

UNITED STATES FEDERAL COMMUNICATIONS COMMISSION

In the Matter of:)
)
IMPLEMENTATION OF THE LOCAL) CC DOCKET NO. 96-98
COMPETITION PROVISIONS OF THE)
TELECOMMUNICATIONS ACT OF 1996)

WORLDCOM, INC. PETITION FOR) DA 00-2131
WAIVER OF THE SUPPLEMENTAL)
ORDER CLARIFICATION REGARDING)
UNE COMBINATIONS)

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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UNE COMBINATIONS)

Room 5-B254
FCC Building
445 Twelfth Street, S.W.
Washington, D.C.

Thursday,
November 16, 2000

The parties met, pursuant to the notice of the
Commission, at 1:39 p.m.

APPEARANCES:

On behalf of the FCC:

DOROTHY ATTWOOD
MICHELLE CAREY
JODIE DONOVAN-MAY
TOM NAVIN
GLENN REYNOLDS
RICHARD LERNER

On behalf of WorldCom:

BRAD STILLMAN
DON GRIECO
CHUCK GOLDFARB
HANK HULTQUIST

On Behalf of Verizon:

SCOTT RANDOLPH
FRANK GUMPER
ED SHAKIN

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P R O C E E D I N G S

(1:39 p.m.)

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MS. ATTWOOD: Okay. Thanks everybody for coming. I am Dorothy Attwood, Chief of the Common Carrier Bureau, identifying myself for the record. It would be useful I think if we talked to you all, for purposes of the record, if you could identify yourselves.

MR. STILLMAN: I am Brad Stillman with WorldCom.

MR. GRIECO: Don Grieco with WorldCom.

MR. GOLDFARB: Chuck Goldfarb, WorldCom.

MR. HULTQUIST: Hank Hultquist, WorldCom.

MR. RANDOLPH: Scott Randolph, Verizon.

MR. GUMPER: Frank Gumper, Verizon.

MR. SHAKIN: Ed Shakin, Verizon.

MS. CAREY: Michelle Carey, FCC.

MS. DONOVAN-MAY: Jodie Donovan-May, FCC.

MR. NAVIN: Tom Navin, FCC.

MR. REYNOLDS: Glenn Reynolds, FCC.

MS. ATTWOOD: Great. Well, thanks for coming. The reason we wanted to have you both here was because we have been hearing from both of you separately. And, obviously, there have been a lot of pleadings in the matter and thought it would ease our own purposes in trying to resolve some of these issues if we could have you together and have you explain to us I guess a little bit more

1 your positions.

2 We thought it would be useful initially if you
3 could just spend a few minutes each side in a nutshell
4 trying to making clear kind of what your view is, the
5 requested relief. And then we will dive into how we
6 think the questions we still have outstanding in light of
7 looking at the exhibits.

8 MR. STILLMAN: From WorldCom's perspective, what
9 we had done is taken a look at the supplement order and
10 tried to identify what we felt would be the least
11 controversial group of circuits that we wanted to
12 identify for purposes of getting a waiver of the rule
13 because as we saw the objective of the FCC, it came down
14 to trying to make certain that there was not an effort by
15 any carrier to take what is dedicated services and switch
16 them to UNEs under the terms of this order.

17 And the proposal that was reached by several
18 CLECs and some of the ILECs was quite limited in its
19 scope and unfortunately for our purposes based on the
20 design of our network did not permit us to convert what
21 are wholly local services to UNEs. And we thought that
22 the goal of the FCC was to allow local services to be
23 converted to UNEs, but to do so in a way that would not
24 risk the wholesale switching of dedicated services to
25 UNEs which the FCC did not want to permit at this point

1 under that particular order.

2 So in going back and looking at our network, we
3 identified -- there is a variety of services that we
4 think should be able to be converted. But we limited our
5 waiver to only those circuits that are providing 100
6 percent local service. In other words, we are selling as
7 a local service. And so our goal here was to make this
8 the easy question for purposes of a Commission review.

9 And while we understood that the simple fact
10 that these circuits were connected to our classified
11 switch was something that the FCC was not willing to sort
12 of apply as a general matter across the industry. We
13 then focused on identifying from our engineers what made
14 that fact, the connection for a classified switch,
15 determinative for purposes of the FCC in the case of
16 WorldCom specifically. And that is what we have been
17 trying to do with the waiver.

18 MS. ATTWOOD: Okay. Do you have a response?

19 MR. SHAKIN: Yes, I guess the way Verizon looks
20 at the petition, we look at it in two ways. One is with
21 respect to the relief that they are seeking, it really
22 goes through three or four of the fundamental points of
23 the supplemental clarification order. Really, what the
24 supplemental clarification order was about was developing
25 a safe harbor.

1 And rather than waive it for some specific
2 circumstance or something that they didn't suggest is now
3 is possible, what they have done is taken every -- almost
4 every, single point that the Commission addressed in the
5 order and asked for a waiver of that point. And all of
6 these issues were raised by MCI and rejected in the
7 context of the order. So it is not as if there is
8 something new.

9 But even more troubling is the way they get
10 there, we are concerned, is a pre-judgement of the next
11 proceeding which the Commission has said they are going
12 to do at some point next year which is rapidly
13 approaching. What the Commission did in the supplemental
14 order is put in a safe harbor as a temporary measure
15 until it fully considers the question of the
16 interrelationship between special access and locally.

17 Particularly, the Commission said that, "The
18 exchange access market occupies a different legal
19 category from the market for telephone exchange service.

20 And unless we find that these markets are inextricably
21 interrelated in these other respects, it is unlikely that
22 Congress intended to compel us once we determined the
23 network element meets the impair standard for local
24 exchange market, to grant competitors access for that
25 reason alone without further inquiry to the same market

1 element solely or primarily for use in the exchange
2 access market." And that is exactly what MCI is trying
3 to get here.

4 MS. ATTWOOD: And where are you quoting that
5 from?

6 MR. SHAKIN: That is paragraph 14 of the
7 supplemental clarification order. And that is exactly
8 what they have done. The way they get to 100 percent
9 local is -- and then I am just quoting from page 8 of
10 their petition -- is they define local switched as "local
11 exchange and switched access."

12 So what they are really saying is that we are
13 100 percent local if you count switched access as local.

14 And, indeed, if they were truly 100 percent local, they
15 would qualify for one of the options under the existing
16 rule. The reason they don't qualify for one of the
17 options under the existing rule is because they are not
18 100 percent local. They have a certain amount of
19 switched access and they've said they don't want to
20 measure that.

21 And so I guess the bottom line is we think that
22 the rules under the bright line test, the safe harbor
23 rules give them the opportunity to do what they want to
24 do if they truly are predominantly local. And if they
25 are not, they shouldn't qualify.

1 MR. HULTQUIST: May I respond to that?

2 MS. ATTWOOD: Yes. Well, I would like to
3 actually ask you to respond to the definitional issue
4 that he has raised.

5 MR. HULTQUIST: Yes. The first one is that the
6 language cited in paragraph 14 goes on to say that
7 "Before we can determine the extent to which denial of
8 access" -- this is actually in paragraph 16 -- "denial of
9 access to network elements would impair carrier's ability
10 to provide special access services."

11 The other market that the Commission was
12 referring to in the supplemental order clarification
13 where they are saying we haven't yet determined
14 impairment isn't the market for switched access. It is
15 the market for dedicated access services. And that is
16 the thing that the Commission intended in the supplement
17 order clarification, not to conclude.

18 The supplemental order clarification nowhere
19 says that there is a different impairment analysis for
20 switched access services than there is for local exchange
21 services. And it could not because switched access
22 services are a necessary byproduct of local exchange
23 service.

24 Right now, we have, you know, thousands of UNE-P
25 customers that we are providing service to. We admit,

1 those customers make and receive long distance calls just
2 as customers who have dedicated T-1 connections to our
3 local switches also make and receive long distance calls.

4 MS. ATTWOOD: Well, but I just need to clarify
5 because I think both of you are fundamentally opposed to
6 in one -- it seems to us when we were reviewing the
7 record on one point, you guys are describing switched
8 access as local. Right? And you are saying that is an
9 unresolved question. Is that correct?

10 MR. SHAKIN: I would even go further that
11 switched access is not local. The unresolved question
12 is, is the UNE treatment. But switched access by
13 definition is not local.

14 MS. ATTWOOD: And where do you find support for
15 that conclusion other than this order? I -- I mean,
16 other than that paragraph 14, is there any time where the
17 Commission previous to this has indicated that switched
18 access is not local? And by the same token, while you
19 are thinking --

20 MR. GUMPER: Well, let me say, when we went
21 through this debate both in terms of the first
22 clarification and then the second clarification and the
23 three different versions we came up with here, the intent
24 was that you wanted to make sure that people -- CLECs
25 were providing local exchange service were in effect

1 going to be able to use the UNE combinations instead of
2 having to purchase switched access.

3 MS. ATTWOOD: Right.

4 MR. GUMPER: And the criteria were based upon
5 things like local voice traffic, that people were using
6 these services not as means to bypass switched access in
7 order because, you know, the class of services we are
8 talking about here that you would put on a T-1 really are
9 long distance calling from a large volume business
10 customer. That becomes dedicated because that business
11 customer has traffic volumes that make it cheaper to go
12 out and purchase a direct pipe to the POP instead of
13 paying us the switched access rates. That is basically
14 what the traffic is we are talking about here.

15 And when we were looking at these definitional
16 issues, the one requirement that we were trying to come
17 to was to say, okay, we wanted to make sure that people
18 weren't gaining this process and using EELs primarily to
19 transport long distance traffic to POPs. So that is why
20 we had these definitions as to what was local exchange
21 and local exchange traffic was that traffic which was
22 within the local exchange where switched access is an
23 inter-exchange traffic.

