COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Investigation by the Department on its Own Motion as to the Propriety of the Rates and Charges Set Forth in the Following Tariffs: M.D.T.E. Nos. 14 and 17, filed with the Department on December 11, 1998, to become effective January 10, 1999, by New England Telephone and Telegraph Company d/b/a Bell Atlantic-Massachusetts

DTE 98-57

SURREBUTTAL TESTIMONY OF STEPHEN JACOBSEN

ON BEHALF OF

AT&T COMMUNICATIONS OF NEW ENGLAND, INC.

November 5, 1999

1Q PLEASE STATE YOUR NAME, PRESENT POSITION AND BUSINESS ADDRESS.

A1. My name is Stephen Jacobsen. I am the AT&T Division Manager for Carrier Settlements. My business address is Two Teleport Drive, Staten Island, New York 10311.

1Q ARE YOU THE SAME STEPHEN JACOBSEN WHO FILED DIRECT TESTIMONY IN THE PROCEEDING DATED JULY 26, 1999?

A1. Yes.

1Q ON WHOSE BEHALF ARE YOU FILING THIS TESTIMONY?

A1. I am filing this surrebuttal testimony also on behalf of AT&T Communications of New England, Inc. and its affiliates (collectively "AT&T").

1Q WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A1. The purpose of my testimony is to respond to the rebuttal testimony of witnesses Amy Stern and John Howard dated August 16, 1999, filed on behalf of Bell Atlantic-Massachusetts ("BA-MA").

First, my surrebuttal testimony responds to Ms. Stern's defense of certain of the overreaching provisions in Tariff No. 17 which empower BA-MA to act in anti-competitive and commercially unreasonable ways. Next, I respond to Mr. Howard's defense of BA-MA's proposal to include Tariff No. 17 provisions requiring that CLECs establish so-called "geographically relevant interconnection points" ("GRIPs") in every rate center. I understand that, as a legal matter, the Department of Telecommunications and Energy (the "Department" or "DTE") has in another proceeding rejected BA-MA's attempt to impose a GRIP requirement on CLECs(1). In my surrebuttal testimony, I explain why the Department's rejection of the GRIP proposal is correct from a business and pro-competition perspective as well. I also respond to Mr. Howard's attempts to defend certain other unreasonable and unsupported provisions in Tariff No. 17 which should be changed.

I. TARIFF NO. 17's ANTI-COMPETITIVE PROVISIONS SHOULD BE CHANGED.

1Q MS. STERN DEFENDS (AT PAGE 6) BA-MA'S RIGHT TO TAKE UNILATERAL ACTION AGAINST CLECs WHO HAVE ALLEGEDLY COMMITTED A VIOLATION OF SOME SORT, AND SHE IS GENERALLY CRITICAL OF AT&T'S SUGGESTION THAT DISPUTES SHOULD BE RESOLVED THROUGH A DISPUTE RESOLUTION PROCEDURE. DO HER CRITICISMS MAKE SENSE?

A1. No, they do not. First, Ms. Stern acknowledges that BA-MA bears the burden to establish that a CLEC has committed a violation (of the tariff or some other applicable requirement), and cannot simply declare unilaterally that a violation has occurred. See Stern Rebuttal at 8. She then argues that in urgent cases when "immediate steps" are required by BA-MA to remedy the alleged violation, BA-MA cannot be required to satisfy that burden before taking action, and that BA-MA's tariff provisions merely reflect that need in urgent cases to be able to act without giving the CLEC notice. Id. The problem with Ms. Stern's purported justification is that the general rule should not be written to address the emergency case - standard practice should require notice and dispute resolution, with an exception carved out for emergency cases. BA-MA's tariff should be modified so that the exception is not the rule, and emergency procedures are not the norm.

