question, just characterizing the holdings. Go ahead
8 and answer.

9 A. Would you repeat it again.

10 Q. Why not look at the Century Tel/Level 3
11 arbitration decision for guidance on the virtual NXX
12 question in this case?

13 A. I believe you're going to cover that yourself
14 very well, and the complainants in this case will
15 testify I'm sure thoroughly on that side of the issue.
16 I chose to testify on this side of the issue because I
17 thought it was unsaid in previous cases, or I thought
18 maybe misunderstood.

19 Q. So you essentially think that prior
20 Commission decisions on virtual NXX have been mistaken?

21 A. I believe that the last decisions made by the
22 Judge in this case, the last decision, that the Judge
23 specifically said, I can't specifically say because I'm
24 not a legal mind, but my understanding is that the Judge
25 left it open to be brought as a complaint to deal with

0102

1 VNXX, the legality of VNXX in particular, and made the
2 decision based as if that was okay, but specifically
3 said bring it back as a complaint if you disagree, and
4 that's why we're here, my understanding of why we're at
5 this case.

6 Q. We have talked a lot about the extensive
7 litigation at the federal level, there's been lots and
8 lots of litigation, you would agree --

9 A. Yes.

10 Q. -- before the FCC on intercarrier
11 compensation for ISP-bound traffic?

12 A. Yes.

13 Q. There's been quite a bit of litigation to
14 date in front of the Washington Commission on
15 intercarrier compensation on ISP-bound traffic; you
16 would agree with that as well?

17 A. Yes.

18 Q. Why do you think it's appropriate to continue
19 to litigate it after the FCC has addressed it and the
20 Washington Commission has already addressed it?

21 A. Well, my understanding is that we don't have
22 a choice, it was brought as a complaint, and so it has
23 to be dealt with here. As, you didn't mention other
24 states, but as you know as well that a large number of
25 other states have revisited VNXX. But my understanding

0103

1 of why it's being revisited in this state is that we
2 don't have a choice, a complaint has been brought to us.

3 Q. I understand that, my question is why you at
4 this point in time felt it was appropriate or necessary
5 to change the Commission's position that it's previously
6 taken?

7 MR. THOMPSON: I'm going to object to that
8 question as well as to the effect that it characterizes
9 the Commission's prior position.

10 MS. ANDERL: And I will join in the
11 objection, I don't think that it does properly
12 characterize the Commission's prior rulings, which did
13 not address the legality of VNXX.

14 Q. So I understand, my question is, and we have
15 talked about the fact that there have been multiple
16 cases where virtual NXX has been addressed in front of
17 the Washington Commission, and at no time has the
18 Commission imposed a requirement that modems be placed
19 in the local calling area or that reciprocal
20 compensation is not due, and so even though a complaint
21 was filed and it needs to be addressed, my question is,
22 what has prompted the Staff to take the position that at
23 this point in time they don't believe virtual NXX is
24 appropriate?

25 A. Well, I can say that in all the other cases

0104

1 in the state of Washington I was not involved as an
2 engineer or as Staff, and since this has been brought
3 forward as a complaint, I have looked at it as a fresh
4 party, a fresh mind. And in looking at what other
5 states have done, my understanding of the technology
6 from my background, I wrote this as Staff based on that.
7 I'm not saying the Commission's decisions are right or
8 wrong, I don't get that opportunity. My understanding
9 of why this complaint was brought back to us is that the
10 issue of VNXX was left open by the Judge, and the
11 complaining party took the opportunity to take that
12 suggestion and bring it as a complaint.

13 Q. So you have mentioned, you know, other state
14 decisions on virtual NXX, did you also look at states
15 where virtual NXX was considered and the outcome was
16 favorable to carriers who provided virtual NXX
17 architectures?

18 A. Yes, I did, Virginia being one of them,
19 probably one of the first I believe, and the FCC
20 actually, I guess Virginia made that decision for them.
21 There are varying decisions in a number of states to
22 outlawing it all together, to maybe making it bill and
23 keep, there's a whole lot of decisions, but the vast, I
24 shouldn't say vast, the majority that I looked at, which
25 I also list in my testimony, were that VNXX did not meet

0105

1 the rules of their state.

2 Q. And one of the states that you list is
3 Pennsylvania. Did you happen to look at more recent
4 cases in Pennsylvania than the ones that you cite?

5 A. Probably not.

6 Q. So are you familiar with any recent
7 statements by the Pennsylvania Commission as to the, as
8 you said, the appropriateness I guess of virtual NXX?

9 A. No.

10 Q. In Maine, is your understanding of what the
11 Maine Commission did focused only on CLECs, or can you
12 tell me what your understanding of what the Maine
13 Commission has done with virtual NXX?