24 MS. ATTWOOD: And can I just -- can I ask you
25 guys now from your perspective, have we ever said

1 switched access or -- is a long distance or local
2 service?

3 MR. HULTQUIST: In the original first local
4 competition order, the Commission found that switched
5 access was a byproduct of local exchange service.

6 MS. ATTWOOD: Do you know where we said that?

7 MR. HULTQUIST: I don't have that paragraph.

8 MS. ATTWOOD: Could you --

9 MR. HULTQUIST: Sure.

10 MS. ATTWOOD: Because there is some suggestion I
11 think that when we went back to look at this question,
12 that maybe it was left as an open question. So I just --

13 MR. SHAKIN: In this order itself, just to give
14 you one more cite to work from, in paragraph 7, when you
15 are talking about the reasons why we may want to have
16 these kinds of limitations, you specifically do refer to
17 switched access.

18 And the context that you refer to it -- and I am
19 going to give you the quote because that's -- "For
20 example, in the absence of completed implementation of
21 access charge reform, allowing the use of combinations of
22 unbundled network elements for special access could
23 undercut universal service by inducing IXCs to abandon
24 switched access for unbundled network element-based
25 special access on an enormous scale."

1 So that is exactly what we are talking about
2 here which is using special access as a vehicle to remove
3 your switched access traffic.

4 MS. ATTWOOD: But that goes -- I just want to
5 dissect one point, okay, because I know that we will get
6 to the policy question which is the ramification. But I
7 just want to make sure that I understand because I think
8 there is a definitional difference here. And that is
9 something that to the extent we have spoken to this
10 question it would be useful to know.

11 We have been looking at this. But the
12 definitional question is is switched access local or long
13 distance and what have we said about that. Now, then we
14 go have we said something about that. And then we move
15 into, okay, what does that mean for what we intended to
16 do in this order.

17 MR. STILLMAN: Can I raise one point --

18 MS. ATTWOOD: Yes.

19 MR. STILLMAN: -- about in the context of
20 universal service when the Commission defined what
21 universal service was, one of those things included the
22 ability to receive and make long distance calls. And as
23 far as I am aware, universal service applies to the
24 division of local at least historically. So to whatever
25 extent, looking at the universal service docket may help

1 you in that question. It might be worth it.

2 MS. ATTWOOD: It might be there, okay.

3 MR. REYNOLDS: Could I ask as a real -- maybe
4 this is a simple question. But, okay, we have local and
5 then we have exchange access. If you include exchange
6 access as local in these -- for purposes of this
7 evaluation, what is left?

8 MR. HULTQUIST: Our point is that the dedicated
9 access market is very -- is a separate market from the
10 local market. It may turn out that things you need to
11 provide dedicated access are the same things that go into
12 local. But the market for dedicated access is a separate
13 market. The market for switched access is not. Switched
14 access is part and parcel of local service. It can't be
15 separated from local service.

16 The suggestion that all dedicated access is is
17 customers with a high volume, in WorldCom's case, that is
18 not true. When a customer purchases dedicated service
19 from us, the product they get is not the same as the
20 product they get when they purchase switched. They have
21 the dedicated -- products on our dedicated network have
22 capabilities far beyond what is available on our local --

23 MR. GUMPER: Excuse me. I did not say that that
24 was the sole purpose. I said a significant portion --
25 when you get to the large volume customers who have large

1 amounts of long distance calling, instead of going
2 through our switches and paying switched access,
3 traditionally the long distance carriers -- and I don't
4 care whether it is AT&T, MCI or anybody else -- you know,
5 have gone out and purchased dedicated access to take
6 those long distance calls.

7 Now, there are other uses of dedicated access
8 besides carrying long distance voice trapping. But that
9 is a primary use of the large business customers.

10 MR. HULTQUIST: But the suggestion is that when
11 we provide switched access, it works the same way as when
12 we provide a dedicated toll product. And that is simply
13 not the case.

14 MS. ATTWOOD: Well, that -- can you go to the
15 diagram for a second because --

16 MR. HULTQUIST: Sure.

17 MR. NAVIN: Can I try to clarify --

18 MS. ATTWOOD: Yes, please.

19 MR. NAVIN: -- an issue. Let me see if this is
20 right. You are talking about an exchange access market.

21 MS. DONOVAN-MAY: Tom, he can't hear you.

22 MR. NAVIN: I'm sorry. You are talking about
23 the exchange access market. Is that right? I am going
24 to try to understand where you guys diverge. And does
25 this -- this breaks down into special and switched. You

1 guys agree on that so far? Is that right?

2 UNIDENTIFIED VOICE: Then there is a separate
3 thing for local.

4 MR. NAVIN: Yes, okay. I'm talking about the
5 exchange access market. Okay? So now what you are
6 arguing about is down here. Is that -- you get dedicated
7 and what I hear you saying is then you have switched.
8 Now, if this isn't the right diagram, can you explain to
9 me --

10 MR. HULTQUIST: Yes, I think it's --

11 MR. NAVIN: -- because this switched, we are
12 talking about the ILECs network, right?

13 MR. HULTQUIST: I think it is not the right
14 diagram because CLECs offer local service and switched
15 access service, the exact same products that the ILECs
16 offer. The products -- the two markets -- the exchange
17 market separates into special and switched in that some
18 customers want a product -- an access product that only
19 provides them with access to toll services.

20 Other customers, they receive their exchange
21 access over the exact same line that they receive their
22 local exchange service. They don't order a special
23 access for their -- for switched access. They just get
24 one line. And that one line they use to make local
25 calls, to receive local calls, to make inter-exchange

1 calls and to receive inter-exchange calls.

2 MR. NAVIN: So far, I mean, the language that I
3 am seeing in the orders negotiates between exchange
4 access and then local exchange. So I am trying to
5 understand given these two markets where you guys
6 diverge.

7 MR. GUMPER: Well, let me -- okay, I think it
8 goes to the question when in the order we were seeking
9 clarification of what was meant by a significant amount
10 of local exchange service. And we had these three
11 different kinds of things. I think the difference is we
12 were differentiating between local exchange and exchange
13 access and basically saying that in order to use the EELs
14 prior to a further proceeding, that one had to be
15 providing local exchange -- a significant portion of
16 local exchange.

17 And I think the debate here is whether or not
18 exchange access, switched access becomes part of local
19 exchange in that definition.

20 MS. ATTWOOD: I think -- I mean, that is my
21 question. Isn't that the -- isn't that really the issue
22 here?

23 MR. HULTQUIST: Well, if it is, it is an issue
24 that is only coming up now that we filed our waiver
25 position because if you remember back to the underlying

1 proceedings, and this goes all the way back to last year,
2 the only thing that was raised constantly was the idea
3 that if the Commission allows the use of EELs for --
4 without a use restriction, then what the IXC's will do is
5 they will take this and they will convert all these
6 dedicated access circuits to EELs. That was the concern
7 that was raised prior to the filing of this waiver.
8 There was never a concern raised --

9 MS. ATTWOOD: That's right.

10 MR. HULTQUIST: -- that we would use EELs to
11 provide switched access.

12 MR. GUMPER: That's not true at all.

13 MS. ATTWOOD: Isn't it the same --

14 MS. DONOVAN-MAY: Has the issue of -- has the
15 issue of whether or not you can use UNEs to carry
16 switched access been teed up on front of the Commission
17 prior to this point?

18 MR. HULTQUIST: The Commission has repeatedly
19 affirmed in the access reform docket -- the Commission
20 has said, yes, one of the benefits of UNEs is that
21 carriers will be able to use UNEs to provide switched
22 access services.

23 MS. DONOVAN-MAY: Then what is the issue as you
24 guys see it in the third order on recon. and the local --
25 the shared transport order?

1 MR. HULTQUIST: The issue of further notice?

2 MS. DONOVAN-MAY: No, the shared transfer order,
3 the third order on recon. that we said there is an issue
4 of whether or not you can use shared or dedicated
5 transport facilities to provide solely exchange access
6 service.

7 MR. HULTQUIST: Yes, that would be to provide
8 exchange access service to a customer to whom you are not
9 providing local exchange service.

10 MS. DONOVAN-MAY: Did that -- did we mean there
11 either special or switched?

12 MR. HULTQUIST: In that context, that was
13 switched.

14 MR. GUMPER: And that would have been the trans-
15 point from our central office to the --

16 MR. HULTQUIST: That is for a customer to whom
17 you are not providing local service.

18 MS. DONOVAN-MAY: You are not providing any
19 local service at all.

20 MR. GUMPER: The thing -- and again, I will get
21 back -- when we were debating this, the issue was not
22 whether or not you provided a local service to the
23 customer, but whether or not the local service that you
24 were provided represented a significant portion of the
25 service --

1 MS. ATTWOOD: You see, I think that that -- I
2 think that's why to some degree both of you are right.
3 And that is what has been so vexing in listening to your
4 arguments. Because the Commission was concerned about
5 making sure that those providing local services were able
6 to obtain UNEs. The Commission was also concerned about
7 not permitting bypass of special access and dedicated
8 facilities.

9 And so the question becomes what we were trying
10 to do definitionally is it seemed like your argument
11 hinged on calling exchange access "local exchange"
12 because you couldn't establish a local service on your --
13 and I want to get into exactly how you could do that.
14 But --

15 MR. HULTQUIST: Yes, maybe we should go into a
16 little more detail.

17 MS. ATTWOOD: But there was -- in a sense, it
18 was definitionally, you had to assume exchange access was
19 local exchange in order for us to accept that this was
20 100 percent local.

21 MR. GUMPER: Yes, let me just --

22 MS. ATTWOOD: Do you follow? I mean --

23 MR. GUMPER: Yes, I am following.

24 MR. SHAKIN: That's the right one -- issue.

25 MR. GUMPER: And I think the issue that we came

1 to because we had these discussions -- in fact, the issue
2 as to whether or not the defining definition of providing
3 local should be the attachment to a Class 5 switch was
4 something that actually Jake raised initially before we
5 got into the first clarification that came out in
6 November.

