**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS**

A. My name is Natalie J. Baker. My business address is 1875 Lawrence Street, Denver, Colorado.

**Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

A. I am employed by AT&T as District Manager, Local Services and Access Management in the Network Computing and Systems Division. I am responsible for guiding the regulatory and legislative activity associated with managing AT&T's local cost and access expenses for fourteen states in the company's Western Region.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

A. I am a candidate for a Ph.D. in Public Affairs at the University of Colorado. I also have a Masters of Business Administration degree from the University of Denver and a Masters degree in Public Administration from the University of Colorado. Additionally, I hold a B. S. in Sociology / Education from Indiana University.

**Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.**

A. I began my career with AT&T Wireless Services (formerly McCaw Cellular communications) in 1990 where I held several positions including District Manager of

Resellers, District Manager of Indirect Distribution and Retail Development Manager. On January 1, 1996, I assumed the position of Manager with AT&T's Local Infrastructure and Access Management organization in the Network Computing and Systems Division. In December, 1998, I was promoted to the position of District Manager of the combined Local Cost and Access Management Group. In my current position, I have responsibility for access expense management for interstate and intrastate jurisdiction as well as local cost management for fourteen states.

**Q. WHAT IS THE PURPOSE OF YOUR RESPONSIVE TESTIMONY?**

A. The purpose of my testimony is two-fold. First, I respond to the policy and pricing proposals, more accurately, non-proposals of Verizon Northwest, Inc. ("VNI") and Qwest Corporation ("QWC") for intrabuilding network cable. The recommendations for what is termed "intra-building riser cable" by VNI and "inside wire" by QWC are incomplete, thus inadequate, as set forth in the Direct Testimony of Ms. Million on behalf of QWC and that of Mr. Trimble on behalf of VNI. As a result, they do not and cannot possibly contribute to the promotion of *facilities*-based competition in Washington.

Nowhere is the timeliness of this issue more critical than with competitive access to multiple dwelling units (MDUs) and other campus-like applications. Competitive access to MDUs is a contested issue at the forefront of facilities based competition for local telecommunications services.

Second, and in order to avoid unnecessary barriers to competitive entry, AT&T provides the Commission with an alternative proposal (interim, if need be) that is comprehensive; consistent with the 1996 Act and the FCC's UNE Remand Order; and similar to policy, hence pricing, that has been adopted in other jurisdictions.

**Q. HOW IS YOUR TESTIMONY ORGANIZED?**

A. My testimony is organized into three sections. In Section I, I define and explain the importance of pro-competitive rates and terms and conditions for "Intrabuilding Network Cable" [1] to the development of facilities-based competition, in Washington.

[1] Intrabuilding network cable is defined in C.F.R. Section 32.2526. I am assuming that the terms employed by VNI and QWC are in reference to the same thing. Elsewhere this is also referred to as "house and riser cable."

In Section II, I demonstrate why the proposals set forth by QWC and VNI are inadequate and, therefore, should be rejected by the Washington Commission.

In Section III, I respond to the ILEC non-proposals with an alternate / interim pro-competitive solution for appropriate rate elements, rates, terms and conditions for CLEC access to QWC's and VNI's intrabuilding cable. While terms and conditions per se may not have been the intent of this proceeding, it is impossible to separate them cleanly from pricing when they have not been addressed in the first instance.

A constant theme throughout this testimony is that this issue is front and center both in other states and before the FCC, thus AT&T ultimately makes the recommendation that the Washington Commission should, absent complete information, establish a separate track within this docket for this important pro-competitive issue.

**Q. HAVE YOU PROVIDED MATERIAL IN THE FORM OF EXHIBITS THAT WILL AID THE COMMISSION IN CRAFTING A SOLUTION FOR INTRABUILDING NETWORK CABLE?**

A. Yes, I have provided exhibits that (a) describe intrabuilding cable arrangements proposed by Verizon in other jurisdictions as a preview to what one would expect under its BFR recommendation here; (b) depict AT&T's solution for intrabuilding cable appropriate for both ILECs; and (c) describe intrabuilding cable policy in other jurisidictions.