Ms. Stern suggests that permitting BA-MA the right to take unilateral action without notice to the CLEC should not present a problem, because the CLEC can always complain to the Department that BA has acted unreasonably. Id. Again, such a solution any work in the true emergency case, but involving the Department (or initiating some other dispute resolution procedure) should not as a rule occur only after BA-MA discontinues a CLEC service or takes some other action. After all, as BA-MA itself acknowledges by Ms. Stern's commitment to give the Department advanced notice of planned service terminations (see page 6), BA-MA can also bring claims of CLEC violations to the Department (or present them in a dispute resolution procedure) before acting unilaterally in a manner adverse to a CLEC.

1Q MS. STERN ARGUES (AT PAGE 8-9) THAT BA-MA'S TARIFF PROVISIONS EMPOWERING BA-MA TO ACT UNILATERALLY AND TO GIVE NOTICE ONLY OF ITS INTENT TO DISCONTINUE SERVICE, RATHER THAN TO INITIATE DISPUTE RESOLUTION ARE CONSISTENT WITH COMMERCIAL PRACTICE. DO YOU AGREE?

A1. No, none of the examples Ms. Stern offers, either in her testimony (Greater Boston Real Estate Board ("GBREB") Standard Lease) or in response to discovery (airline ticket disclaimers and a Sprint telephone bill - see ATT- BA-6-3) demonstrates that the provisions in Tariff No. 17 empowering BA-MA unilaterally to act are standard commercial practice. Each example cited by BA-MA involves the right to terminate performance for non-payment, and do not support BA-MA's self-declared tariff right to determine unilaterally that a CLEC has allegedly committed some other sort of "violation" of applicable requirements or to act unilaterally to

correct the violation.

A better example of standard commercial practice is a contract which is the product of arms length negotiations between commercial parties. One obvious example is the AT&T/BA-MA Interconnection Agreement, in which the parties agreed to a dispute resolution procedure.

1Q IS A TARIFF A RELIABLE SOURCE OF STANDARD COMMERCIAL PRACTICE?

A1. No. Unlike an interconnection agreement, a tariff is not negotiated, but is rather filed by BA-MA and its terms imposed on anyone who decides to order services from it. The tariff, therefore, demands greater scrutiny and review by the Department to ensure that it does not include overreaching provisions which exceed the terms parties would likely agree to in a standard commercial context.

Such increased scrutiny is particularly necessary with regard to a wholesale tariff such as Tariff No. 17, because purchasers under the tariff are not only customers of BA-MA, but also competitors. For the same reason, the examples of "standard commercial practice" cited by Ms. Stern (such as the GBREB lease and airline ticket; it is not clear if the Sprint bill is wholesale or retail) are not relevant, even in the billing/non-payment context. For example, with respect to the example of the GBREB lease, CLECs who collocate in BA-MA end offices do not have a standard tenant-landlord relationship with BA-MA, because in this case the tenants are not merely leasing space, but are competing with the landlord. This unusual relationship creates incentives for BA-MA to empower itself with greater tariff rights over the CLECs, demands greater scrutiny by the Department of the tariff, increased protections for CLECs within its provisions, and a dispute resolution mechanism like the one AT&T recommends.

1Q DOES MS. STERN'S TESTIMONY SUGGEST THAT BA-MA IS WILLING TO LIMIT THIS RIGHT TO ACT ON ALLEGED CLEC VIOLATIONS?

A1. Yes. As discussed above, provisions giving BA-MA unilateral authority to act against CLECs should be deleted from the tariff and replaced with language involving a dispute resolution process. Short of that, the tariff language should be expressly limited to reflect BA-MA's actual practice. Ms. Stern claims that BA-MA exercises the right to act unilaterally only in "severe or critical" situations. At a minimum, such language should be included in the tariff to reflect the limitation on BA-MA's right to take unilateral action.

Ms. Stern goes on to argue that BA-MA has never exercised its right to terminate service and that it is willing to notify the Department of any intention to exercise that right. Notice should also be given to the CLEC in question. Since BA-MA is willing to provide such notice, a notice provision should also be a minimum requirement of the tariff language.