7 He said instead of going into significant local
8 exchange, could we use just, you know, connecting to a
9 Class 5 switch as the defining definition. And after a
10 lot of discussion and debate, we came back and basically
11 we all agreed with him that you couldn't because a
12 provider could, in fact, use that definition to in effect
13 have on that circuit predominantly switched access
14 traffic which would not be local exchange or it is
15 significantly local.

16 MS. ATTWOOD: Well, and that goes to some of the
17 network issues.

18 MR. HULTQUIST: Yes, and what we said is
19 regardless of what other carriers could, might, would do,
20 our filing is intended to show that we do not do that.
21 We -- and that it would not be practically feasible for
22 us to reconfigure our network. Again, the products we
23 sell, our dedicated access products that we sell which
24 far out-number the T-1s we use to provide local service
25 are not products that can be sold off of our local

1 switches.

2 MR. GUMPER: Yes, let me -- yes, a maybe a
3 little factoid would be useful though because, you know,
4 it is being presented like all conscious to not convert
5 things because of the way they design them at market to
6 EELs. Now, throughout the Atlantic footprint, we have
7 already had requests to convert, you know, somewhere in
8 the neighborhood -- let's -- I don't want to get into
9 exact numbers because of having two carriers here. But
10 let's say it is over 1,000 TS-1 circuits. The bulk of
11 those circuits come from the largest IXCs that is
12 requested.

13 MS. ATTWOOD: Well, but the question still
14 remains though did those categories not capture what
15 would be significant local traffic. I mean, that's --
16 and that is really -- you know, the fact that they were
17 able to take advantage of some of those categories to
18 provide the local service, you know, that shows that
19 those categories had some -- that they are -- that the
20 Commission was right, they were good proxies.

21 The question remains, however, is this, in fact
22 -- is there a way in which they can show that they are --
23 we didn't capture everything because of the unique
24 configuration. And that -- I mean, the order says a lot
25 of things. It didn't rule out the possibility of a

1 waiver. I mean, it said in the order --

2 MR. GUMPER: Oh, no. And we agree that you can
3 have a waiver as long as it is --

4 MR. HULTQUIST: Why don't I get into this
5 diagram?

6 MS. ATTWOOD: Yes. I would like -- because I
7 don't know -- I have a question as to why you can't
8 measure why this is -- why you can't measure this as 100
9 percent --

10 MR. HULTQUIST: Yes. So far we have been
11 focusing on the measurement of the use. And we haven't
12 even talked about -- which is the most significant
13 problem for us -- which is the co-mingling prohibition.
14 This is considered as just one type -- one example of how
15 our network is. It is not -- there are variations.

16 But basically in this situation, there is an
17 end-user customer who has today a T-1, it is called a
18 channel termination, to his nearest central office. Then
19 from there, we order T-1 interoffice mileage to another
20 service central office which in this case is our serving
21 wire center.

22 In that central office, we have a co-location
23 where there is a three-to-one MUX. This T-1 is not the
24 only T-1 coming in here. It happens to be this customer
25 is using this T-1 just to get access to our switched

1 local product. There will be lots of other T-1s out here
2 of people who were doing different things with, in some
3 cases, access to our toll products, in some cases, access
4 to data products.

5 In any case, all of those T-1s are hitting this
6 three-to-one MUX. They are being handed off into our
7 collo. Then there is a TS-3. Now, this TS-3 has some
8 local T-1s, some non-local T-1s. It goes to the WorldCom
9 ring and these services go off to the appropriate switch
10 that they need to go to.

11 All we have said is that we can trace this
12 particular T-1 from our switch back to this customer;
13 that this T-1 is used only to provide local service. The
14 fact that it is co-mingled on a multiplexor and a DS-3 is
15 irrelevant to the fact that we are providing only local
16 service to that customer.

17 MS. ATTWOOD: And your DS-3, you are going to
18 continue to pay through access?

19 MR. HULTQUIST: Yes, we are not -- and here, as
20 they are proceeding, we are not asking to make any change
21 in what that multiplexor or that DS-3 -- how that is paid
22 for. All we are seeking is to get UNE pricing on the T-1
23 portion.

24 MS. ATTWOOD: And you can't measure usage --

25 MR. HULTQUIST: No.

1 MS. ATTWOOD: -- at the collo?

2 MR. HULTQUIST: No. You have to look at the
3 options. The first option says that you have to be the
4 customer's sole provider of local exchange. Well, we
5 don't know when we are the customer's sole provider of
6 local exchange service. We haven't asked our customers.
7 We don't know if even they would know. So we haven't
8 done that.

9 The second one says that you have to be
10 providing at least a third of your customer's local
11 exchange. Well, again, we don't have that information.
12 Maybe you could send people out and you can hear that
13 out. The third one says --

14 MS. ATTWOOD: You can't ask your customer if you
15 are providing them a third?

16 MR. STILLMAN: Well, you have to understand that
17 --

18 MR. HULTQUIST: How do we measure that? Is that
19 dollars? Is that minutes?

20 MR. GUMPER: By law, it says rate.

21 MR. STILLMAN: But you have to understand that
22 we may be serving a customer that is an enormous customer
23 with outposts in lots of different places.

24 MS. ATTWOOD: But they say -- it is also the
25 third option is the --

1 MR. HULTQUIST: Yes, the third option is the one

2 --

3 MS. ATTWOOD: -- 50 percent in the one location.

4 MR. HULTQUIST: -- that is most feasible. The
5 third option is the one that is most feasible because
6 under the third option, you don't necessarily have to be
7 providing any. You have got the co-mingling prohibition
8 which for us, all of our circuits are on common
9 multiplexors that provide, you know, our commingling.
10 But --

11 MS. ATTWOOD: Well, now, can I ask --

12 MR. HULTQUIST: -- now the usage, the third
13 option says that it has to be at least 50 percent local
14 voice traffic. Now, potentially, yes, we could go out
15 and measure and say, okay, these circuits we can and
16 these circuits we can't. What we have said in our waiver
17 is that the fact that a circuit is connected to our local
18 switch is a better showing of whether or not the customer
19 is getting local because the only thing we sell on this
20 local switch is --

21 MS. ATTWOOD: Can I just back you up because I
22 think I heard you say, yes, we could go out and measure
23 whether or not there is --

24 MR. HULTQUIST: After the fact. Before the
25 fact, we don't know how the customer is going to use it.

1 But if we converted circuits and we were audited, we
2 could say, okay, here is the usage.

3 MS. ATTWOOD: Well, but -- I'm sorry. But if
4 you -- so you could, in fact, go to the collo location
5 and -- the reason I ask this -- let me just put it in a
6 larger question. If you can measure at the co-location
7 point that it would -- where it is co-located before it
8 gets multiplexed -- you can't.

9 MR. STILLMAN: We are not measuring. We are
10 just peeling off an entire circuit.

11 MR. HULTQUIST: The measurements would be out of
12 the local -- the switch record --

13 MS. ATTWOOD: I know. But I am asking can you
14 measure?

15 MR. HULTQUIST: No. The switch records are on
16 the local switch. That is where the usage records are
17 generated. The collo -- there is nothing -- there is
18 nothing -- there is no intelligence in here.

19 MS. DONOVAN-MAY: So you are measuring at the
20 switch.

21 MR. HULTQUIST: Yes. That's it. If we were
22 audited and somebody said show us how many local minutes
23 you have, we would, you know, say, okay, here is our
24 switch records.

25 MS. DONOVAN-MAY: Would they be pure local

1 minutes like local exchange minutes --

2 MR. STILLMAN: It would include switched access.

3 MR. DONOVAN-MAY: -- you are calling across the
4 street?

5 MR. HULTQUIST: Presumably, it would include
6 local INTRALADA toll and INTRALADA toll.

7 MR. GUMPER: That is the difference, right?

8 MR. HULTQUIST: Yes. So you could measure how
9 much is real local as opposed to access. First of all,
10 we dispute this idea that there is this --

11 MR. GUMPER: Okay. But --

12 MS. ATTWOOD: But for the purposes of this
13 argument.

14 MR. GUMPER: But for the purpose of this
15 argument I don't know how to say it other than that. I
16 mean but local exchange versus exchange, I --

17 MR. HULTQUIST: Yes, we acknowledge -- we
18 acknowledge that our switch generates records that could
19 be audited. We believe that the proposal we have made
20 that when a circuit terminates on a WorldCom classified
21 switch since the only product we sell is local, that that
22 should show that it is local. But, yes, we can measure
23 usage on our switch.

24 MR. GUMPER: Well, see, I think that was the
25 whole purpose of the debate, was, now, you keep wanting

1 to define local sa the combination of local exchange and
2 exchange access. And the debate was how much local
3 exchange traffic you would have to have. Because under
4 your definition, you could have 100 percent exchange
5 access. And you are saying, well, it is hooked up to a
6 Class 5 switch and it is all long distance traffic. But
7 it doesn't hand off to my Class 4 switch in the POP.
8 That qualifies as local service.

9 MR. NAVIN: Is that economically feasible for
10 them to do that? Would they be directing it to the Class
11 5 switch?

12 MR. GUMPER: My engineers tell me, you know, you
13 could if you wanted to, if you -- well --

14 MR. STILLMAN: But coming to -- but can I come
15 back to what Dorothy raised? Because, Dorothy, when you
16 described what you were trying to do, you did not
17 distinguish switched access. You distinguished special -
18 -

19 MS. ATTWOOD: All right. Well, can I live in
20 the world of my own engineering? If you were able to
21 measure somehow and if you are paying special access
22 rates for this piece anyway because you have acknowledged
23 you continue with the special access rates, then I was
24 going to ask Verizon why are you -- how are you harmed if
25 they are able to -- if they are able to -- because they

1 are still going to pay their special access for this.