14 A. Do you have a copy of the Maine?

15 Q. I don't.

16 A. From memory I don't know. My understanding
17 from Maine is that they considered VNXX to be
18 inappropriate. I don't have a copy here.

19 Q. Do you have any recollection that in making
20 that determination they applied it to everyone, anyone
21 and everyone that might offer an FX-like service is not
22 allowed to do that; I mean is that something that you're
23 familiar with or not in the Maine order?

24 A. I don't remember the Maine order, but I don't
25 remember in any of the orders it being specific that it

0106

1 was any particular type of LEC involved.

2 Q. At page 22 of your testimony, line 17, you
3 state:

4 Allowing one class of carriers to
5 unilaterally bypass existing industry
6 standards for number assignment, as well
7 as state and federal rules dealing with
8 intercarrier compensation, would make
9 the rate payers of Washington state who
10 do not use dial-up Internet access
11 subsidize the low cost service for those
12 that do.

13 Allowing one class of carrier, why do you use
14 that description?

15 A. As with all my testimony, I wrote it in mind
16 of the complaint at hand, and the complaint is against a
17 number of LECs, all of which happen to be CLECs, so I
18 wrote my testimony based on the complaint.

19 Q. So in order to get a rule that applied
20 bilaterally, would CLECs then have to complain against
21 ILECs if they felt ILECs were engaging in the very same
22 practice, in your opinion?

23 A. I don't believe that would be up to my
24 opinion. I believe that that would be up to the
25 Commissioners and the Judge at the time the decision was

0107

1 made. We have already said when you asked me before
2 that my opinion was that VNXX should be dealt with with
3 all carriers.

4 Q. And so if it's supposed to be dealt with and
5 addressed for all carriers, that's my question, why
6 focus in on this idea that one class of carriers is
7 unilaterally engaging in it?

8 A. I believe I answered that, that this
9 complaint was against a number of carriers, all one
10 class of carrier.

11 Q. So then further with that same sentence, you
12 talk about the idea that that results in a subsidy, a
13 subsidy that allows for the low cost service. Did you
14 do any sort of economic analysis to support that claim?

15 A. The answer is no, I did not do a particular
16 study. I used my engineering background. If a VNXX
17 call is a bypass of intraLATA toll, as I have testified
18 that it is, but yet access charges are not being applied
19 because it's bypassed that, then the serving carrier
20 obviously has saved money, and that will allow them to
21 provide a service that would be below the cost they
22 would have to provide if they paid that access charge.
23 So that means that they're selling a service at a price
24 below what they would have to be if they provided the
25 same service that does not bypass intraLATA toll.

0108

1 Q. Did you do any research into the current
2 state of the market in Washington for dial-up Internet
3 access services in preparing your testimony?

4 A. Could be a little more specific on what you
5 mean?

6 Q. Do you have any idea of how many people are
7 still using dial-up to get to the Internet?

8 A. I did, but even though it's known to be
9 dropping, there are still a large number of people that
10 do dial-up access in the state of Washington, I don't
11 have the specific number.

12 Q. Do you have any kind of sense of who still
13 uses dial-up to get to the Internet; what kind of an end
14 user typically is using dial-up do you think?

15 A. Not having done a study, I believe that those
16 are most likely those customers who are in outlying
17 areas where broadband is not available.

18 Q. Do you think it's possible that people are
19 using dial-up because it's a cheaper alternative to
20 broadband, is that something that you have considered or
21 thought about?

22 A. Yes, I would assume that it is cheaper than
23 broadband, particularly if it's priced lower than it
24 would have to be if they had to pay intraLATA toll
25 charges.

0109

1 Q. Did you do any kind of analysis to figure out
2 what the impact would be to an end user in the price
3 that they pay if intraLATA toll was applied to their
4 dial-up Internet service?

5 A. No, I did not, and I don't see that that's my
6 place to testify to. It's not my place to testify what
7 the market will bear for the charge of dial-up service.
8 What I'm testifying to is that the way VNXX is working
9 does not meet the standard of the industry or the rules
10 in this state.

11 Q. We talked a little bit about this earlier,
12 but you don't think it's your position as the Staff
13 witness to recommend or propose regulatory treatments
14 given the public policy or the impact to the
15 marketplace?

16 A. I think I testified to where the correct
17 place to resolve this issue is, and that's the standards
18 organizations, the FCC's intercarrier compensation
19 docket, or possibly a statewide intraLATA toll access
20 charge docket.

21 Q. You said that you participated and you have
22 been involved in the Level 3/Qwest arbitration?

23 A. Yes.

24 Q. Are you aware of evidence having been
25 presented in that case that demonstrated the impact that

0110

1 imposition of access would have on dial-up end users?