1Q MS. STERN TAKES ISSUE WITH AT&T'S RECOMMENDATION FOR A JOINT PLANNING PROCESS CONCERNING CHANGES TO THE BA-MA NETWORK THAT MAY RENDER CLEC SERVICES OBSOLETE. HOW DO YOU RESPOND?

A1. Ms. Stern misinterprets AT&T's contention that where BA-MA network changes will adversely affect CLEC services - and thus very likely end user customer services - BA-MA should seek to plan the network changes in a way that will give maximum notice to CLECs and cause the least disruption, and involve CLECs in that process. Ms. Stern instead postulates an extreme case where 50 to 100 CLECs are all entitled to have input on the nature of BA-MA's network upgrades. Ms. Stern's apocalyptic vision does not fairly represent AT&T's proposal.

AT&T does not contend that BA-MA should cede control of planning its network upgrades to a committee of CLECs. Rather, it should be the case that BA-MA gives the maximum possible notice and thought to upgrades that may affect CLEC services that are in turn being used to provide service to end user customers. The greater the advance notice, the better CLECs can plan, and the less BA-MA will need to

coordinate with CLECs. With less notice, however, BA-MA should have an obligation to ensure that service interruptions to CLECs and thus end user customers are minimized.

Ms. Stern says BA-MA is committed to making a best effort to notify CLECs in advance of network changes (Stern Rebuttal at 11) - a commitment that should be included in the tariff. For major changes involving advanced planning by BA-MA its "best effort" should be a guarantee of notice. Indeed, where a change may affect 50 to 100 CLECs, as Ms. Stern speculates, the need to ensure notice to and transition planning with CLECs will actually be the greatest, in order to avoid widespread service interruptions. That is not to say, as Ms. Stern envisions, that BA-MA must respond to the wishes of 100 CLECs before it can make the change, but merely that BA-MA has an obligation to recognize that CLEC end user customers may be affected (something which BA-MA otherwise has an incentive not to take into consideration).

II. BA-MA'S GRIP PROPOSAL SHOULD BE REJECTED.

1Q MUCH OF MR. HOWARD'S REBUTTAL TESTIMONY IS DEVOTED TO DEFENDING BA-MA'S GRIP PROPOSAL AGAINST THE CRITICISMS OF IT IN YOUR DIRECT TESTIMONY. DO MR. HOWARD'S COMMENTS PERSUADE YOU THAT THE GRIP PROPOSAL MAKES SENSE?

A1. Not at all. First, I note again that it is my understanding that the Department rejected BA-MA's GRIP proposal as a legal matter in a consolidated arbitration proceeding between and among BA-MA, MediaOne Telecommunications of Massachusetts, Inc. ("MediaOne"), and Greater Media Telephone, Inc ("Greater Media"). The Department wrote:

Regarding Bell Atlantic's request that the Department approve its proposal to require MediaOne and Greater Media to provide IPs at or near each of Bell Atlantic's tandems, neither the Act nor the FCC's rules requires MediaOne or any CLEC to interconnect at multiple points within a LATA to satisfy an incumbent's preference for geographically relevant interconnection points. See [FCC Local Competition Order] at ¶¶ 198-199.

Therefore, we find that a CLEC may designate a single IP for interconnection with an incumbent even thought that CLEC may be serving a large geographic area that encompasses multiple ILEC tandems and end offices. There is no requirement or even preference under federal law that a CLEC replicate or in a lesser way mirror an ILEC's network. Indeed, the Act created a preference for CLECs to design and engineer in the most efficient way possible, which Congress envisioned could be markedly different than the ILECs networks. Id at ¶ 172.(2)

I understand that BA-MA (through Mr. Howard) has admitted in response to discovery that its GRIP proposal was rejected by the Department. See BA-MA Response to MCIW-IS-62. At the same time, however, BA-MA has suggested that it believes that the Department's legal determination is somehow limited to the MediaOne/Greater Media arbitration proceeding. See BA-MA Response to GN-1-14.