2 All they are saying is for this line where it is
3 -- I can show that it is a majority of local traffic, how
4 would your -- how would you be harmed with that. Now --

5 MR. GUMPER: Well, first of all, I guess what I
6 am trying to understand is I didn't --

7 MS. ATTWOOD: So that was my main --

8 MR. GUMPER: -- maybe appreciate this. So you
9 are taking the circuits into your co-location cage and
10 you are doing the MUXing?

11 MR. HULTQUIST: No, no. We are buying out of
12 your access tier of multiplexing.

13 MR. GUMPER: Well, then you are not in the co-
14 location cage at all.

15 MR. HULTQUIST: No, no. No, at our collos, we
16 take a DS-3 hand-off.

17 MR. GUMPER: When you say at your collos, what
18 do you mean by collos then?

19 MR. HULTQUIST: You -- there is a multiplex
20 service performed in that central office. And then it is
21 cross connected to our collo at the DS-3 level.

22 MR. GUMPER: And that is your DS-3 then?

23 MR. HULTQUIST: It may or may not be. It may be
24 your DS-3. It may be ours depending on if it is --

25 MR. GUMPER: Well, then I don't understand why

1 you are doing co-location cage if you are buying all your
2 services from us.

3 MR. HULTQUIST: We have both --

4 MR. GUMPER: It loops the MUXing can be --

5 MR. HULTQUIST: We have both on-net and off-net
6 collos. The majority are on-net, but it could be off-
7 net.

8 MR. GUMPER: What do you mean by on-net?

9 MR. HULTQUIST: An on-net collo is as collo that
10 our ring goes through. Off-net collo --

11 MS. ATTWOOD: I'm glad he is asking these
12 questions. That's all I can say.

13 MR. GUMPER: No. I am trying to understand what
14 service they are offering because, you know, obviously,
15 for the purpose of the co-location is if you are buying
16 the T-1s from us and the multiplexes from us, then --

17 MR. HULTQUIST: Assume it is our ring. Assume
18 that out of that office, it is our transport. We are
19 still buying multiplexing out of your access tier.

20 MS. DONOVAN-MAY: You are going to keep paying
21 for the multiplexing.

22 MR. HULTQUIST: Yes. But because the options
23 that are on the table all prohibit what they call
24 commingling, the -- we cannot possibly even think about
25 those options.

1 MR. NAVIN: So if you were self-provisioning
2 that DS-3 or if you were buying that DS-3 from another
3 party, there would be -- and you could meet the
4 measurement requirements, there would be no problem under
5 --

6 MR. HULTQUIST: Well, because currently that MUX
7 is an access MUX. So even where we are self-provisioning
8 the transport out of that central office, all of our
9 different T-1s are being multiplexed before being handed
10 off to us.

11 MS. ATTWOOD: And ergo the --

12 MR. HULTQUIST: Ergo their commingling.

13 MS. DONOVAN-MAY: So at a minimum, you need to
14 get rid of the commingling --

15 MR. HULTQUIST: Yes.

16 MS. DONOVAN-MAY: -- in order to convert any of
17 these --

18 MR. HULTQUIST: Yes, and it doesn't -- and the
19 important point is it doesn't serve any of the goals that
20 the supplemental order with clarification was intended to
21 promote. In our case, the fact that they are commingled
22 is not relevant to whether or not we are providing local
23 exchange service.

24 MR. GUMPER: Well, the issue of the commingling
25 is a policy issue that, you know, again, when we were

1 doing this, we were told the Commission did not want to
2 pre-judge the whole issue of commingling because that is
3 a policy decision.

4 MS. ATTWOOD: Well, it is and it isn't. But the
5 -- it is -- I mean, you know, it is and it isn't. I
6 mean, it is a policy call overall. The question is in a
7 unique situation where you are talking about this kind of
8 commingling where you arguably are still getting the
9 revenue for access, arguably or are -- I mean, are.

10 You are saying you are still going to get the
11 revenue for access in the commingling situation, the DS-3
12 and the MUXing. Then the question -- the policy
13 discussion that we had was that we were concerned that
14 commingling, you remove the commingling and you end up
15 with a bypass of access.

16 Here you are saying we are not bypassing access
17 because you are, in fact, paying access for the piece of
18 the DS-3 and the commingling -- or the MUXing. It is
19 just the only thing you are in effect not getting access
20 revenues for is the T-1s which are they are claiming
21 purely local which is consistent --

22 MR. GUMPER: But under their definition.

23 MS. ATTWOOD: Well, no, I know. Well, let's
24 explore that a little because the one -- I mean, the
25 question -- I think that is what you are arguing, right?

1 MR. HULTQUIST: Yes.

2 MS. ATTWOOD: Okay. The question though is how
3 do you do that and not end up bypassing access?

4 MR. HULTQUIST: Because, again, these local
5 circuits that we are talking about are really a minority
6 of the T-1s in our network. We have got five times --
7 four to five times as many T-1s that are not providing
8 local service. We are not going to seek to convert any
9 of those circuits. We have done this in Florida, in a
10 state where under our contract they ordered the exact
11 thing that we are looking for here. And we ended up
12 converting about 20 percent of our circuit, only the ones
13 that are used to provide local service.

14 MS. DONOVAN-MAY: They allowed the commingling
15 in Florida?

16 MR. HULTQUIST: Yes.

17 MR. GOLDFARB: They -- the order -- the decision
18 was made that they had to provide that and Bell South has
19 not indicated and has not made any claims that there has
20 been any abuse of that to try to convert what is special
21 access.

22 MS. ATTWOOD: Well, Bell South is not here
23 either. So --

24 MR. HULTQUIST: Yes, well --

25 MS. ATTWOOD: I never take silence for -- I've

1 learned that. So I -- but understood. Okay.

2 MR. GOLDFARB: The other market reality is that
3 we would not -- it would not be sensible given what our
4 special access offerings are to be using this to be
5 trying to provide effectively, you know -- to provide
6 switched access and use this to give us switched access
7 offering as an alternative to the special access
8 offering. It just -- I mean --

9 MS. ATTWOOD: Why not?

10 MR. HULTQUIST: The most important reason is
11 because of the products and the platforms are completely
12 different. I don't know, Don, if you can describe what
13 things are toll switches that have connectivity to that
14 our local switches do not.

15 MR. GRIECO: Well, I mean, we have -- they are
16 really separate networks or separate entities for the
17 most part. I mean, we have Class 3 switches and all the
18 networks have their own billing platforms, their own
19 provisioning systems, their own database applications,
20 none of which are used in our local networks that out
21 classified switches are connected to.

22 This classified network is -- it has their own
23 billing systems, their own provisioning systems, their
24 own network, two totally different software switch loads
25 that would require all be modified, upgraded at I would

1 assume a fairly sizeable expense to --

2 MS. ATTWOOD: Well, but if the sizeable expense
3 was less than what it was to not -- no longer get access,
4 I mean, wouldn't you do that?

5 MR. GUMPER: Well, you do connect your Class 5
6 switches to your toll network, right?

7 MR. GRIECO: Sure, through featured or detailed
8 trunks. We can do trunking the same way you do.

9 MR. GUMPER: So basically, you know, if a
10 customer who you are saying is providing local, if that
11 customer has 95 percent of their traffic on that local
12 DS-1, you are going to be switching it over to toll
13 network, right?

14 MR. HULTQUIST: But the difference is -- yes,
15 the thing is that a customer who has dedicated access to
16 our toll network has access to products like VNET which
17 is a virtual private network. That customer can dial
18 unique seven-digit numbers to reach people anywhere in
19 the world. Just pick up their phone and dial.

20 The customer who has -- who is connected to our
21 switch local network can't do that. If the circuit
22 terminates at the switched local network, they cannot
23 have access to a product like that.

24 MR. GUMPER: Yes, but they are still going to
25 get access to worldwide calling. And they do,

1 presumably, to provide them local access. But most of
2 those customers, you are providing them long distance
3 service, too.

4 MR. HULTQUIST: Our customers -- the customers
5 who buy our dedicated products would not substitute an
6 inferior product for a superior product. And the
7 products -- if all you do is make long distance calls,
8 the products on our toll network are superior to switched
9 access which means dialing one plus a long distance
10 number.

11 MS. DONOVAN-MAY: Can I -- may I just ask a --
12 I'm sorry to be confused. But I definitely understand
13 that if the customer is connected to the Class 5 switch,
14 they have the ability to make local calls. Where if it
15 was a customer using your other products, they wouldn't
16 have that ability. Is it enough, you know, under the
17 context of the order that the ability to make local
18 calls, is that enough --

19 MS. ATTWOOD: Right. And that is actually key
20 because --

21 MS. DONOVAN-MAY: -- to --

22 MS. ATTWOOD: -- one of the things the
23 Commission is concerned --

24 MS. DONOVAN-MAY: -- overcome the restrictions?

25 MS. ATTWOOD: Yes. One of the things the

1 Commission clearly was concerned about was the idea that
2 there was -- one could market a product as a backup local
3 product. But you are really selling INTERLADA toll.

4 MR. HULTQUIST: The first thing is, remember
5 here, what we are talking about is the conversion of
6 existing circuits. So to assume that that would happen,
7 you would have to assume that we knew that this sort of
8 wacky rule would rise up where you could convert to a
9 special pricing a circuit that was used in a special way.

10

11 So we would have been now for the past several
12 years marketing to our customers, hey, sign up for our
13 local product; it is not really local; you are going to
14 be able to use -- you know, we know you are going to use
15 this to do something else. And somewhere down the line,
16 we think we are going to be able to get a good price
17 break. I mean, that is not credible.