2 A. I know --

3 Q. In Washington?

4 A. Yes, I know that it was presented.

5 Q. So you did consider that presumably in coming
6 to your recommendation or your testimony as to what the
7 Commission ought to do?

8 A. I wrote my testimony very narrowly based on
9 the rules of the State of Washington and the standards
10 of the industry the way I understand them. I did not
11 write my testimony to find what that would charge
12 customers in the state for dial-up service.

13 Q. So you didn't really contemplate the
14 consequences of what you're recommending, is that then
15 accurate? That's what I just understood you to say.

16 A. I don't believe that that's what my testimony
17 is for. There are a number of ways that the
18 consequences could be fixed. That is not what I wrote
19 my testimony for. I again wrote my testimony narrowly
20 based on what the rules of the State of Washington allow
21 and what the standards of the industry allow. Unless
22 those are changed, I don't see what good it does for me
23 to cite what the costs should be for particular
24 customers.

25 MR. THOMPSON: Could I just check in about

0111

1 your expectation about how much longer we'll go since
2 we're at about 1:20 now.

3 MR. ROGERS: I may or may not have one more
4 question.

5 BY MR. ROGERS:

6 Q. I will just ask it before I can find it. At
7 one point, and I will find it later, you make a comment
8 about competition taking its toll in the ISP
9 marketplace.

10 A. Oh, it was earlier.

11 Q. I'm going to find it, there we go, page 15,
12 line 19.

13 A. Yes, I'm there.

14 Q. You state:

15 As technology changed and competition
16 between Internet service providers took
17 its toll, the CLECs began providing
18 service to a smaller number of larger
19 ISPs, et cetera.

20 My question is, what do you mean by
21 competition took its toll?

22 A. In the mid '90's or so, there were many,
23 many, many ISPs, and I think I testified to it earlier
24 also, a lot of what I called mom and pop's, small ISPs
25 who located a number of modems in their basement or

0112

1 their garage or a small office that they rented and then
2 sold that service to some number of customers that would
3 call their modems. In most cases a large number of
4 small businesses find that it is a better business plan
5 to band together and make one large business, their cost
6 to maintain things is less, the overall cost to them is
7 less, and that's what I'm saying here. Also it gave
8 them negotiating power. A large ISP can negotiate with
9 some LEC for a service and get a better price than if 50
10 small ISPs try to negotiate for the same service
11 separately.

12 Q. Do you think end users benefit when that
13 happens?

14 A. If the dial-up service price went down. I
15 don't know that that's the case. My remembrance of that
16 particular time was that the price didn't go down with
17 that, but the profit and the survivability of the ISPs
18 went up.

19 Q. You didn't do any sort of analysis of the
20 marketplace however?

21 A. No.

22 Q. To know whether there are still a number of
23 small ISPs out there?

24 A. Today?

25 Q. Yes.

0113

1 A. There are still a number of small ISPs out
2 there, yes. We meet and deal with issues at times. Not
3 nearly the same number as there were.

4 Q. What's that based upon?

5 A. Based on my time with TCG when as the
6 engineering manager I negotiated with ISPs for service,
7 as a CLEC, as my time here when I first came to the
8 State when there were a large number of ISPs banded
9 together as a group who would come and sit with the
10 State to make sure that their service was being provided
11 correctly by LECs, all LECs involved. In 1996 I believe
12 we had a work group in Seattle and filled up the
13 convention center, one floor of the convention center,
14 with ISPs dealing with the trunking issues of U S West
15 at the time. Without doing a study but with the feel I
16 have for ISPs as I have seen them here or advertised,
17 I'm not sure you could fill up the same convention
18 center with separate ISPs, but you would have some very
19 large ones.

20 MR. ROGERS: Okay, that's it for my
21 questions, thank you for your time.

22 (Recess taken.)

23

24

25

0114

1 E X A M I N A T I O N

2 BY MR. KOPTA:

3 Q. Good afternoon, Mr. Williamson.

4 A. Good afternoon, Mr. Kopta.

5 Q. I just have a few questions mostly following
6 up on those that Mr. Rogers was asking you. The first
7 one has to do -- and just for your reference, you might
8 look on page 4 of your testimony where you're quoting
9 the guidelines, the COCAG guidelines.

10 A. I'm there.

11 Q. And actually it goes over onto the next page
12 where it talks about exceptions to the geographic
13 limitations effected by foreign exchange service. And
14 my question is, do you or Staff generally have any view
15 on what the rationale is for listing foreign exchange
16 service as an exception to the geographic limitation on
17 a number assignment?