## I. NONDISCRIMINATORY ACCESS TO INTRABUILDING NETWORK CABLE IS ESSENTIAL FOR THE DEVELOPMENT OF FACILTIES BASED COMPETITION.

**Q. FIRST, IS THERE A DEFINITION FOR INTRABULIDING NETWORK CABLE THAT IS APPLICABLE FOR BOTH ILECS?**

A. Yes. That definition is found in C.F.R. § 32.2526. According to this regulation, "intrabuilding network cable" is defined as "cables and wires located on the company's side of the demarcation point or standard network interface inside subscriber's buildings or

between buildings on one customer's same premises." For clarity, I will use the term "intrabuilding cable."

**Q. IS THE PHRASE "STANDARD NETWORK INTERFACE" USED IN THE DEFINITION ABOVE THE SAME AS THE NID?**

A. Yes, however, with respect to multiple dwelling units this construct, particularly as it relates to the rate demarcation point, has been unnecessarily complicated by claims and counterclaims about other terms such as "building entrance terminal," "minimum point of entry" (MPOE) and "single point of interconnection" (SPOI) as though they are all interchangeable.

As will soon become apparent, additional complication has been introduced here by the existence of a fundamental disagreement between VNI and QWC about how costs for intrabuilding network cable should, could, or have been, developed.

**Q. PLEASE DEFINE BUILDING ENTRANCE TERMINAL.**

A. Building entrance terminal or, as the FCC prefers in its UNE Remand Order, [2] the MPOE, is defined as a technically feasible point of interconnection near the customer premises where a technician can access the wire or fiber within the cable. (FCC Remand Order at ¶206).

To avoid confusion with the FCC, I will conform to the use of MPOE.

**Q. IS THIS THE SAME AS THE NID?**

A. No. They are separate network elements, but they can be located at the same physical location or in close proximity. The NID is located at the customer's premises and represents the juncture of an exchange carrier's loop and an end user's inside wiring. The NID serves as both a demarcation point and as protection against voltage surges caused by lightning and inadvertent contact between commercial power cable and telephone cable.

[2] Third Report and Order and Fourth Further Notice of Proposed

**Q. PLEASE COMBINE THESE CONSTRUCTS BEGINNING WITH INTRABUILDING CABLE.**

A. Intrabuilding cable is a facility (metallic or non-metallic) in the network between the MPOE for a building where the premises of a customer is located and the NID, which is both the rate demarcation point for such a facility and the protection block. The MPOE and the NID may or may not be at the same physical location.

**Q. GENERALLY, WHAT IS THE IMPORTANCE OF INTRABUILDING CABLE FOR THE DEVELOPMENT OF FACILITIES-BASED COMPETITION?**

A. Intrabuilding cable provides a facilities-based CLEC such as AT&T with access to facilities between the network side of the network interface of the CLEC's end user (usually on the floor where the end user is located), and a point of interconnection (usually in the basement) on the same premises where the network side of intrabuilding cable facilities terminate.

Rulemaking, released 11/5/1999, FCC 99-238.

**Q. PLEASE EXPLAIN WHY IT IS IMPORTANT FOR THE WASHINGTON COMMISSION TO ESTABLISH THE PROPOER RATE DESIGN AND RATES FOR THIS NETWORK ELEMENT.**

A. Rates for intrabuilding network cable must be set properly to ensure facilities-based competition will occur for *residential and business* local telephone service. In Washington, a CLEC planning to use its own facilities to serve customers in multi-dwelling units frequently will have to interconnect with facilities owned or controlled by VNI or QWC.

The FCC's UNE Remand Order provides the underlying logic between access to subloops, hence intrabuilding cable, and the important role it plays in the natural evolution to facilities based competition.

First, Paragraph 205 explains the access / no access dichotomy in the broad context of subloop elements:

> We find that the lack of access to unbundled subloops materially diminishes a requesting carrier's ability to provide service that it seeks to offer. We also conclude that access to subloop elements is likely to be the catalyst that will allow competitors, over time, to deploy their own complementary subloop facilities, and eventually to develop competitive loops.