18 What we have been doing is we have been
19 outselling local service. And if the customer wants to
20 buy a toll product, we will sell them that, too. It is
21 just a product on a different network.

22 MS. ATTWOOD: Well, but that is not really true.

23 You don't have to have a diabolical plan to be able to
24 in the future -- I mean, we have made it fairly -- you
25 know, fairly okay -- I'm not going to say easy -- but

1 okay to purchase an EEL and then convert that now. And
2 so if you were to decide -- I mean, it is a legitimate
3 concern as a policy matter that excess capacity doesn't
4 equal significant local. And that's --

5 MR. HULTQUIST: Agreed, agreed. And if -- we do
6 not object to if the Commission agrees that, you know, in
7 the case of our network significant hardship is created
8 by the commingling prohibition and the Commission agrees
9 that the commingling prohibition should be waived in the
10 case of our network, that later audits could be allowed.

11 And if it turned out that it was a sham and we were not
12 providing local service to our customers, we would pay.

13 MR. NAVIN: Let's talk about how those audits
14 would occur. How are you going to -- how are you going
15 to meet the burden of proof of showing that -- how did
16 you do the conversion?

17 MR. HULTQUIST: As I said, we will share the
18 switch records. We will share the usage.

19 MR. GUMPER: And what kind of percentage usage
20 would you suggest? Because we had very specific things
21 that were laid out. And if you go to, you know, number
22 three which probably most closely approximates this, you
23 know, if you are not serving a third of the local
24 exchange lines, you know, you are serving somewhat less
25 than that, you are saying, okay, a third of the traffic

1 has to be local exchange. Do you think that is a
2 reasonable number? Because I know in your waiver, you
3 have said you don't want to have any percentage --

4 MR. HULTQUIST: I do -- I believe that there is
5 a stronger showing in our network that we are providing
6 local service by the fact that we have connected the
7 circuit to our local switch. However, if, you know, it
8 is deemed necessary that in order to maintain the good
9 faith that some number should be found, we could talk
10 about that. I mean, I -- you know --

11 MR. SHAKIN: At that point though, you are in --
12 putting aside the commingling for a second, then what you
13 are saying is we can measure. And it may be that there
14 is a number here that is reasonable. Well, this number
15 is the number that the Commission has already looked at.
16 There is nothing in the waiver that suggests there is a
17 reason why you should have a different number than
18 everyone else.

19 So then the question is do you measure before --
20 which we don't get to look, you do -- just measure before
21 to make sure. When you say we wouldn't know until after
22 the fact, this is all pre-existing.

23 MS. ATTWOOD: Well, and more importantly, I
24 would say you can't. I mean, at least I -- you have been
25 arguing that you have 100 percent. Well --

1 MR. HULTQUIST: We believe that these products
2 that are sold on our network are 100 percent local. And
3 the fact that the customer makes and receives long
4 distance calls doesn't seem relevant to that inquiry to
5 me. But the suggestion -- the suggestion that we could -
6 - that we would act in bad faith and we would, in fact,
7 start selling a product to customers saying --

8 MS. ATTWOOD: No. It's not -- it's really not a
9 bad faith question. It is more of a question of the
10 concept of what the Commission -- while it was going to
11 ultimately take a look at the larger question, you know,
12 whatever six weeks until the end of the year, whatever --
13 next year, the beginning of next year, we were going to
14 start to look and we were going to refresh the record and
15 see how this would work and look at the issue.

16 The question was we needed to make -- to carve
17 out those that were providing significant local service,
18 not -- and that's -- I mean, it is --

19 MR. HULTQUIST: The supplemental order
20 clarification though does not define -- does not say here
21 is the definition of significant local service. What it
22 specifically says is that, "The ILECs and CLECs" -- this
23 is in paragraph 21 -- "have presented a reasonable
24 compromise proposal under which it may determined that a
25 requesting carrier has taken affirmative steps to provide

1 local exchange service to a particular end-user and is
2 not seeking to use unbundled loop transport combinations
3 solely to bypass tariffed special access service."

4 It nowhere says here is what we think is the
5 definition of providing local service, this balance of
6 traffic. It says this -- if we see that someone has this
7 balance of traffic, to us that is a sign, a signal that
8 they have taken affirmative steps to provide local
9 exchange service.

10 MR. STILLMAN: Can I raise one thing?

11 MS. ATTWOOD: Yes.

12 MR. STILLMAN: When we sell a UNE customer, a
13 residential customer in Texas or New York or
14 Pennsylvania, if in theory there were a customer who was
15 making only long distance calls, the LEC would not be
16 entitled to access revenues from that. We bought the
17 platform. We are offering them local service which
18 includes the ability to place and receive long distance
19 calls. And they are being paid because we are paying
20 them for the UNE. And then we get the revenues for
21 access and we get the revenues -- the retail revenues
22 from that customer.

23 MR. GUMPER: And basically, if you were to be
24 the sole local telephone company of that customer, option
25 one would say, you know, you can use your UNEs.

1 MR. HULTQUIST: But we are not even necessarily
2 the sole local company.

3 MR. GUMPER: Oh, I understand you are not
4 because you described --

5 MR. HULTQUIST: Even in the situation Brad has
6 described.

7 MR. STILLMAN: No, no. But even if it is a -- I
8 have two lines. And if I have one with MCI and one with
9 Bell Atlantic, it is irrelevant to whether I have to pay
10 you for access. I still don't have to pay you for access
11 even if I am just using my second line purely for faxes
12 and long distance.

13 MR. SHAKIN: And you are exactly right. And
14 that is why the Commission was concerned that when you
15 made the leap from selling a loop as a UNE to a
16 combination that you didn't supplant special access with
17 what was supposed to be at least in terms of the
18 competition that they looked at really for local. And
19 you could have that ability. You are exactly right.
20 That's the problem. The Commission said we have the
21 limit this because we haven't made that decision yet.

22 MR. STILLMAN: But I am buying a platform. I am
23 not buying a UNE.

24 MR. SHAKIN: Well, but that is the entire point,
25 is that the Commission said we recognize that once you

1 have this, you can use it for whatever purpose you want.

2 And so, therefore, we want to make sure that at least
3 until we have made the determination that it makes sense
4 to allow these combinations as a substitute for special
5 access, a proceeding that they haven't had yet, that we
6 are going to limit it so that you are only using it when
7 you have got a significant amount of local.

8 MR. ATTWOOD: Which is 50 percent in the
9 platform.

10 MR. SHAKIN: Exactly.

11 MR. STILLMAN: But what we are not doing is we
12 are not asking to convert what we would call special
13 access customers. We are looking at an existing base of
14 customers who have previously been sold a product, a
15 local product just the same as we would sell a
16 residential customer a local product.

17 MR. SHAKIN: These are our special access
18 customers. It doesn't --

19 MR. HULTQUIST: No, we are your special access
20 customer.

21 MR. SHAKIN: Right.

22 MR. GUMPER: They are our customer.

23 MR. SHAKIN: Right. But they are converting to
24 special access.

25 MR. HULTQUIST: No, it is customer provided.

1 MR. SHAKIN: I mean, but the point is you are
2 converting special access to --

3 MR. HULTQUIST: It is only special access --

4 MR. STILLMAN: It's only special access because
5 at the time we bought it, there was no way to buy
6 anything other than special access to serve these
7 customers for local. And essentially --

8 MS. ATTWOOD: But to some degree, doesn't this
9 boil down to, I mean, beyond the other things that it
10 boiled down to, the question here is that you are -- you
11 say when you purchase -- during -- in this configuration,
12 the -- there is the potential in this switched access
13 configuration, there is the potential that 99.9 percent
14 is used for long distance.

15 And you are saying in this configuration, the
16 potential is that 100 percent is used for local with some
17 residual long distance. And the question is if we all
18 can agree that they could be used for both to some
19 degree, the order presumes in at least option three that
20 there has to be a -- an initial showing that says, okay,
21 50 percent is local. It doesn't say 100 percent local in
22 option three. It says 50 percent is local.

23 And if we were to say, okay, in this limited
24 circumstances, since the commingling piece you are still
25 getting revenue for access in the way in which they have

1 described this limited commingling of bringing in a
2 substantially local circuit and putting it in the same
3 pipe as others but we will still pay for the pipe being a
4 special access pipe, it doesn't seem like you lose any
5 revenue under that.

6 But you are not willing -- at least I am not
7 hearing, you guys aren't willing to say as an initial
8 matter, yes, I could live -- I would start with the
9 presumption of 50 percent.

10 MR. GUMPER: Well, actually, it's --

11 MS. ATTWOOD: It's more than that? Okay.

12 MR. GUMPER: No. It is 50 percent of the
13 channels have to be. They are saying 100 percent of
14 their channels are activated for dial tone. But the --
15 what it was, it was overall, it was one-third should be
16 local exchange traffic, local voice traffic. That is
17 where I think --

18 MS. DONOVAN-MAY: Can you measure local voice
19 traffic?

20 MR. HULTQUIST: If we were audited, we would
21 have records and those records would say for every
22 minutes, you know, what --

23 MS. ATTWOOD: Well, can you do it above --

24 MR. HULTQUIST: Yes. Let me say --

25 MS. DONOVAN-MAY: Would you know it is voice?

1 MR. HULTQUIST: -- if the Commission determined
2 that our waiver petition did present a case that the
3 commingling prohibition should be waived in the case of
4 WorldCom, we would then go back and make an evaluation of
5 our circuits so that we could then go ahead and request
6 conversion under the options that we thought applied with
7 the commingling ban.

8 But in our petition, we make the point that we
9 believe that on our network, there is a stronger showing
10 that local service is being provided than those options
11 have. And that is the fact that --

12 MR. STILLMAN: But Jodie asked a question that
13 didn't get answered which is can we tell what is local
14 voice by looking at the minutes?