18 A. I don't other than to assume because the
19 standard says that calls have to be or numbers have to
20 be assigned that remain in the same local calling area,
21 if the customer's physical location is outside that
22 calling area, then that's an exception, and they list
23 that because that was the existing exception at the time
24 I assume.

25 Q. Okay. So other than perhaps history, there's

0115

1 no reason that you're aware of from a philosophical or a
2 regulatory or an economic or any other standpoint why
3 foreign exchange service should be singled out as the
4 exception to those geographic limitations?

5 A. I'm not aware of anything, but there are of
6 course a lot of other exceptions that a different
7 document goes into, but I'm not aware why FX is the only
8 one that's listed there.

9 Q. Have you had any involvement with the COCAG
10 development or working groups or in your experience in
11 the industry is that something that's been within your
12 area of responsibility?

13 A. No, it wasn't, but I can tell you that I'm
14 more interested now and am planning on attending some of
15 the INC meetings. And during my writing of the
16 testimony and answer to some of the DRs, I have spoken
17 to a number of people in all those organizations, and I
18 think we need to give that part of the industry some
19 time that we haven't.

20 Q. I want to follow up on kind of an example
21 that you gave in the way of maybe fleshing some things
22 out, and I would like you to assume that there is an ISP
23 that's located in -- has a modem bank in Seattle, and it
24 has once again a local calling presence in Olympia. Now
25 if the ISP's customer in Olympia were to call the ISP

0116

1 with a Seattle telephone number, that would be a toll
2 call, would it not?

3 A. Yes, it would be.

4 Q. And if the customer who -- well, let's flesh
5 it out a little bit more. Let's assume that a CLEC
6 serves the ISP in Seattle, and the customer who's
7 calling the ISP gets its local service from the ILEC.
8 Do you have that assumption in mind?

9 A. I believe so.

10 Q. So under the scenario we just talked about,
11 the ILEC would charge originating access to the CLEC or
12 the IXC if they were a separate IXC to get that call up
13 to Seattle to the ISP; is that correct?

14 A. I believe that's correct.

15 Q. Okay. Now let's assume that the ISP decides
16 that it wants to establish 800 service, so it has an 800
17 number that its customer in Olympia can use to dial it
18 up. Under those circumstances, the ILEC who serves the
19 end user customer that's calling the ISP would also be
20 entitled to originating access charges, wouldn't it?

21 A. With an 800 service?

22 Q. Yes.

23 A. Yes, I believe that's the case.

24 Q. Okay. So let's change it yet again and say
25 that in this case the ISP obtains foreign exchange

0117

1 service from the CLEC, and however you want to define
2 that in terms of permissibility, but foreign exchange
3 services as you recognize foreign exchange service and
4 as specified in the guidelines. Do you have that in
5 your mind?

6 A. I hope so.

7 Q. It's a little tougher over the telephone.

8 A. Yes, it is.

9 Q. But under those circumstances, the ILEC
10 serving that customer would not be getting originating
11 access charges when it calls the local telephone number
12 provided through the FX service, would it?

13 A. No, there would be no access charges in that
14 case.

15 Q. And if there was a reciprocal compensation
16 requirement in the interconnection agreement between the
17 CLEC and the ILEC, then would you expect that the ILEC
18 would be paying reciprocal compensation to the CLEC
19 under those circumstances?

20 A. Yes, if it's a local call and there was
21 agreement, then that would be the case, they would pay
22 reciprocal compensation.

23 Q. Okay. So let's change it one more time, and
24 let's say that the CLEC is providing the ISP with what
25 you would consider to be VNXX service, and am I correct

0118

1 that based on your testimony you would construe that as
2 inappropriate?

3 A. What I believe you're saying is by using
4 VNXX, the originator would be in Olympia calling an
5 Olympia telephone number, the call would be routed to
6 the CLEC in Seattle and then terminated at a modem in
7 Seattle.

8 Q. Correct.

9 A. And in that case, I would say that would be
10 inappropriate per the rules that exist.

11 Q. Okay. What if the CLEC obtains dedicated
12 transport, let's say a special access circuit from
13 Qwest, from the Olympia local calling area to the CLEC
14 switch in Seattle?

15 A. Whether they got that from Qwest or built it
16 themselves, it appears that that would be a classic FX
17 as we have seen in the past. The call originates from a
18 subscriber in Olympia, it's routed to the CLEC switch in
19 Seattle, which recognizes the telephone number as a
20 piece of equipment which is attached to a facility, and
21 so it would connect the call to that facility, the
22 facility would go to an ISP location in Olympia, so the
23 call would originate physically in Olympia and terminate
24 physically in Olympia. Is that right?