Next, with respect to technically feasible interconnection points, at Paragraph 207, the FCC states:

> We believe that a broad definition of the subloop that allows requesting carriers *maximum flexibility* to interconnect their own facilities at these points where technically feasible will best promote the goals of the Act. (emphasis added)

Explicit reference to multiple-dwelling units is found at Paragraph 216.

> In particular, a facilities-based provider's ability to offer service in a multi-unit building or campus may be severely impaired if it must install duplicative inside wiring.

Closing this "loop", the FCC at paragraph 219 articulates the linkage between access to intrabulding cable and the development of facilities based competition.

> Access to unbundled subloop elements allows competitive LECS to self provision part of the loop, and thus, over time, to deploy their own loop facilities, and eventually to develop competitive loops. If requesting carriers can reduce their reliance on the incumbent by interconnecting their own facilities closer to the customer, their ability to provide service using their own facilities will be greatly enhanced, thereby furthering the goal of the 1996 Act to promote facilities-based competition.

It is absolutely critical to ensure that the terms, conditions and rates for access to VNI and QWC's elements are set appropriately now. Failure to do so will cause irreparable harm to facilities-based competition for residential and business local telephone service.

**Q. HAS THE FEDERAL COMMUNICATIONS COMMISSION TARGETED COMPETITIVE ACCESS TO MDUS FOR FURTHER INQUIRY?**

A. Yes, the Commission initiated WT Docket No. 99-217 specifically to assess the ability of competing telecommunications carriers to gain access to residential and commercial customers in multiple tenant environments, and to request comment on ways in which such access might be improved. As the Commission notes in paragraph 29 of its NPRM and Notice of Inquiry for this docket:

> Access by competing telecommunications service providers to customers in multiple tenant environments is *critical* to the successful development of competition in local telecommunications markets. As of 1990, approximately 28 percent of all housing units nationwide were located in multiple dwelling units, and that percentage is likely growing. In addition, many businesses, especially small businesses, are located in multiple tenant environmnents. If a significant portion of these housing units and businesses is not accessible to competing providers, that fact could seriously

detract from local competition in general and from the availability of competitive services to "all Americans." (emphasis added)

**Q. DO WE KNOW EXACTLY WHAT MEASURES THE COMMISSION HAS TAKEN TO IMPROVE ACCESS TO MDUS?**

A. Not yet, however, according to its press release of October 12, 2000, [3] we do know that the FCC has:

- Forbidden local service providers from entering into exclusive contracts with commercial building owners that might prevent the owners or their agents from permitting access by other carriers;
- Adopted rules making it easier for building owners to request that the incumbent carrier's rate demarcation point be moved to the MPOE from points further inside the building. This change is intended to reduce the extent to which competitive carriers must rely on the incumbent to gain access to on-premises transmission facilities;

[3] Attached as Exhibit NJB-1.

- Required incumbents to disclose, in a timely manner, the locations of any demarcation points that are *not* located at the MPOE;
- Ruled that incumbents must, under Section 224 of the Act, provide reasonable and nondiscriminatory access to conduits and rights-of-way located on customer premises that are under its control; and
- Adopted rules making it easier to install fixed wireless facilities for provision of local services on premises rooftops.

**Q. HOW HAS THE COMMISSION EXTENDED ITS INQUIRY INTO THIS ISSUE?**

A. The FCC acknowledges that the measures outlined above, while necessary, may not be sufficient to ensure nondiscriminatory access to MDUs for competing local service providers. As a result, it has adopted a Further Notice of Proposed Rulemaking seeking comment on, among other issues, (a) the current state of competition for the provision of telecommunications services in multi-tenant environments, (b) the possibility of extending to residential buildings its prohibition of exclusive contracts, and (c) the

desirability of prohibiting contracts granting preferences other than exclusive access to specific carriers.

**Q. HOW WILL THE ESTABLISHMENT OF INTRABUILDING CABLE RATES, TERMS AND CONDITIONS AFFECT COMPETITION FOR RESIDENTIAL AND BUSINESS LOCAL TELEPHONE SERVICE?**

A. Nationwide, AT&T currently serves more than 300,000 customers with local telephone service on its own facilities. To serve residential and business customers located in multi-tenant buildings, AT&T has negotiated with building owners to get their approval to offer local telephone service to their tenants. Building owners, including building owners in Washington, have informed AT&T that utilities such as QWC and VNI often own or control *de facto* the intra-building cabling on their property necessary to access their tenants. Therefore, if AT&T is to offer local telephone service in competition with QWC and VNI, it must be granted prices, terms, and conditions to intra-building cabling that are non-discriminatory.