15 MS. DONOVAN-MAY: Yes, because I know that one
16 of the problems with these is that it is hard to measure.
17 You know, and if we are talking about you guys being
18 able to meet option three, it says you have to show that
19 50 percent of the traffic on each of the local dial tone
20 channels is local voice traffic and that the entire loop
21 facility has at least 33 percent local voice traffic.

22 MR. HULTQUIST: We don't know if the customer is
23 sending faxes. I mean, the question --

24 MR. STILLMAN: Or dialing the internet.

25 MR. HULTQUIST: Yes. I mean, what we can tell

1 is whether the customer is making and receiving local
2 calls, INTRALADA toll calls or INTERLADA toll calls.

3 MR. NAVIN: Is it even technologically possible
4 to measure --

5 MR. HULTQUIST: No.

6 MR. NAVIN: -- the amount of voice traffic at
7 your --

8 MS. ATTWOOD: Well, how did the other CLECs do
9 it? they have data --

10 MR. HULTQUIST: If all a customer does -- let's
11 say all a customer does with their line is they have an
12 office. They have their -- another office. And they
13 send faxes back and forth. We have no way of --

14 MS. ATTWOOD: Well, that's local traffic. I
15 mean --

16 MR. HULTQUIST: Yes, but we have no way -- that
17 looks exactly like a local call to us.

18 MR. SHAKIN: But just to be clear, you can
19 measure what is local versus toll.

20 MR. HULTQUIST: Yes.

21 MR. SHAKIN: And you can do that on the existing
22 thing before you convert it as if that is no different
23 from what you are doing there.

24 MR. HULTQUIST: As I said -- as I said, if the
25 commingling prohibition were not there, we would make an

1 evaluation about our circuits. Again, we believe that
2 the showing we have proposed is a stronger showing that a
3 significant amount of --

4 MS. ATTWOOD: Can I ask you guys on -- if -- on
5 the commingling piece because I have been asserting that
6 you don't lose money. Can you explain to me if I am
7 wrong on that in the way that you have described it?

8 MR. GUMPER: Well, I think that the issue on the
9 commingling -- and quite frankly, it is an issue that is
10 not only we are concerned about, but several of the
11 facilities places are quite concerned about -- and that
12 is if you allow the commingling UNEs and access services
13 or published services, then the question is, is how do
14 you prevent the commingling of things like, well -- the
15 ultimate debate, and I must admit, you know, Jake and I
16 had this discussion several times and I know what his
17 view was. His view was, was that in the UNE remand order
18 where they took switch -- the switching element of the
19 platform off the table so you didn't have to provide
20 switch -- unbundled switching --

21 MS. ATTWOOD: We are up to that.

22 MR. GUMPER: -- that in his view --

23 MS. ATTWOOD: You are talking about four lines
24 and above.

25 MR. GUMPER: Yes, right.

1 MS. ATTWOOD: Tab 50M.

2 MR. GUMPER: In his view, because there is a
3 long discussion there about how the RBOCs still have a
4 271 obligation to provide unbundled switching as a
5 service. But since it is not a UNE, they don't have to
6 price it at tel. rate, that someone could actually order
7 the platform and just he will have a potential to price
8 it differently.

9 But if you allow commingling, basically, and
10 someone could say to us after you take unbundled
11 switching as a UNE off the table, well, I want the
12 unbundled UNEs that I need to make up the platform except
13 for unbundled switching. And now often unbundled
14 switching as a service is meeting the 271 obligation and
15 put them all together through commingling.

16 MR. HULTQUIST: As fantastical as that sounds,
17 that is not raised here because we are not asking the
18 Commission to make a general finding as a matter of
19 policy that commingling should be generally allowed. We
20 are asking the Commission to waive the prohibition on
21 commingling in this limited set of circumstances where
22 our T-1 is connected to three-to-one multiplexing and DS-
23 3 transport. So --

24 MS. ATTWOOD: Does that answer though that
25 concern?

1 MR. GUMPER: Well, no, because if someone comes
2 to me with a T-1 group and says I want to multiplex it up
3 and give me a UNE group rate for that group -- and then
4 all it is is a CHAN term of loop, you know, because the
5 Commission has already decided that you can have millions
6 of restrictions on the UNE loop.

7 MR. HULTQUIST: Yes.

8 MR. GUMPER: So another area of the commingling
9 is if you allow a UNE -- you know, if you allow a UNE
10 look to be connected to a multiplex, what is to prevent
11 the wholesale conversion of all the CHAN terms to the UNE
12 price?

13 MR. HULTQUIST: And we were aware of this
14 concern. And the terms of the waiver we requested, we
15 specifically asked -- stated that, "Channel terminations
16 that are converted to unbundled loops may not be combined
17 with interoffice transport under the terms of this waiver
18 unless the circuits established thereby terminate
19 ultimately on a WorldCom classified switch and they are
20 used to provide exclusively local exchange and switched
21 access services."

22 So I believe we have addressed this concern that
23 we could --

24 MR. LERNER: Who is it switched by?

25 MR. HULTQUIST: Pardon?

1 MS. ATTWOOD: The voice from the back.

2 MR. LERNER: When you say local exchange is
3 switched back to our service center, who is switching it?

4 MR. HULTQUIST: We are. We are switching it.

5 MR. LERNER: That classifies switching.

6 MR. HULTQUIST: Yes. So I understand this
7 concern that we would thereby since there is no
8 restriction on UNE loops completely avoid the use
9 restriction. I think we have addressed that.

10 MR. GUMPER: Now, let me -- in terms of losing
11 money, yes, I think we do lose money on this more than
12 just that because at least from what my engineers have
13 told me, there is nothing technically to prevent -- you
14 know, if you were to grant this waiver, for them to go
15 and say to their customer who they are currently
16 providing this local service to, oh, by the way, why
17 don't you take your long distance traffic that probably
18 now is only special access pipe going to their POP and
19 putting that traffic on those circuits and disconnecting
20 the special access.

21 MS. ATTWOOD: And why isn't he right on that?

22 MR. HULTQUIST: First, again, the point we keep
23 making, that the products that the customer gets from our
24 LD switches are not available first of all on our local
25 switches.

1 MS. ATTWOOD: But aren't you -- well, aren't you
2 incented though? Are you incented to make those products
3 just as good because you can probably lower the price
4 because you are going to avoid special access --

5 MR. HULTQUIST: I think as Don started
6 describing, before you do it, first of all, we would have
7 to change the software loads on our local switches if the
8 toll switches have access to specialized routing
9 instruments, databases. Then we would also have to put
10 sufficient transport capacity in the network to do it.
11 Again, our toll network has grown over the course of 20
12 years or more.

13 The capacity that exists into those toll
14 switches is far greater than the capacity that exists
15 into our local switches. So to effectively make the
16 conversion to take advantage of a situation that is as
17 far as we know interim that the Commission is going to
18 revisit is not practical.

19 MR. STILLMAN: Plus we would have to strand all
20 the -- if we were to do that, we would be stranding all
21 of that long distance capacity in our long distance
22 network.

23 MR. GUMPER: Well, you would still be using it.
24 You would just be connecting to the cross-connects
25 between your classified switching of your toll groups.

1 MR. HULTQUIST: Yes, and the customer would have
2 a degraded service because instead of being able to have
3 access to a product like virtual private network, they
4 would now have to have two stage dialing where they would
5 dial one number through the classified switch to get
6 access to the toll network. And then they get access to
7 the priority --

8 MR. GUMPER: But presumably these people who you
9 started on local service to -- if they are doing any long
10 distance, that is how they are doing it today, through
11 that --

12 MR. HULTQUIST: No. Many of these --

13 MR. GUMPER: Well, you are saying that you have
14 switched --

15 MR. HULTQUIST: -- many of these customers have
16 connections both through our local network and to our
17 toll network.

18 MR. SHAKIN: It may well be that there are
19 customers that wouldn't find it economical to switch
20 because they need the features that you say you
21 exclusively offer over your dedicated versus through our
22 special access and through your switched access service.

23 But that doesn't mean there is not going to be a
24 significant number who you could say, hey -- and that it
25 is cheaper.

1 MR. HULTQUIST: And that is why I have said that
2 if, you know, the waiver of the commingling prohibition
3 were granted and any time we were audited to show that,
4 in fact, it was sham, that these customers were not
5 actually getting local service, that all they were doing
6 was making and receiving toll calls, we would be willing
7 to participate in --

8 MS. ATTWOOD: But if there is such a vast
9 majority of the customers that you have are, in fact, not
10 shamming, you are making -- you want to us to adopt a
11 presumption here. Why is it so hard for you to take the
12 burden and affirmatively assert that these customers are,
13 in fact, consistent with an appropriate commingling
14 obligation?

15 MR. HULTQUIST: Dorothy, I think I have been
16 clear. If only the commingling prohibition were waived,
17 that is our biggest barrier. If only that were waived,
18 if the waiver were only granted for that, we would go
19 back and we would make a re-evaluation.

20 We believe that the showing on our network, that
21 a circuit is connected to a classified switch, is stronger
22 than the showing in the three options that local service
23 is being provided since the only thing we provide is
24 local. But we would go back and re-evaluate.

25 MR. SHAKIN: And if you could make that showing,

1 then why couldn't -- and you've got so many of these
2 customers that are predominantly local, then couldn't you
3 MUX them up onto a DS-3 with predominantly local on a DS-
4 3?

5 MR. HULTQUIST: To do the re-grooming you are
6 suggesting could only be done during maintenance windows.
7 We would need the cooperation of you guys. It would
8 take years. It is far -- there is no reason to impose
9 that hardship of outages on our customers when there is
10 no reason to take them off their current DS-3.

