

1 John Lenahan in his opening remarks set out the
2 legal standards in the interconnection order, and just to
3 refresh everybody's memory, they were nondiscrimination
4 which the order described -- defined as being at least in
5 equal in quality to that which an incumbent provides itself,
6 its affiliates or its customers.

7 And then there was further elaboration on the
8 meaning of "just" and "reasonable terms and conditions."
9 The Commission's orders defined that as providing an
10 efficient competitor with a meaningful opportunity to
11 compete.

12 And then the order also stated that incumbent LECs
13 may have to modify their existing systems in order to meet
14 the nondiscrimination and just and reasonable terms and
15 conditions.

16 Don, how should those standards which were in the
17 order be applied to a particular incumbent LEC efforts today
18 or on an ongoing basis to determine whether they are in
19 compliance with 251? And what, in practical terms, should
20 be important in determining whether incumbents are in
21 compliance with their statutory obligations in terms of
22 things such as testing, or capacity, or actual usage. And
23 maybe after you comment on that we can get some reaction
24 from some other folks on the panel.

25 MR. RUSSELL: Well, on the first question that you

1 asked, you know, I think many people this morning have
2 talked about parity, really, I think, focusing on the first
3 part of the FCC's requirement, but I haven't heard any
4 references until you mentioned it to the second part of
5 that, which is providing an efficient competitor with the
6 meaningful opportunity to compete. And I think this is a
7 very important piece of that requirement.

8 It's particularly important when you are dealing
9 with unbundled network elements or with other facilities or
10 services that are being provided to competitors for the
11 first time, and which the incumbents do not provide to their
12 affiliates or to their own retail customers. And because of
13 that fact, of course, it's impossible to have a direct
14 apples to apples comparison. You don't have a baseline to
15 say, well, the incumbent provides unbundled loops to its own
16 operations in a day and a half, since they don't provide
17 them bundled loops at all.

18 And that's why I think the second piece of this
19 definition, providing a meaningful opportunity to compete to
20 an efficient competitor, is critically important here, and I
21 think it goes back to the concepts that several people have
22 expressed already. You really have to look to what it is
23 the customers want, the end users want, what really matters
24 in the marketplace, and judge whether the new entrants are
25 getting sufficient access in order to meet that standard.

1 What are some of the practical issues that you
2 have in looking at this?

3 Well, one thing that I think almost everybody
4 would agree with is that the interfaces that we are talking
5 about will have many, many problems in them up until the
6 point where you have actually gone through extensive
7 internal testing by the incumbent, carrier-to-carrier
8 testing, and some degree of actual commercial use. These
9 are very complex system. You can't expect them to be
10 perfect on the drawing board, and you have virtual -- a
11 virtual guarantee that there will be problems of some kind,
12 whether they are large or small, whether they are many or
13 few. There will certainly be imperfections when these
14 systems are first designed.

15 And from our standpoint, I think there is sort of
16 a hierarchy of what is the best demonstration of parity and
17 operability. At a minimum, I think you need very extensive
18 internal testing. Better than the internal testing is the
19 carrier-to-carrier testing, and best of all, of course, is
20 some actual commercial usage so that you can see how it
21 operates in the real world.

22 MR. WELCH: Don, did you have something that you
23 wanted to add there?

24 MR. LYNCH: Yes. A number of comments have said
25 we need to develop what the customer wants. Well, I can

1 tell you what -- I'm not quite sure what the customer wants,
2 but I can tell you what they don't want.

3 They don't want a new entrant who goes into the
4 market and they choose, for example, MCI, in that transition
5 to have their service disconnected for a few days.

6 They don't want to have multiple bills show up at
7 their door step, one from MCI and one from the local
8 incumbent.

9 If they have things like call waiting and et
10 cetera, they want that service, and they don't want it
11 disconnected.

12 So I think we have a fairly good understanding as
13 a new entrant into the market. We must be able to provide
14 similar service at a level in some cases better than the
15 incumbent because remember we are trying to break into this
16 market. So I think we have got a fairly good idea of what
17 the customer really wants, and that's service from end to
18 end.

19 Now, in terms of what we are discussing today,
20 remember, most of the discussion has been centered on things
21 like resale, at least to this point in time that has been
22 thought of as the creme de la creme.

23 Well, from a new competitor, a new entrant's view,
24 resale is not competition, because if you think about it for
25 a minute, how can there be competition if the incumbent is

1 not at any real economic risk. What we need to get to is
2 things like unbundled loops and things like platform.

3 And then sitting behind those, remember we have
4 got all the other systems that need to be discussed relative
5 to the billing, relative to maintenance. Nowhere have we
6 discussed maintenance today in terms of an MCI has now
7 garnered a local customer and their service breaks. They
8 call MCI and say to us, "It's broken." Somehow we need to
9 get to the incumbent LEC in a very efficient manner that
10 says, "The service is broken. When is it going to get
11 fixed?" You as consumers I think would expect that.