## II. PRO-COMPETITIVE, NONDISCRIMINATORY ACCESS TO INTRABUILDING NETWORK CABLE IS NOT ASSURED BY ILEC PRICING PROPOSALS.

**Q. WHAT IS THE FIRST OBSERVATION THAT THE WASHINGTON COMMISION SHOULD MAKE WITH RESPECT TO THE PRICING PROPOSALS OF QWC AND VNI?**

A. There is a fundamental disagreement contained in the direct testimony of the two incumbents about rate design and cost development for intrabuilding cable. VNI states that it is "introducing a new UNE: Intrabuilding riser cable, which is a form of inside wire that is owned by the Company." [4] Furthermore, "[t]hese facilities are inherently location or customer-specific, and therefore no cost model can be expected to calculate reasonable average costs for them." [5]

QWC, on the other hand, argues that "since the investment for inside wire is already included in the

[4] Direct Testimony of Dennis B. Trimble on behalf of Verizon Northwest, Inc., August 4, 2000, p. 26.

[5] *Id.*

rate development for the distribution portion of the loop" no further analysis is warranted. [6]

**Q IS THIS DISAGREEMENT SIGNIFICANT?**

A. Yes. First, statewide average loop rates were established by this Commission for both carriers in prior proceedings. According to QWC, the loop cost methodology included, to some extent, intrabuilding network cable investment. Inclusion of this investment, therefore, resulted in upward pressure on the total loop cost. But, following VNI's logic that "no cost model can be expected to calculate reasonable average costs," it must be concluded that one and / or both of these carriers has a commission ordered loop rate that is overstated.

Furthermore, VNI also testifies that it "may not own any inside wire connected to a specific customer or deployed in a specific area (emphasis in the original)."[7] To the extent that this is true, the conclusion is the same -- potentially overstated loop costs, at least for VNI.

[6] Direct Testimony of Teresa K. Million on Behalf of Qwest Corporation, August 4, 2000, p.15.

The prospect of overstated loop costs for CLECs wishing to provide service to residential customers is significant. One has only to compare the wholesale rate for the loop with the current residential retail rate for local service to conclude that the natural evolution of facilities-based competition may have been seriously disrupted. AT&T's concern is underscored by the analysis of the state of competition in Washington in Phase A of this Docket as presented by AT&T witness Joseph Gillan.[8]

**Q. WHAT RATE ELEMENT DOES QWC PROPOSE AS A PROXY FOR INTRABUILDING NETWORK CABLE?**

A. It is not entirely clear, but what I conclude from QWC's testimony is that it intends to apply the deaveraged price for its distribution sub loop rate element as a proxy for intrabuilding cable.

**Q. DOES AT&T AGREE WITH THIS APPROACH?**

No. Given (a) Commission ordered loop rates in a prior proceeding, and (b) Commission ordered deaveraged UNE

[7] Trimble Diect, p.26

zones,[9] QWC's *methodology*, for the determination of subloop rate elements may appear logical. However, QWC's proposal is quite ambiguous as to whether QWC is proposing total distribution subloop as the rate element, drop subloop as the rate element and /or the two combined as the rate element. In any event, the rate is to be further refined by the application of geographic deaveraging.

Sub-loop unbundling requires ILECs to unbundle the loop at any technically feasible point. Intrabuilding network cable is a small supplement of the loop. Failure to unbundle this sub-loop component will result in rates thatwill be ill-conceived and excessive.

**DOES AT&T HAVE ANY EXPERIENCE THAT LEADS YOU TO CONCLUDETHAT THE INTENDED RATE ELEMENT IS THE COMBINED DISTRIBUTION/DROP FOR INTRABUILDING CABLE?**

**A.** Yes. It is my understanding that QWC has attempted to charge AT&T approximately $12.00 for access to inrabuilding cable in Washington. Coincidentially,

[8] *See* Direct Testimony of Joseph Gillan on Behalf of AT&T Corp., filed May 19, 2000. Docket No. UT- 003013 (Phase A), Table 1, p. 5.