25 Q. Well, I wouldn't characterize or ask you to

0119

1 characterize whether it originates or actually whether
2 it terminates in Olympia. My question really is focused
3 on if the ILEC -- if all the ILEC has to do is hand it
4 over to the CLEC in the local calling area in Olympia
5 and doesn't have to pay for any transport to get the
6 calls up to Seattle, under those circumstances, would
7 you consider that service that the CLEC provides to the
8 ISP to be a permissible service under the local
9 guidelines, under the Commission's regulations and rules
10 and the industry guidelines?

11 A. I'm not sure I understood. The originating
12 customer is in Olympia and calls an Olympia telephone
13 number?

14 Q. Correct.

15 A. And it's routed to the CLEC?

16 Q. Correct.

17 A. And the CLEC physically transports it to the
18 ISP location back in Olympia?

19 Q. Back to Seattle.

20 A. Oh, I thought this was Olympia, oh, so, I'm
21 sorry, I was misunderstanding you. The call originates
22 in Olympia, sent to the CLEC in Seattle, and the CLEC
23 sends it to an ISP location in Seattle?

24 Q. That's right, but the CLEC pays for all of
25 the transport to get the call from the Olympia local

0120

1 calling area to the ISP in Seattle.

2 A. I assume you're saying the facility leads to
3 an ISP location somewhere else in Seattle.

4 Q. Let's say that it's a dedicated trunk that
5 goes from the serving wire center in the Olympia local
6 calling area to the CLEC switch that is located in
7 Seattle, and from there it's just carried over the CLEC
8 network to its ISP customer.

9 A. So you basically terminated a call to an
10 Olympia telephone number in Seattle over a facility
11 similar to an FX service.

12 Q. Right, except I guess the distinguishing
13 factor here is that the CLEC is paying for the dedicated
14 facility as opposed to its customer paying a separate
15 identified charge for a private line.

16 A. Well, it doesn't fit the classic FX case.
17 Oh, if I drew the picture -- I think I have it. It's
18 very similar to an FX. I have not seen that brought to
19 the Commission or in testimony I have read before, but
20 it's similar to FX.

21 Q. I guess I'm asking you that, yes.

22 A. Would you then say that the facility that
23 connects the CLEC to the ISP that the ISP doesn't pay
24 for specifically, the cost of that is included in the
25 service that the CLEC is charging the ISP for, I mean

0121

1 they have allocated costs for that particular transport?

2 Q. I think you can make that assumption, that
3 whatever service charges that the CLEC makes to the ISP
4 recover the costs, recover all of the CLEC's costs
5 including that dedicated transport.

6 A. If that was the case, then it would be
7 difficult not to call it FX. What I'm having a
8 difficulty with is the distance would be different for
9 each possible customer. In a classic FX case, the
10 customer pays the, I hate to say the hated tariff word,
11 but the tariffed price for that transport, and it varies
12 by mile. And in the case you're saying, it appears that
13 it would be the same for all customers whether the
14 distance was six inches or ten miles. So, you know,
15 then it does differ. But as long as that cost would be
16 covered for each customer, then I'm assuming that would
17 be an FX-like service.

18 Q. Okay. And I guess part of the point of the
19 question is to focus on whose perspective you're looking
20 at. I mean you were just explaining about the customer,
21 whether the ISP customer is paying for all of the CLEC's
22 costs. And in addition when you are discussing foreign
23 exchange service, you're talking about the customer who
24 obtains the foreign exchange service actually paying for
25 the private line between one local calling area and the

0122

1 actual physical location of the customer. And so one of
2 the things I'm trying to understand is whether that
3 means in your mind or in Staff's mind, is the decisive
4 factor what the customer pays for that service?

5 A. And I only say that because that is the way
6 it's described in the tariff for the LECs involved, not
7 just Qwest, but all of the LECs other than CLECs in the
8 state of Washington. And actually even some of the
9 CLECs have a price list that states it the same way,
10 it's the responsibility of the customer to pay for that.

11 Q. Right, but then you also discuss in your
12 testimony the concern with arbitrage, and does the
13 arbitrage have to do with what the end user customer
14 pays or has to do with the intercarrier compensation?

15 A. I think it's obviously the intercarrier
16 compensation where one carrier receives the majority of
17 its revenue from other carriers other than from the
18 customer they're selling the service to.

19 Q. So in that sense, if in your view the CLEC is
20 recovering its costs, its transport costs from one local
21 calling area to the other from an end user customer,
22 then there wouldn't be the arbitrage, because whatever
23 additional moneys it may collect, the CLEC may collect
24 in its reciprocal compensation, are not somehow
25 cross-subsidizing its end user service cost; is that an

0123

1 accurate characterization?