As I am not a lawyer, I offer no opinion about the Department's legal ruling concerning the GRIP proposal. As a business matter, however, I can respond to Mr. Howard's assertion and explain why BA-MA's GRIP proposal is improper and anti-competitive, and should be stricken from the tariff.

1Q PLEASE EXPLAIN WHY THE GRIP PROPOSAL IS IMPROPER AND ANTI-COMPETITIVE FROM A BUSINESS PERSPECTIVE.

A1. There are two important factors to bear in mind when considering BA-MA's demand that CLECs establish a GRIP in every rate center where the CLEC assigns telephone numbers: (1) we are still in the earliest stages of fostering competition in Massachusetts, and it will take time - and an environment of meaningful competition that has not yet been achieved in the local exchange market - for CLEC networks to

develop; and (2) CLECs developing new networks to serve their customers as efficiently as possible will not necessarily mimic the existing architecture of the ILEC network.

These factors influence how an ILEC and CLECs interconnect. ILECs and CLECs both have an obligation to interconnect in order to ensure the delivery of traffic to end user customers. ILECs, however, necessarily have a greater obligation than CLECs with regard to interconnection because they posses a comprehensive local network, which CLECs cannot possibly replicate in the early stages of competition. From a business perspective, the parties would ideally negotiate mutually agreed upon interconnection points, but even such arms length negotiations must recognize the fundamental difference between entrenched incumbent networks and developing CLEC networks. BA-MA cannot be permitted to dictate how CLECs will develop their networks to interconnect with BA-MA, but must instead acknowledge the differing network architecture of CLECs. By insisting that CLECs conform their network architecture to BA-MA's demands for GRIPs, BA-MA in effect refuses to recognize its obligation to deliver its customers' calls to CLEC networks.

For these reasons, which I will discuss in more detail, BA-MA's proposal for geographically relevant Interconnect Points ("IPs") could actually stifle competition, rather than act as an incentive for additional companies to enter the local service market. There are several alternatives that could be negotiated or jointly agreed to that would be amenable to both parties. The wording in the proposed tariff unilaterally favors BA-MA, and is not in the best interests of fostering competition for the state of Massachusetts.

1Q CAN YOU OFFER ANY PARALLEL EXAMPLES OF DEVELOPING COMPETITION REQUIRED RECOGNIZING EVOLVING NETWORKS?

A1. Yes. With regard to efficient interconnection during the early stages of developing competition, it is useful to remember the Access paradigm, where carriers are required to have a Point of Presence (POP) in a LATA (but not in every rate center) and must purchase Entrance Facilities to at least every LEC Tandem in order to be able to receive and deliver calls LATA-wide. Except for the case of AT&T, which was the predominant long distance carrier at divestiture, it took several years for the new entrants to build enough concentration of usage to warrant building direct trunks to individual end-offices.

1Q HAVE REGULATORS UNDERSTOOD THE NEED TO RECOGNIZE THE DIFFERING NATURE OF ILEC AND CLEC NETWORKS IN FOSTERING COMPETITION?

A1. Yes. Congress and the FCC recognized the need to treat new entrants fairly in order to foster competition. The 1996 Act requires ILECs to permit interconnection at any technically feasible point, but does not impose the same level of obligation on CLECs. Moreover, the Act's requirement that interconnection agreements be negotiated between incumbents and CLECs allows for recognition of the unique business interests of both the incumbent and the new entrants. In addition, the FCC's "geographic equivalence" rule - that a CLEC switch that serves the same equivalent calling area as the incumbent should be treated as an ILEC tandem for purposes of reciprocal compensation (see the FCC Local Competition Order, ¶ 1090) - also recognizes the unique network architecture of the new entrants, and the relevant costs associated with this type of network.

1Q MR. HOWARD ARGUES IN HIS REBUTTAL TESTIMONY (AT 3-4) THAT IT IS A CLEC'S DECISION TO SERVE A CUSTOMER IN A PARTICULAR RATE CENTER THAT DICTATES THE ESTABLISHMENT OF CLEC FACILITIES IN THAT RATE CENTER, NOT BA-MA'S DEMAND FOR A GRIP. DO YOU AGREE?