$12.00 represents approximately 70% of the statewide average loop cost (i.e., 0.7 X $18.17 = $12.17) for QWC in Washington. This proportion is roughly equivalent to the 70/30 split between distribution and feeder set forth in QWC's testimony.[10]

**Q. WHY WOULD GEOGRAPHICALLY DEAVERAGED DISTRIBUTION BE INAPPROPRIATE FOR INTRABUILDING CABLE?**

A. The combination of distribution with geographic deaveraging is inappropriate for several reasons. First, geographic deaveraging applied to intrabuilding network cable is out of context. Geographic deaveraging is applicable to outside plant in order to account for the variance in investment and expense associated with that plant. It defies logic, however, to assign the same determinates of cost difference in outside plant that traverses different geographic conditions i.e., soil conditions, bed rock and the like, to wires that are located inside a building -- most of which are governed by *uniform* building *codes* and other industry *standards*. These uniform standards and building codes are designed to ensure construction

[9] *See* Million Direct, p.12.

[10] *Id.*

uniformity within the structure; not to apply geographic differences that exist outside the building. Unless QWC can provide evidence to the contrary, it should be assumed that the rates for these cables do not vary significantly because of their location in the QWC study area.

Moreover, intrabuilding cable is, as explained in the testimony of Mr. Tom Weiss, appropriately delineated from distribution, "at virtually all points of demarcation," i.e, at the point of interconnection to intrabuilding cable for the CLEC. Beyond that point of interconnection, intrabuilding cable "must both be considered as separate supplements of the loop and therefore priced as such."[11]

**Q. HAS QWC PROPOSED ANY OTHER CHARGES ASSOCIATED WITH INTRABUILDING CABLE?**

A. No. Nonetheless, AT&T's experience with this issue in Washington sheds light on the deceptive nature of QWC's pricing proposal. At this writing, QWC has

[11] Direct Testimony of Tom Weiss on Behalf of Joint Intervenors, October 23, 2000, pp. 26, 27.

demanded from AT&T additional fees for access to MDUs including the following:

- $800.00 preparation fee per location for the grooming of 50 wires or 25 pairs at a given location regardless of the take rate and /or maximum occupancy of that building. AT&T pays for all pairs whether it uses them or not.

- $350 parts and labor to construct a common interconnection box at each location. This cost is borne solely by AT&T regardless of how many CLECS ultimately make use of it.

These two charges alone total $1,150 per location before the imposition of the monthly, geographically deaveraged, distribution charge.

More, importantly, however, this constitutes an unnecessary intermediate cross connect device that is not required by the FCC and is patently discriminatory.

**Q. WHAT INSIGHTS DO YOU HAVE RELATIVE TO VNI'S BFR PROPOSAL?**

A. In stark contrast to the seemingly simple BFR proposal here, in New Jersey, Verizon has proposed a complicated cat's cradle of rates, terms, and conditions.

With respectct to rate design, it has proposed fixed and variable recurring charges for intrabuilding cable as follows:

Fixed:

- Basement Terminal Investment: covers the backboards blocks, and cable in the basement.
- Basement Cable Investment: covers the cable from the basement terminals to the vertical riser cable.
- Upper Floor Terminal Investment: covers the block, backboard, and connecting cable on the destination floor.

- Variable:
  - Cable Investment: covers the vertical riser cable.

**Q. WHAT OTHER RATES ARE DERIVED FROM THE TERMS AND CONDITIONS IT HAS PROPOSED?**

A. Most egregiously, Verizon-NJ has proposed an *intermediate* device from which unnecessary activity, hence charges are derived. [12]

Specifically, Verizon requires a 50 pair intermediate cross connect device be installed between the CLEC terminal block where CLEC distribution facilities are terminated at the building owner's premise and the terminal block where Verizon's Intrabuilding Cable terminates.