11 MR. SHAKIN: But most of them are local. That
12 is what --

13 MS. ATTWOOD: No, no. But he is saying in any
14 given configuration, you may have one that is the T-1 --

15 MR. HULTQUIST: There may be only one local T-1
16 on that MUX.

17 MS. ATTWOOD: Right. And so they have to go
18 through and figure out how they would MUX it. I mean, I
19 hear that. I mean, you can't --

20 MR. HULTQUIST: To suggest that it would be in
21 any way practical to re-groom our network to segregate
22 the local T-1s from the non-local T-1s is not that --
23 could not happen in a practical manner.

24 MS. ATTWOOD: You guys ask questions.

25 MS. DONOVAN-MAY: Okay. Is there -- just going

1 back to the harm question on the commingling. I mean, I
2 understand you are asking for a limited waiver until we
3 figure out for further notice. You know, is there any
4 way to make -- is there anyway to make the commingling
5 waiver narrow enough so that the precedent that Verizon -
6 -

7 MR. HULTQUIST: Sure.

8 MS. DONOVAN-MAY: -- is worried about doesn't
9 happen?

10 MR. HULTQUIST: Sure. All you have to -- the
11 way that -- the only thing that we are waiving is the
12 prohibition on commingling that is contained in the third
13 supplemental -- I mean, the supplemental order
14 clarification. In so far as the Commission as any other
15 prohibitions on commingling, I am not aware that the
16 Commission has any other.

17 In fact, we believe that -- and Brad keeps
18 talking about our UNE platform customers. Those UNE
19 platform customers are connected to feature group D-
20 trunks that we order as access services today. They are
21 fully commingled as far as we know. But maybe the
22 Commission does have other prohibitions on commingling.
23 We are only asking that this particular prohibition on
24 commingling --

25 MS. DONOVAN-MAY: Where is the prohibitions

1 besides for this order?

2 MR. HULTQUIST: It appears in each --

3 MS. DONOVAN-MAY: Does Verizon have it in their
4 access tabs?

5 MR. HULTQUIST: I have no idea.

6 MR. GUMPER: No. The Commission hasn't
7 addressed it because we basically don't -- you know, if
8 someone were to come to us and say I have some UNE loops
9 and we want to connect them up to a special access
10 circuit, we would say, no, we don't allow commingling.

11 MS. DONOVAN-MAY: But is that -- I mean, if we
12 waived it, is there someplace else where you can say
13 commingling -- there is a commingling prohibition? I
14 mean, it is not in your tariffs? It is not in your
15 interconnection agreement?

16 MR. GUMPER: No. It's just that -- it's just
17 that, basically, the issue came up in this.

18 MS. ATTWOOD: Well, we would have to make clear
19 that this extended only to this.

20 MS. DONOVAN-MAY: Right.

21 MS. ATTWOOD: Can you tell me more though, I
22 mean, you said -- and hate issue isn't whether it cost
23 you money, but the question -- because we are really --
24 the issue really is whether -- I just wanted to
25 understand on the commingling piece of it why that is

1 critically important. And the two reasons you have
2 given, just so I understand and make sure I get it is,
3 one, that you have concerns about the fact that a -- in
4 those areas where a platform isn't available, a platform
5 could be recreated in effect where you have some concerns
6 about that.

7 The second is the concern that as an engineering
8 matter, removing commingling would permit access bypass.

9 And there you are saying -- there you guys have said,
10 no, we recognize that and we are trying to limit this as
11 -- to just the commingling piece of the DS-3, in effect,
12 right? I mean, you are not --

13 MR. HULTQUIST: Yes. I mean, there is language
14 --

15 MR. GUMPER: Well, I think the issue was that
16 also since the Commission doesn't have any prohibitions
17 on UNE loops, there was always the concern that if you
18 were allowed to connect a UNE loop to, you know, a
19 multiplex circuit, then it would be pretty hard to tell a
20 customer that they -- why they couldn't convert their
21 CHAN terms into UNE loops and connect them to a multiplex
22 circuit -- an access multiplex circuit.

23 MR. HULTQUIST: And the terms of our waiver,
24 specifically subsection B on page 3 of the waiver
25 petition, are meant to remove that concern from the

1 table.

2 MS. ATTWOOD: Then I guess I just -- not
3 necessarily now, but if you guys could look at that and
4 tell me whether that removes the concern that you have
5 from your perspective, obviously.

6 MS. DONOVAN-MAY: In channel terms at least.

7 MS. ATTWOOD: More questions?

8 MS. DONOVAN-MAY: You are also asking for a
9 waiver of the co-location requirements?

10 MR. HULTQUIST: There are a limited number of
11 circumstances where the hand -- we do not take the hand-
12 off at our co-location. It is multiplexed onto a --

13 MS. DONOVAN-MAY: So there isn't always a co-
14 location of that.

15 MR. HULTQUIST: Yes. It is not the majority of
16 the circumstances. But it is indistinguishable. The T-1
17 comes to our classified the same as if we were co-
18 located. The fact that we were co-located or not does
19 not affect the service that is being provided to the
20 customer. That is why --

21 MS. DONOVAN-MAY: But you couldn't meet option
22 three because it still requires -- option three doesn't
23 have a --

24 MR. HULTQUIST: No, actually --

25 MS. DONOVAN-MAY: -- co-location requirement.

1 MR. HULTQUIST: -- option three doesn't require
2 co-location.

3 MS. DONOVAN-MAY: Right. So that is what I --
4 so you could at least meet option three in those
5 circumstances.

6 MR. HULTQUIST: Yes, the -- we asked for the co-
7 location to be removed if the -- in case the Commission
8 accepted our suggestion, our argument that there is a
9 stronger showing that local is being provided when it is
10 connected to our Class 5 switch. In that case, we would
11 want also to make sure that then we wouldn't have some
12 circuits where it would come back and we hear, well,
13 sorry, you are not co-located.

14 MR. SHAKIN: So if you are okay with meeting --
15 and I understand you wouldn't say you are okay, but
16 basically said if that the Commission felt that was
17 appropriate, you would meet the option three requirements
18 for traffic usage, then you don't really need a co-
19 location waiver.

20 MR. HULTQUIST: We -- in that circumstance, if
21 that were done, we at least would have something we could
22 do. Our biggest problem with the supplemental order
23 clarification is it seems to say on the one hand that it
24 is intended to allow carriers that provide local service
25 to convert special access to UNEs. But when we go and

1 look at it, we can't find a single circuit that it allows
2 us to do that for.

3 MR. GUMPER: Well, that's not a completely true
4 efficient count. A few thousand, several thousand of
5 them, at least in our territory.

6 MR. HULTQUIST: Well, out of our base, there is
7 a small minority with the local service network provider.
8 So, obviously, if things were changed and we could look
9 at it differently, we would. I still don't believe that
10 the options that are in the supplemental order
11 clarification are more indicative of providing local
12 service than what we have suggested.

13 MR. GUMPER: Well, but I -- again, you keep
14 saying that. But, again, the intent was that exchange
15 access was not to be considered equivalent to local
16 exchange.

17 MR. HULTQUIST: And prior to the supplemental
18 order clarification, it was always clear that what you
19 were concerned about was special access. It is only in
20 the wake of our waiver that all of a sudden this concern
21 about switched access --

22 MS. ATTWOOD: I know, but we have indicated --

23 MR. GUMPER: No, that's not true because the
24 order talks about significant local exchange and it
25 differentiates that from exchanged access. It doesn't

1 say significant local exchange includes exchange access.

2 MR. HULTQUIST: The order never says that local
3 exchange service does not include switched access, that
4 switched access -- that somehow there is a different
5 impairment analysis for switched access than there is for
6 local exchange in order to --

7 MR. GUMPER: But the order basically says, "We
8 find the requested carrier is providing a significant
9 amount of local exchange service", then it goes to meet
10 the criteria. In the second one, it talks about
11 requesting -- "The carrier certifies that it provides
12 local exchange and exchange access to the end-user", and
13 then goes on and talks about how much has to be local
14 dial tone and how much has to be local voice.

15 MR. HULTQUIST: But the suggestion -- but the
16 suggestion that there is --

17 MR. GUMPER: Local voice is not toll.

18 MR. HULTQUIST: The suggestion that there is a
19 different impairment analysis for exchange access than
20 there is for local clearly is intended to get to a
21 different impairment analysis for special access service
22 than there is for local, not a different impairment
23 analysis for switched access service.

24 MR. SHAKIN: But this is our switched access
25 service that you are converting. And one of the fears

1 that we had -- and this has been part of the debate since
2 the beginning of this -- is that once you make UNEs which
3 make special access -- a cheap alternative to special
4 access you are not only going to be deviating customers
5 from special access. You are going to be deviating
6 customers from special access --

7 MR. HULTQUIST: That only happens if there is no
8 use restriction. The use restriction removes that
9 concern.

10 MR. SHAKIN: But -- and that is right. And that
11 is why the use restriction has to be based on local, not
12 switched access.

13 MR. HULTQUIST: And the only product we sell off
14 our classified switches is local.

15 MS. CAREY: I have a question for you, Hank.
16 Does the Commission need to find in ruling on your waiver
17 if it were to approve what you wanted, does it need to
18 find that switched access is included as part of local?

19 MR. HULTQUIST: I certainly hope not. I think
20 the Commission has already found that in other places.
21 And I will send the information from the first report and
22 order where the Commission specifically noted that the
23 provision of switched access was a byproduct of the
24 provision of local service. I think they have already
25 found that. I don't think it has to be addressed here.

1 I think that the Commission could treat our
2 concerns -- you know, as I have said, the minimal thing
3 that we -- that we would need waived to get conversion of
4 our circuits is the commingling prohibition. We have
5 also suggested that because of the way our network is set
6 up, because we cannot provide our toll products over our
7 local switches, that the fact that a circuit terminates
8 at one of our local switches is a better showing that
9 local service is being provided than what is in the
10 current options.