A1. No. It is this fundamental misunderstanding of CLEC networks that makes the BA-MA recommendation biased. CLECs would be pleased to have sufficient immediate demand in every rate center to warrant establishing a point of presence. One of the primary reasons that facility-based CLECs add new switches or other network facilities, or demand collocation space in ILEC facilities, is to get closer to the end-user customers. This allows the CLEC to provide its own network capacity, and be

less reliant on the incumbent to provide leased capacity, to reach its customers. But it is virtually impossible, and cost prohibitive, to serve every customer in this manner when the CLEC is just beginning to build market share. CLECs must be able to - and have designed networks that can - serve customers in rate centers where they do not yet have sufficient presence to warrant building facilities, in order to develop such a presence. Questions such as when a CLEC should build new collocation space, add another switch, or even connect its network to another building are business decisions that a CLEC itself must be free to make (or in some cases negotiate) in order to run its business. When an interconnection point is warranted and where an IP should be located are not decisions that BA-MA can be permitted to make for CLECs.

1Q MR. HOWARD USES THE EXAMPLE OF A LOCAL CALL PLACED WITHIN WORCESTER BUT CARRIED TO A CLEC SWITCH IN BOSTON TO SHOW THAT HAVING A SINGLE SWITCH TO SERVE A LATA IMPROPERLY IMPOSES TRANSPORT COSTS ON BA-MA TO CARRY A CALL TO THE CLEC SWITCH. PLEASE COMMENT.

First of all, such single switch network architecture is precisely the nature of the CLEC networks that was contemplated by the FCC when it determined that the Act permitted CLECs to develop their own efficient networks. See Local Competition Order at ¶ 172. AT&T can not offer more switching points in its network than it has switches. BA-MA can offer multiple choices because of the robust nature of its network. When AT&T adds switches to its network, and assigns codes to that switch in LERG, these switches are automatically added as new IPs in the network. All of these switches can be reached through the BA-MA tandems. BA-MA does build direct trunks from its end-offices to these switches, but only as traffic warrants, in order to off-load traffic from its Tandems. CLEC networks can not be geographically bounded (i.e., by rate center) in the same manner as ILEC networks. Promoting competition means recognizing a new network architecture, for the benefit of telephone subscribers in Massachusetts.

In any event, Mr. Howard's example of a local Worcester call being transported to a Boston switch accurately reflects only one-half of the picture. What he fails to indicate is that the CLEC also transports the call back to Worcester for completion to its customer. Furthermore, the opposite example where a BA-MA customer in Boston calls a CLEC customer in Worcester, favors BA-MA. In that situation, BA-MA only "transports" the call to the CLEC Boston switch, but (as I understand it) charges its customer for a "toll" call. In addition, it is my understanding from AT&T witness Tom LoFrisco, that BA-MA also intends to pay the CLEC only local exchange reciprocal compensation, and not intra-lata access rates, for delivering such a call.

This disparate treatment is not only inequitable, but also suggests that BA-MA's complaints about "unwarranted" transport costs are overblown. Many states, including New York, have eliminated the Intralata Toll scenario, and treat all calls within the LATA as Local for reciprocal compensation purposes. One of the primary reasons is the nature of the local exchange market, and the fact that "transport" (which is not involved in terminating local traffic) is not a significant cost component of completing calls. BA-MA has claimed in response to discovery that, based on applicable UNE rates, transport costs make up sixteen percent (16%) of the total cost of the call. BA-MA concedes, however, that it has not performed a study of transport costs. See BA-MA Response to AT&T Information Request 6-28. Frankly, sixteen percent (16%) sounds too high - I am aware that a Bell Atlantic witness in New York testified that the cost of transport makes up a very small percentage of the total cost of such a call.

2Q MR. HOWARD CRITICIZES YOUR CONTENTION THAT PERMITTING A TERMINATING CARRIER TO DETERMINE THE INTERCONNECTION POINT PROMOTES EFFICIENCY. HOW TO YOU RESPOND?