If Verizon provides the 50 pair terminal block, the charge will be for all 50 pair, whether one wire pair or fifty wire pair are terminated. Verizon will also apply Time and Material charges associated with Verizon performing the cross connect work between the intermediate cross connect block and the house and riser terminal block, regardless of who constructs the intermediate cross connect device.

Moreover, Verizon will not permit pre-wiring of these cross connects. Refusal to permit pre-wiring means that, if the CLEC signs up customers one at a time, there would have to be a separate dispatch of Verizon technicians each time a customer is turned up. The constraint against pre-wiring, in turn, drives up costs, hence prices.

Notably, Verizon does not pre-wire to an intermediate cross connect device to provide service using intrabuilding cable in its own retail operations.

**Q. PLEASE SUMMARIZE THE UNAREASONABLENESS OF THE VERIZON-NJ PROPOSAL FROM THE POINT OF VIEW OF A FACILITIES-BASED COMPETITOR.**

A. In sum, under the Verizon-NJ proposal, in order for a CLEC to lease intrabuilding cable, each of the recurring rates above would be applied. A CLEC would also be prohibited from direct access to Verizon's intrabuilding cable terminal block, requiring a separate dispatch of Verizon technicians each time a customer switched to a competitor. During the dispatch the Verizon technician would jump a pair of wires to an intermediate and completely unnecessary

cross connection device at the building owner's property.

The task of jumping a pair of wires to the intrabuilding cable terminal block at the building owner's property could be performed by the competitors' technicians without incurring the costs and delays associated with dispatching additional Verizon technicians. Non-recurring charges associated with time and material for the Verizon dispatch would always be incurred.

Finally, Verizon proposes to charge the CLEC for construction of intermediate terminal blocks in minimum 50 pair increments.

**Q. DO YOU CONCLUDE THAT BOTH ILEC PROPOSALS ARE ANTI-COMPETITIVE AND DISCRIMINATORY?**

A. Yes. On their face, both proposals, as set forth in testimony, are deceptively simple. In practice, however, AT&T's experience both in Washington and elsewhere proves they result in, or are very likely to

result in, discriminatory and anti-competitive behavior.

## III. THE WASHINGTON COMMISSION MUST CRAFT PRO-COMPETITIVE POLICY/PRICING FOR ACCESS TO INTRABUILDING NETWORK CABLE.

**Q. WHAT PRICING POLICY PRINCIPLES SHOULD THIS COMMISSION EMPLOY IN ORDER TO PROMOTE FACILITIES BASED COMPETITION IN WASHINGTON?**

A. First, any claimed charges, terms and conditions for intrabuilding cable must not differ from those that either ILEC would incur to provide intrabuilding cable to its own retail customers.

Second, the rates, terms and conditions must not assume the existence of unnecessary and redundant equipment that the ILEC would not place when offering retail services that rely on intrabuilding cable.

Finally, placement of equipment should not require coordinated dispatches of ILEC and CLEC installation technicians when the CLEC wins an existing retail local customer if the ILEC avoids that same practice

in its own retail operation or in the event it wins the same customer back. To do otherwise is discriminatory.

**Q. THE FCC HAS ESTABLISHED A "BEST PRACTICES PRESUMPTION" FOR INTRABUILDING CABLE?**

A. Yes. In connection with appropriate sub-loop unbundling practices, the FCC established a best practices presumption as stated below:

> ***once one state has determined*** that it is technically feasible to unbundle subloops at a designated point, it will be presumed that it is technically feasible for any incumbent LEC, ***in any other state***, to unbundle the loop at the same point everywhere. (emphasis added, FCC UNE Remand Order,Paragraph 227).

**Q. HAVE BEST PRACTICES BEEN ESTABLISHED FOR INTRABUILDING NETWORK CABLE IN ANY OTHER STATE?**

A. Yes. Under the FCC's presumption, Massachusetts has established best practices that are applicable to Verizon in Washington. Georgia also has established best practices that should be adopted by this Commission.

**Q. PLEASE SUMMARIZE THE MASSACHUSETTS ORDER FIRST.**

A. In the Order, adopted on August 21, 2000, in D.T.E. 98-36-A, the Massachusetts Department of

Telecommunications and Energy ruled that owners / controllers of rights-of-way in commercial buildings and MDUs must provide non-discriminatory access to these rights-of-way.