11 So -- but the Commission -- you know, maybe the
12 Commission will decide that, you know, for whatever
13 reason, it can't accept that at this time.

14 MS. CAREY: But would you be able to meet the
15 usage requirements?

16 MR. HULTQUIST: As I said, we will go back and -
17 -

18 MS. ATTWOOD: He is going to start telling us
19 that he has been clear.

20 MR. HULTQUIST: We will go back and re-evaluate.

21 MS. CAREY: Yes.

22 MR. SHAKIN: I'll tell you what I heard and then
23 -- I heard that they can measure it, that they may not
24 know sitting here how many qualify. But that they
25 believe that they could qualify after the fact. So

1 presumably, they could -- they could measure before the
2 fact -- they could measure before the fact, but they
3 could meet option three in terms of co-location. So that
4 is not really an issue because once you take away the
5 measurement issue, you have taken away the co-location
6 issue.

7 And that what they are fundamentally asking, you
8 still have a fundamental disagreement. And you might not
9 even disagree with it all this time -- is the
10 commingling.

11 MR. HULTQUIST: Yes, i agree with that.

12 MS. ATTWOOD: And what would be useful for me,
13 and I know you have done a lot of paper on this, but if
14 on that issue, if you can just summarize in the ex parte
15 that you do for this what you view to be the greatest
16 problem with the commingling -- or what it is -- what it
17 is intended to serve, understanding what you have heard
18 today which is an attempt in this order to narrow and
19 address the ability to circumvent the -- their service --
20 their access -- circumvent -- you know what I am saying.

21 MR. SHAKIN: I know where you are going. We may
22 not do it, if that is okay, as the ex parte for this --

23 MS. ATTWOOD: No, fine you can do it separately.

24 MR. SHAKIN: -- because that is the end of it.
25 And it is not going to be tomorrow.

1 MS. ATTWOOD: It would be helpful I think just
2 again to put it down because I think this has been very
3 useful for us to try to identify the rough points. And I
4 don't -- do we have other questions?

5 MS. DONOVAN-MAY: Can I --

6 MS. ATTWOOD: Yes. Yes, you can.

7 MS. DONOVAN-MAY: At the risk of repeating, if
8 we don't find affirmatively that switched access is local
9 exchange service for purposes of option three in this
10 order and you guys go back and re-evaluate and find you
11 can meet option three and we get rid of the commingling
12 restriction so that you can actually do it, what happens
13 if Verizon comes back and audits you? Are they going to
14 then say you don't meet option three because you are
15 using switched access?

16 MR. HULTQUIST: It would be the same as the
17 audit of anybody else I presume.

18 MS. DONOVAN-MAY: I mean, are you going to be
19 back in the same position where --

20 MR. HULTQUIST: No, no.

21 MR. GUMPER: I assume -- what I heard them say
22 was that they can differentiate between local, INTRALADA
23 toll and INTERLADA toll. And under option three, if they
24 went back and they said, okay, here is a customer over a
25 period of, you know, a few months. They are averaging 40

1 percent local traffic and 60 percent toll traffic. Then
2 presumably if you eliminated, you know, the commingling
3 requirement, that would -- the customer qualified.

4 MS. DONOVAN-MAY: Okay.

5 MR. GUMPER: So that is really if you went back
6 and audited and found that the customer only had ten
7 percent local traffic and 90 percent toll traffic, then
8 that wouldn't qualify.

9 MS. CAREY: But I think what Jodie is getting at
10 is that there is a fundamental disagreement over the
11 definition of local.

12 MS. DONOVAN-MAY: No. I think --

13 MR. SHAKIN: I think we are past that. I think
14 we are past that. I mean, yes, we disagree. But I think
15 what they are saying -- and, again, you can tell me if
16 this isn't what you are saying -- but my translation is
17 we don't like it. We think we have got a better
18 definition. But if you say that you want to go that way,
19 we can meet option three and we do meet option three. We
20 just can't live out --

21 MR. HULTQUIST: Only the extent to which we meet
22 option three and we will order accordingly.

23 MR. GUMPER: But we are clear that local voice
24 doesn't include toll.

25 MR. HULTQUIST: Right. If -- when we talk about

1 option three, we are talking about --

2 MR. STILLMAN: Right, but that's -- that was my
3 question as far as option three.

4 MS. DONOVAN-MAY: That's why I asked about
5 measuring voice.

6 MR. STILLMAN: We can't distinguish between
7 voice and other local traffic. Local is local. That is
8 what our records are going to show.

9 MR. SHAKIN: Yes. And my guess is if we ordered
10 you, there is nothing that we could do to find otherwise.

11 MR. STILLMAN: We can't distinguish --

12 MR. HULTQUIST: You can't hear if there is a
13 modem on the line.

14 MR. SHAKIN: Right. Yes, no, I understand that.
15 I think that --

16 MS. ATTWOOD: You've got it pretty well down on
17 recip. comp. Okay.

18 MR. REYNOLDS: Let me -- as long as we are
19 assigning homework, to the extent that MCI is going to go
20 back and give us some of the background on the first
21 report and order and the discussion of how exchange
22 access is a byproduct of local, could you also -- while
23 you are doing that, I think you need to put it in context
24 of what we have said in the clarification order and
25 particularly looking at paragraph 14 and how those two

1 things jib because there is -- I mean, there is language
2 in paragraph 14 that talks -- it appears to create a
3 distinction, how --

4 MR. GUMPER: Well, but let's be clear. In the
5 first report and order, the debate at the time was
6 whether or not one could use UNEs for exchange access in
7 order for the long distance carriers to come in and
8 basically say I don't want to pay you access services
9 anymore. I want to buy UNEs.

10 And what happened, if you go back and take a
11 look at that, the reality was when the Commission talked
12 about exchange access and local exchange, they were
13 really using a model of a single-line customer because
14 they basically said, well, if you win the customer and
15 you are providing the local dial tone, then you are
16 providing the toll service, too.

17 And that is why it was really in relationship to
18 -- you won the local customer. They really never
19 discussed during that whole -- you know, at least in the
20 record, they never really got to the point of what
21 happens if the customer is so big that, in fact, they use
22 the special access and local dial tone lines because, you
23 know -- then the exchange access quite often is dumped on
24 a special access line.

25 MR. HULTQUIST: No, what we have been saying is

1 in WorldCom's network what happens is for their special
2 access lines, they go to these switches, for their local
3 switch service, they go to these switches. And that is
4 really --

5 MR. SHAKIN: In which case you shouldn't have
6 any problem meeting the usage requirements because
7 presumably the customers for their long distance calls
8 are using those other special access circuits. So you
9 shouldn't have --

10 MR. HULTQUIST: Well, we do not have that
11 information at this time.

12 MR. SHAKIN: I know you don't now. But just
13 based on the way you describe it, one would assume that
14 you would have a higher proportion of local --

15 MR. HULTQUIST: Maybe you guys -- maybe you guys
16 have information about your customers' usage patterns
17 that you could put in the record.

18 MR. SHAKIN: That's irrelevant, but --

19 MR. HULTQUIST: No.

20 MR. STILLMAN: It's not really irrelevant.

21 MR. HULTQUIST: We are working with you. I
22 mean, if your T-1 local customers have a certain usage
23 pattern --

24 MR. STILLMAN: If theirs is 90/10, making us
25 show 30 percent local calls is -- would put us at a

1 competitive disadvantage then, wouldn't it?

2 MS. ATTWOOD: Well, that's not -- I think that
3 that wasn't the intent of the supplemental order and the
4 concept of putting --

5 MR. GUMPER: The local -- yes, the local -- you
6 know, if we are talking about PBX customers that we are
7 providing dial tone to, number one, we don't really have
8 a lot of toll on that because that usually goes directly
9 to a POP where there is INTRALADA or INTERLATA toll. So
10 our percentages of local usage on those lines probably is
11 very high, a lot higher than for --

12 MR. SHAKIN: Yes, and I would assume --

13 MR. HULTQUIST: We would intend the same thing.
14 We don't know.

15 MR. SHAKIN: You should find the same thing
16 based on your description of the network.

17 MR. HULTQUIST: We don't know, but -- we don't
18 know what your percentages are. And I would love to
19 know.

20 MR. SHAKIN: But, I mean, given your description
21 of the network, a third should be easy. I mean, I would
22 just -- and I understand, it is your network and you
23 don't know and I am just guessing. But it just makes
24 sense if you are siphoning off the long distance traffic,
25 what is left should just be the local.

1 MS. ATTWOOD: Well, let's take this back and
2 think it through. Do you guys have more questions or
3 anybody have anything else? Okay. Well, thank you very
4 much. It was really helpful. And before we devolve, I
5 think that it clarified a lot of points for us. And we
6 may have further questions that we discuss. Okay?

7 Thanks a lot.

8 MR. HULTQUIST: Thanks, guys.

9 MS. DONOVAN-MAY: Thank you.

10 (Whereupon, at 2:54 p.m. on Thursday, November
11 16, 2000, the hearing in the above-entitled matter.)

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REPORTER'S CERTIFICATE

CASE TITLE: EELs Debate On Waiver Request, WorldCom
versus Verizon

HEARING DATE: November 16, 2000

LOCATION: Washington, D.C.

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the Federal Communications Commission.

Date: 11/16/00

John DelPino

—

Official Reporter
Heritage Reporting

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1220 L Street, N.W., Suite

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I hereby certify that the proceedings and evidence were fully and accurately transcribed from the tapes and notes provided by the above named reporter in the above case before the Federal Communications Commission.

Date: 11/24/00

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PROOFREADER'S CERTIFICATE

I hereby certify that the transcript of the proceedings and evidence in the above referenced case that was held before the Federal Communications Commission was proofread on the date specified below.

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Date: 11/28/00

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