A1. Mr. Howard misses my point, and instead simply reiterates his complaint that BA-MA should not pay for the cost of transport to a CLEC-selected IP. While Mr. Howard again cites the example of the transport costs to BA-MA for a call placed within the Worcester rate center where the CLEC has its switch in Boston, I can as

easily refer to the alternate scenario of the Boston customer of BA-MA calling a CLEC customer in Worcester where BA-MA is saved any transport costs at all. As I noted, BA-MA charges its end user customer for a toll call, even though it incurs no "transport" costs and pays reciprocal compensation to AT&T for a local call. Such disparate treatment benefits BA-MA in that case. The reality is that this way of routing calls will be a fact of life until competition in the local market flourishes in the same manner that it has in the long distance market, and CLEC's begin to add switches in other "geographically relevant" locations.

1Q MR. HOWARD CLAIMS THAT THE BELL ATLANTIC SERVICES SUCH AS FOREIGN EXCHANGE (FX) AND INTERNET PROTOCOL ROUTING SERVICE (IPRS) SHOW THAT CLECs ARE IMPROPERLY FORCING BA-MA TO BEAR TRANSPORT COSTS BECAUSE IT NORMALLY CHARGES SUCH TRANSPORT COSTS TO CUSTOMERS. HOW DO YOU RESPOND?

A1. How BA-MA charges its customers is not the point of the FX and IPRS examples, although my understanding from BA's testimony in a New York Proceeding is that the cost of transport in such cases is a minimal percentage of the total cost. FX and IPRS are competing services, provided on different types of networks. The design and configuration of the CLEC networks offer it many opportunities to offer services similar, and many times superior, to those offered by the ILEC. It is the CLEC network design of a single point of connection within the LATA that has caused BA to react in a variety of ways. One way is to claim that ISP traffic should be excluded from Reciprocal Compensation. Another is to argue in favor of geographically relevant interconnection points (GRIP). A third is to develop services designed to "compete" with the CLECs. This is what competition is all about. But we can not allow the ILEC to decide through a tariff how, when and where a CLEC should add components to its network. We especially can not allow BA-MA to use GRIP as a way to avoid its basic responsibility to deliver traffic to competing networks.

1Q MR. HOWARD REFERS TO THE TELEPORT INTERCONNECTION AGREEMENT. DOES THE TELEPORT AGREEMENT SUPPORT BA-MA'S GRIP PROPOSAL?

A1. No. The Teleport Agreement does not permit BA-MA to dictate when and where Teleport (now AT&T Local Services) will establish points of termination. Mr. Howard is correct that in the Teleport agreements the companies jointly agreed on the Points of Termination, and they agreed to deliver traffic to these POTs. The companies also agreed to connect the networks in one of the following manners:

1. Collocation

2. Purchase facilities out of Tariff

3. Jointly agreed to Mid-Span Meets

4. Any other legal manner that was jointly agreed to

Interconnection Agreement under Sections 251 and 252 of the Telecommunications Act of 1996 dated as of October 29, 1997, by and between Bell Atlantic-Massachusetts and Teleport Communications of Boston, § 42. In Massachusetts (and New York) Bell Atlantic defaulted to option (2), since they chose not to collocate, and there were never any other options discussed. Having failed to reach mutually agreed upon IPs, BA now seeks unilaterally to impose its preferred method of interconnection by tariff. The GRIP scenario is the BA-MA attempt to avoid truly reciprocal network arrangements.

III. THE TARIFF REQUIREMENTS CONCERNING CLECS' PERCENTAGE LOCAL USAGE FACTOR ARE UNREASONABLE.

1Q IN ADDITION TO THE ISSUE OF GRIPS, MR. HOWARD ALSO DEFENDS BA-MA'S INSISTENCE THAT CLECs PROVIDE CALL DETAIL RECORDS ON A MONTHLY BASIS TO VERIFY THEIR CLAIMED LOCAL USAGE PERCENTAGE. IS SUCH A REQUIREMENT REASONABLE?