2 A. I think so, looking at the confused picture I
3 drew myself.

4 Q. And I apologize, but for the snow I would be
5 there, and we could draw the pictures together.

6 A. We may again.

7 Q. In your testimony, and this is something that
8 you discussed with Mr. Rogers and I'm looking for it
9 now, you were talking about some other cases the
10 Commission has looked at that it concluded were
11 inappropriate. It's on actually page 23 of your
12 testimony, the full bypass action. Do you see where I'm
13 referring to?

14 A. Yes, I do.

15 Q. Okay. And in one set of those is what's
16 called EAS bridging, I don't know that you used that
17 term, but are you familiar with that term?

18 A. Yes, I am.

19 Q. And what is your understanding of the reason
20 that the Commission gave for concluding that that was
21 inappropriate? I mean because if you look at the
22 guidelines or the rules themselves, certainly one could
23 make a call within an EAS and then make another call, a
24 separate call, if you wanted to use say call forwarding,
25 and on the face of it that would seem to be appropriate.

0124

1 Do you recall what the Commission's rationale was for
2 saying --

3 A. I believe it's because the companies involved
4 were not telecommunications carriers.

5 Q. Okay. So if, for example, a CLEC were to
6 provide a service where it provided customers a calling
7 number that would then be automatically forwarded into
8 another EAS area and have that as a local call, is that
9 something that you think the Commission would find was
10 appropriate?

11 A. My understanding of what you said is similar
12 to one of the DRs that you sent, that a company gets a
13 telephone number and call forwards it, remote call
14 forward feature, to a telephone number in another local
15 calling area, whereby the customers calling the original
16 number have a free call, but the call forwarding action
17 creates a second call between two local calling areas,
18 and that's a long distance call, and access charges
19 apply.

20 Q. Right, and that's I guess what I wanted to
21 explore a little bit, and let's use our same example of
22 Olympia and Seattle. And same ISP is in Seattle and the
23 CLEC who is serving the ISP, and in this case the CLEC
24 provides a service whereby it's a call forwarding kind
25 of situation, the ISP gets a local telephone number in

0125

1 Olympia that the customers call, and then that call is
2 automatically forwarded up to a number in Seattle. In
3 your view, is that service appropriate?

4 A. If I understood it correctly and if I'm
5 looking at my drawing I made from the data request, it's
6 appropriate because the long distance call that's
7 created meets all the rules. It's a classic long
8 distance call, and access charges, both originating and
9 terminating, are paid for, even though the originating
10 customer makes a free call within the same local calling
11 area.

12 Q. Okay, well, and I wanted to explore your
13 statement that the access charges are paid for. The
14 ILEC that's serving the end user customer that calls the
15 ISP local number in Olympia doesn't receive access
16 charges, correct?

17 A. Did you say the originating LEC who sends the
18 call to the local telephone number?

19 Q. Right.

20 A. Doesn't get access charges, that's correct.

21 Q. Right. So if the CLEC is carrying a call all
22 the way from Olympia to Seattle, sort of acting as its
23 own IXC, then it basically is charging itself
24 originating and terminating access on that forwarded
25 call?

0126

1 A. I'm not sure I understand, can you -- that
2 isn't the picture I have written down.

3 Q. Okay. Well, you were just saying that the
4 access charges are paid when you have that scenario, the
5 call forwarding scenario, and I'm just trying to explore
6 who is paying and who is charging the access charges in
7 that scenario.

8 A. Okay, to start with, since I'm looking at a
9 drawing I made, can we assume to start with that it's
10 three different carriers, and then we can move to your
11 explanation?

12 Q. If you want to start that way, that's fine,
13 if it's clearer.

14 A. Okay. A customer served by a LEC, oh, this
15 is really complicated without being able to draw it,
16 there's a customer served by a LEC in local calling area
17 B who has a telephone number in local calling area B
18 which is then call forwarded to another telephone number
19 or telephone, yeah, telephone number, I'm sorry, in
20 local calling area C.

21 Q. I was trying to use Olympia and Seattle
22 rather than B and C.

23 A. Okay, well, we can do that, let me try it
24 again. A customer whose physical presence is in Seattle
25 wants to be able to get calls from Olympia so that the

0127

1 originating customers in Olympia don't have to make a
2 long distance call.

3 Q. Correct.

4 A. So the customer in Seattle pays for a local
5 Olympia telephone number and uses what I believe is a
6 feature called remote call forwarding that automatically
7 call forwards that telephone number in Olympia for every
8 call to the customer's existing telephone number in
9 Seattle.

10 Q. Correct.

11 A. Okay. Now an Olympia customer calling the
12 Olympia telephone number would be a free call, and the
13 carrier or carriers involved, there would be no access
14 charges.