**Q. WHAT RATIONALE DID THE DEPARTMENT PROVIDE FOR ITS DECISION?**

A. The Department reached this decision because of its belief that non-discriminatory access would promote competition. The Order, in pertinent part, states:

> [t]he Department affirms the need for its Final Regulations to ensure that a utility imposes upon its own or affiliated telecommunications and cable services the same rates it imposes on competitors. A utility that itself competes in the markets for telecommunications and cable services, either directly or through an affiliate or associate company, must not use its ownership and control of pole attachments, ducts, conduits and rights-of-way to favor itself or its affiliates. Preferential treatment discriminates against unaffiliated competitors and prevents the development of the competitive market (p.45).

A copy of the full Order is attached as Exhibit NJB-2.

**Q. PLEASE SUMMARIZE THE PORTIONS OF THE GEORGIA ORDER THAT SHOULD BE ADOPTED BY THE COMMISSION IN CRAFTING WASHINGTON'S PRICING POLICY FOR INTRABUILDING CABLE.**

A. In its Order dated December 21, 1999, approving an Interconnection Agreement Between MediaOne Telecommunications of Georgia, LLC (now AT&T) and Bell South Telecommunications, Inc., the Georgia Commission adopted MediaOne's proposal for direct access to "only one connector from the wiring closet to the individual units. Thus, the presence of multiple technicians is not required to change service." The Commission also concluded that the CLEC must assume full liability for its actions and for any adverse consequences that could result. The GA PSC Order in Docket 10418-U, et.al is attached to this testimony as Exhibit NJB-3.

**Q. BY REQUIRING THE CLEC TO ASSUME FULL LIABILITY FOR ITS ACTIONS, THE GEORGIA COMMISSION APPEARS TO BE REQUIRING FULL INDEMNIFICATION FOR ADVERSE CONSEQUENCES ASSOCIATED WITH THE ACTIONS OF CLEC TECHNICIANS.**

A. The bottom line for AT&T is competitive neutrality. Said differently, AT&T supports this notion as long as

full indemnification for adverse consequences is determined in a non-discriminatory manner.

Non-discrimination means that the appropriate indemnification for adverse consequences should be determined from the tariffed terms and conditions that VNI and QWC rely on when actions by their respective technicians result in service outages to their own retail customers. This is non-discriminatory because the ILEC end user customer gains no extra advantage or is subject to any added disadvantage if an ILEC or a CLEC technician inadvertently causes a service outage.

**Q. DOES AT&T VIEW THE GEORGIA ORDER AS HAVING ESTABLISHED A BEST PRACTICES MODEL FOR ACCESS TO INTRABUILDING NETWORK CABLE?**

A. Yes. In AT&T's view, the burden rests with the ILECs to prove that their own situations differ to such an extent that the Georgia direct access arrangement is not technically feasible in Washington.

**Q. ARE THERE SIGNIFICANT TECHNICAL BARRIERS ASSOCIATED WITH DIRECT ACCESS TO THESE RIGHTS-OF-WAY?**

A. No.

**Q. DOES THE PRACTICE OF REQUIRING THE INSTALLATION OF A MINIMUM PAIR TERMINAL BLOCK SOLELY FOR CLECS CONSTITUTE A PRO-COMPETITIVE SINGLE POINT OF INTERCONNECTION?**

A No. A requirement to require an additional block for each CLEC clearly ignores the provision of the FCC's UNE Remand order calling for a single point of interconnection.

> Although we do not amend our rules governing the demarcation point in the context of this proceeding, we agree that the availability of a single point of interconnection will promote competition. To the extent there is not currently a single point of interconnection that can be feasibly accessed by a requesting carrier, we encourage parties to cooperate in any configuration of the network necessary to create one. If parties are unable to negotiate a reconfigured single-point of interconnection at multi-unit premises, we require the incumbent to construct a single point of interconnection that will be fully accessible and suitable for use by multiple carriers.

FCC UNE Remand Order at ¶226 (emphasis added).