A1. No. BA-MA does not require IXC's to produce call detail records to support PIU

factors. See BA-MA Response to AT&T Information Request 6-29. It uses its own switch recording to validate the traffic types, and in some cases actually uses its recording to jurisdictionalize the traffic. The fact that BA-MA is requiring CLECs to provide the call detail in the local exchange context is the primary reason that AT&T contends that the requirement is onerous, and creates an unnecessary administrative burden on both the CLEC and the ILEC. The BA-MA billing system (CABS) and its own switch recordings should be sufficient to perform whatever auditing it deems necessary. The after-the-fact audit should only be necessary when there are differences in the recordings of the two companies, and they may want to perform a record-for-record compare to isolate the problem. The problem could rest in the ILEC recordings as easily as they could in the CLEC recordings or reporting methodology. This is normal industry practice, and the tariff should be modified to reflect it.

1Q HOW DO YOU RESPOND TO MR. HOWARD'S INSISTENCE THAT CLECs REPORT THE PERCENTAGE OF LOCAL USAGE (PLU) FACTOR QUARTERLY, RATHER THAN MONTHLY, AS YOU PROPOSED.

A1. AT&T offered monthly reporting as an option, should mid-quarter shifts in traffic alter the factors significantly. The change in the factor may or may not be in the favor of the CLEC, and the same opportunity would exist for the ILEC to change its factors. AT&T agrees that the factors should be updated at least quarterly.

Even though BA-MA only wants to report factors quarterly, they also require that the factors be reported on each order for new trunks. If a factor is on file , and this factor is valid for the entire quarter, why does the factor need to be included on each new order? There should be no requirement to include the factor and no penalty for not reporting the factor on the order.

IV. CLECs SHOULD BE COMPENSATED APPROPRIATELY FOR BILLING AND COLLECTION OF CALLS TO INFORMATION SERVICE PROVIDERS.

1Q HAS MR. HOWARD ADEQUATELY JUSTIFIED THE PROPOSED RATE OF $0.05 PER CALL THAT BA-MA PROPOSES TO PAY CLECs FOR BILLING AND COLLECTION ON CALLS TO INFORMATION SERVICE PROVIDERS?

A1. No. AT&T still believes that the rate is still too low, especially without understanding how the process is intended to work from beginning to end. The rate of $0.05 per call is the normal CMDS rate, when a LEC receives a "rated" message from another LEC to be billed on its behalf. This is not the rate that the ILEC charges information service providers for Billing & Collection services, which BA indicates is $0.10 per call. See BA-MA Response to AT&T Information Request 6-30. BA-MA does not specify how the CLEC will be able to rate these calls, or if the records need to be given to the ILEC for rating. There could be significant record handling charges, system modifications and other back-office costs to be considered. This also does not take into consideration the high percentage of these calls that turn into customer disputes and uncollected revenue. Moreover, this is a proprietary service of the ILEC, that flourished because of its breath of end user customers, and the willingness of their ESP clients to share "significant" portions of the call proceeds with the ILEC. There needs to be a much more adequate fee for the CLEC's to bill for these calls on behalf of the ILEC.

1Q DOES THIS COMPLETE YOUR TESTIMONY?

A1. Yes.

1. 1 Memorandum and Order in D.T.E. 99-42/43, 99-52 Petitions of MediaOne Telecommunications of Massachusetts, Inc. and New England Telephone and Telegraph Company d/b/a Bell Atlantic-Massachusetts for arbitration, pursuant to Section 252(b) of the Telecommunications Act of 1996 to establish an interconnection agreement and Petition of Greater Media Telephone, Inc. for arbitration, pursuant to Section 252(b) of the Telecommunications Act of 1996 to establish an interconnection agreement with New England Telephone and Telegraph Company d/b/a Bell Atlantic-Massachusetts (Aug. 25, 1999) ("MediaOne Arbitration Decision").

2. 2 MediaOne Arbitration, § V.B.f.ii.