15 Q. Right.

16 A. But the call forward feature invokes the
17 feature and creates essentially a second call between
18 Olympia from the call forwarded telephone number to the
19 Seattle telephone number, and that call between the two
20 LECs involved with maybe an IXC in between would have
21 access charges applying. The Olympia LEC would get
22 originating access charges, and the terminating LEC in
23 Seattle would get terminating access charges.

24 Q. And if it was all one carrier, if one CLEC
25 did the whole thing from soup to nuts from carrying the

0128

1 call, getting the handoff of a call in Olympia,
2 transporting it up to Seattle, and terminating it to the
3 ISP, then in that circumstance it wouldn't pay itself
4 access charges, would it?

5 A. Well, it would probably allocate those. If
6 it was an IXC as well as a CLEC, I would assume that a
7 carrier would always allocate those charges to itself,
8 to its other entity. I mean the access charges apply,
9 so I'm assuming that if it was, and I don't know if it's
10 legal for that particular CLEC to be a intraLATA long
11 distance carrier, an IXC, that it would allocate those
12 access charges in some way so the bookkeeping is taken
13 care of, and then the money passes between itself.

14 Q. Okay. And if the CLEC under those
15 circumstances were to charge its ISP customer a flat
16 rate, not a per minute rate for toll service or anything
17 else, just your service for doing this is X dollars per
18 month, would that change your answer?

19 A. The reason I'm taking time is I'm not sure
20 how that scenario actually plays out, if that's a legal
21 scenario. If the CLEC is an IXC also, then I'm not sure
22 it has a choice but to pay per minute. I just honestly
23 don't know.

24 Q. Okay. Well, are you aware that there are
25 flat rated long distance call plans?

0129

1 A. Yes, I am, in a bundle type services, but I
2 don't think that applies to access charges, it applies
3 to what the customer pays or doesn't pay for a long
4 distance call.

5 Q. Right, and that's all I'm focusing on, again
6 the difference between intercarrier compensation and
7 compensation of the carrier from its end user customer,
8 and I'm just -- my only reason to ask the question is
9 whether it makes a difference what the end user customer
10 pays as opposed to what the carriers pay to each other?

11 A. I think particularly in a competitive LEC, if
12 the company chooses to lose money on every call because
13 it wants a particular customer, if that's their business
14 plan, then it's okay for them to do that. I don't think
15 there's many of them that would, but I believe it's
16 their choice to set that rate to make money or not make
17 money.

18 Q. But at least from your position in terms of
19 analyzing that service from the point of view of whether
20 it complies with Washington law and industry guidelines
21 as far as we have outlined it in the hypothetical
22 scenario that we have just discussed, that doesn't run
23 afoul of Washington law or industry guidelines in your
24 view?

25 A. In the hypothetical as you have outlined it,

0130

1 I believe that you're correct. In the hypothetical I
2 don't understand the CLEC and whether it's, you know, a
3 combination CLEC/IXC. But as you have outlined it in a
4 hypothetical, yes, that's true, I don't believe it does
5 run afoul.

6 MR. KOPTA: Okay, those are all of my
7 questions, thank you.

8 THE WITNESS: Hypothetically?

9 MR. KOPTA: No, realistically.

10 MS. ANDERL: May I ask a question or two.

11

12 E X A M I N A T I O N

13 BY MS. ANDERL:

14 Q. Mr. Williamson, Lisa Anderl for Qwest, hi.

15 A. Hi.

16 Q. With respect to the example that Mr. Kopta
17 just gave you of, well, not just, but a little while ago
18 where he was talking about a CLEC providing their own
19 transport for example from Olympia to Seattle.

20 A. Yes.

21 Q. And I believe that you responded that that
22 seemed like it might be an FX-like service; is that
23 correct?

24 A. Yes, I believe I did.

25 Q. Isn't it true that in a true FX service, the

0131

1 carrier who offers that service also incurs functionally
2 as a part of that service a local switching function?

3 A. Yes, that's true.

4 Q. And presumably charges the end user customer
5 for that local switching function by virtue of requiring
6 them to buy local service in the distant local calling
7 area?

8 A. Yes, that's true.

9 Q. Okay. And in the example that Mr. Kopta gave
10 you, was there any parallel that would pick up that
11 local switching element in terms of as a component of a
12 complete FX service?

13 A. I don't believe that there is, I believe the
14 originating -- I have to draw a picture again, it's
15 getting late. In the case of the CLEC, the FX customer,
16 FX-like customer, doesn't appear to be paying for local
17 service to cover the cost of switching.

18 Q. And if the call were to be handled as a long
19 distance call routed over toll trunks, et cetera, the
20 originating ILEC would be entitled to originating
21 switched access charges under that scenario?