**Q. HOW DO YOU RECOMMEND THAT THE COMMISSION AVOID HAVING TO ADDRESS A POTENTIALLY COSTLY WEB OF UNSTRUCTURED CHARGES THAT AT&T HAS BEEN CONFRONTED WITH BY VNI AND QWC FOR INTRABUILDING CABLE?**

A. In addition to the pricing issues that I have raised, intrabuilding cable rates must contemplate a single point of interconnection and not include costs for additional equipment, like an intermediate terminal that only CLECs would incur.

intrabuilding cable rates are to be based upon a costing approach that is forward-looking and that presumes the existence of multiple carriers, has a single point of interconnection, and does not disadvantage CLECs by requiring them to pay for additional unneeded equipment and technician dispatches. AT&T's costing and pricing approach to this issue is depicted in a diagram shown on Exhibit NJB-4 attached to this testimony.

AT&T's recommended course of action stands in stark contrast to that proposed by Verizon in New Jersey

which is also attached to this testimony as Exhibit NJB-5.

Exhibit NJB-4 depicts how intrabuilding cable should be offered. The diagram depicts a single point of interconnection, without additional equipment and cross connections for CLECs. That is, it only includes equipment and cross connections that VNI or QWC would need to provide service to its own retail customers.

AT&T's proposal recognizes that QWC, VNI and CLECs incur cross connection charges to interconnect to the single point of interconnection. As a matter of fundamental fairness, CLECs should be allowed to cross connect directly to existing ILEC basement terminal equipment. There is no technical reason to require any different and, by definition, discriminatory, procedure for potential ILEC competitors.

Whatever the physical solution, additional charges could legitimately be incurred with Intrabuilding Cable. Acknowledgement of such cost, however, does not justify inclusion of additional equipment for the

sole purpose of CLEC interconnection at each and every MDU.

**Q. IN ADDITION TO CONSTRUCTING SUCH AN INTERCONNECTION POINT, ARE THERE ANY OTHER ACTIONS THAT ILECS MUST TAKE IN ORDER TO ENSURE THAT CLECS CAN COMPETE EFFECTIVELY?**

A. Yes. When either VNI or QWC own or control intrabuilding cable, each must provide requesting CLECs with access to *wire center-specific* engineering records within two days time, showing where the primary and secondary points of interconnection are located at that site. Without timely access to such records, CLECs can not determine whether VNI or QWC is meeting its obligation to construct a single point of interconnection.

**Q. IS SUCH A REQUEST TECHNICALLY FEASIBLE?**

A. Yes, Exhibit NJB-6 attached to this testimony demonstrates that Southwestern Bell Telephone Company (SWBC) has agreed to provide to AT&T records on access to pole and conduit maps as well as its cable plat maps in Texas on *two business days* notice.

The Washington Commission should require QWC and VNI to provide such information on a wire center basis upon a CLEC's request.

**Q. WHAT DOES AT&T PROPOSE AS AN INTERIM MONTHLY RECURRING RATE FORINTRABUILDING NETWORK CABLE?**

A. AT&T proposes that the monthly recurring rate for the NID be used as a proxy for intrabuilding cable. That is, $.53 per pair per month for QWC and $.84 for VNI.

This price is consistent with AT&T's advocacy in other states where AT&T has reviewed the cost studies of SWBC, Bell South and Verizon. It is a reasonable interim price until complete cost studies are developed, submitted, and reviewed by the Commission.

**Q. PLEASE SUMMARIZE AT&T'S RECOMMENDATION FOR INTRABUILDING NETWORK CABLE.**

A. As should now be apparent, intrabuilding cable access is more important than implied by the rather cavalier treatment it received in the testimony of VNI and QWC. It is understandable that these carriers do not wish to face the prospect of real facilities-based

competition any time soon. Nonetheless, this issue should be of particular concern to this Commission with its demonstrated preference for facilities based competition in Washington.

Because it is a matter of critical importance to the development of facilities based competition, as the FCC and many other sate commissions have recognized, AT&T recommends that the Commission place this issue on it own path in this docket similar to that adopted for another important competitive issue -- line splitting.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

A. Yes, it does.