22 A. That's true.

23 Q. In addition to some transport charges?

24 A. Yes, that's true.

25 Q. And in the scenario that Mr. Kopta gave you,

0132

1 even though the CLEC might be picking up their own
2 transport, the CLEC is in no respect compensating the
3 ILEC for the originating switched access to which the
4 ILEC would be entitled if it was routed as a toll call;
5 isn't that right?

6 A. Yes, if it was routed as a toll call.

7 MS. ANDERL: Thanks, those are my only
8 questions.

9 MR. AHLERS: This is Dennis Ahlers, I have a
10 couple questions.

11

12 E X A M I N A T I O N

13 BY MR. AHLERS:

14 Q. You discuss in your testimony how a call is
15 rated, do you know how FX calls are rated?

16 A. My understanding of your question, for an FX
17 customer, a call would be rated as if they originated or
18 terminated a call from the foreign exchange that they
19 get their service from, not their physical location.

20 Q. And how is that rating accomplished?

21 A. I'm not sure I understand, but let me try.
22 It's rated from the rate center of the central office
23 that the customer gets their service from. So if it's a
24 Seattle customer who buys FX service from Olympia, and
25 then that customer originates a call, it originates as

0133

1 if it was physically located in Olympia.

2 MR. AHLERS: Okay, thanks, that's all I have.

3 MR. THOMPSON: Is there anybody else before I

4 -- okay.

5

6 E X A M I N A T I O N

7 BY MR. THOMPSON:

8 Q. I just have one question, Mr. Williamson, and
9 that is were there any other cases that you had worked
10 on, you were talking about them with Mr. Rogers, cases
11 you had worked on at the Commission that you left out?

12 A. I had forgotten that I also wrote testimony
13 in a case that dealt with one of the LECs, Verizon, who
14 replaced a circuit switch at Mount Vernon with a packet
15 switch and then said because it was packet switching
16 that the normal rules for CLECs in this state didn't
17 apply. And I took the CLEC side in that case in a
18 losing effort. I testified that from an engineering
19 standpoint, using my black box theory, that it mattered
20 not how internally the Verizon switch switched the calls
21 to the connecting customers, including the CLECs, for
22 trunking purposes there was no difference between the
23 functionality. And I thought it was brilliant, but we
24 lost.

25 MR. THOMPSON: That's all I have, thanks.

0134

1 MR. ROGERS: Okay, I've got nothing further
2 at this point, so that should do it. We're going to ask
3 that the exhibits that were introduced be attached to
4 the record, and I will be sure that anybody who needs
5 copies of any of that gets them if they haven't received
6 them.

7 (Deposition adjourned at 2:20 p.m.)

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

0135

1

2

3

4

ROBERT WILLIAMSON

5

6

7

8

9

10 STATE OF WASHINGTON)

11) ss.

12 COUNTY OF _____)

13

14

15

16 SUBSCRIBED AND SWORN to before me this _____

17 day of _____, _____.

18

19

20

21

22

23

Notary Public in and for

24 the State of Washington, residing at _____.

25

1 C E R T I F I C A T E

2

3 STATE OF WASHINGTON)

4) ss.

5 COUNTY OF KING)

6

7 I, the undersigned Notary Public in and for
8 the State of Washington, do hereby certify:

9 That the annexed and foregoing deposition of
10 each witness named herein was taken stenographically
11 before me and reduced to typewriting under my direction;

12 I further certify that the deposition was
13 submitted to each said witness for examination, reading
14 and signature after the same was transcribed unless
15 indicated in the record that the parties and each
16 witness waive the signing;

17 I further certify that all objections made at
18 the time of said examination to my qualifications or the
19 manner of taking the deposition, or to the conduct of
20 any party, have been noted by me upon said deposition;

21 I further certify that I am not a relative or
22 employee or attorney or counsel of any of the parties to
23 said action, or a relative or employee of any such
24 attorney or counsel;

25 I further testify that I am not in any way

0137

1 financially interested in the said action or the outcome
2 thereof;

3 I further certify that each witness before
4 examination was by me duly sworn to testify the truth,
5 the whole truth and nothing but the truth;

6 I further certify that the deposition, as
7 transcribed, is a full, true and correct transcript of
8 the testimony, including questions and answers, and all
9 objections, motions, and exceptions of counsel made and
10 taken at the time of the foregoing examination.

11

12 IN WITNESS WHEREOF, I have hereunto set
13 my hand and affixed my official seal this _____ day of
14 _____, 2007.

15

16

17

JOAN E. KINN

18

19

Notary Public in and for
the State of Washington,
residing at Fall City.

20

21

22

KI-NN-*J-E401NR

23

24

25