12 So this issue again is much further than simply
13 resale. It's all the various OSS systems that have to come
14 into interplay to make it work. And again, from a customer
15 view it's real simple. They want a service that works, and
16 right now, frankly, it's not working.

17 Thank you.

18 MR. WELCH: I want to direct sort of a follow-up
19 question to Kevin Snyder and John Lenahan about this. If
20 they could elaborate in a little more detail what they are
21 doing internally in their companies to ensure that in fact
22 they are providing parity in the case of services or
23 functions that you actually provide to yourself or to your
24 affiliates.

25 And in those situations, such as unbundled network

1 elements where you probably have not been providing that to
2 yourself, what steps do you take in order to provide new
3 entrants a meaningful opportunity to compete? How do you
4 measure these types of things internally? What sort of
5 procedures do you put in place to ensure this happens?

6 Kevin?

7 MR. SNYDER: Yes. One of the things we have done
8 is to develop new reporting systems which will allow us to
9 actually measure these things. Many, as you've mentioned,
10 are new to the business.

11 In California, in particular, in our contract with
12 AT&T there, we were successful in negotiating measures of
13 quality into that contract who show direct comparisons of
14 our performance at the retail level against the performance
15 given to AT&T and their customers on the wholesale side of
16 the business.

17 So those are some of the things that we are doing.

18 MR. WELCH: John?

19 MR. LENAHAN: We have also negotiated performance
20 standards in our major interconnection agreements. And, for
21 example, with respect to unbundled loops, which we have
22 provided thousands and thousands, over 20,000 unbundled
23 loops throughout the region, since we don't provide
24 unbundled loops to ourself, our contracts have a standard
25 interval for installation of typically five days, and a

1 commitment that either 90 or 80 percent of the orders that
2 we receive that request the five days have to be met.

3 MR. WELCH: So that is a contractual obligation?

4 MR. LENAHAN: That is a contractual obligation
5 with liquidated damages for breach in most cases, and, of
6 course, the carrier can enforce the contract in a court or
7 file a complaint with the Commission or the state
8 commission.

9 In terms of parity, just focusing on unbundled
10 loops, because for resale we do have pretty good parity
11 measurements because resale, we have a retail track record
12 that we compare our wholesale track record to in terms of
13 installation, timeliness, due dates, MAT -- I mean, time to
14 repair, trouble reports.

15 Unbundled loops, we have agreed with some of the
16 CLECs that are truly facility-based providers, Brooks and
17 CCI, in particular, that we will compare our installation
18 and our repair on what we call Code 3 and 4s, which is a
19 facility visit that requires work in the feeder or the
20 distribution as being most comparable to the type of
21 installation work associated with an unbundled loop. So we
22 have agreed to that.

23 We have also agreed to, where the carriers wants,
24 especially in the case of the smaller carriers that only
25 serve a portion of a state, to give them geographic

1 performance so that -- and in the case of Brooks, we break
2 out our Ameritech Michigan performance in the Grand Rapids
3 area, which pretty much dovetails Brooks service area.

4 So to answer your question in terms of parity for
5 the unbundled loops, we have come up with a close comparison
6 to our retail operation, and we have -- where the CLEC
7 doesn't operate state-wide, agreed to a geographic split.

8 MR. WELCH: Okay. I wanted to explore a slightly
9 different issue now, and that is the issue of capacity and
10 scaleability, which is a word that you hear throwing around
11 a lot.

12 Obviously, a lot of these systems are just getting
13 up and running. Competition is just beginning to develop,
14 and not a lot of customers have switched yet. But the plan
15 under the Act, and what everybody is striving for here is
16 that this will pick up and accelerate.

17 And as this acceleration takes place, and new
18 competitors are coming to incumbents and asking for more and
19 more loops or more and more resale of services, how can we
20 ensure that these systems are able to meet this increased
21 demand, this acceleration?

22 So what I would like to do is ask some questions
23 of the incumbents first, and then perhaps some of the new
24 entrants about how to address this issue.

25 John, why don't we start with you.

1 What -- you have actually mentioned this a little
2 bit in your opening remarks, so maybe you could elaborate on
3 it a little bit. What factors at Ameritech do you base your
4 plans for scalability and capacity on? You know, do you
5 look at demand, forecasts that are provided to you from new
6 entrants? Are these internal predictions that Ameritech
7 develops themselves? Do they come in any respect from state
8 commission regulation or direction? What percentage of
9 these predicted levels of activity have you built your
10 systems to accommodate? How do you go about this internally
11 trying to predict the future and make sure that your systems
12 will continue to grow and be able to meet the demands of the
13 future?

14 MR. LENAHAN: Okay, why don't I address the --
15 basically, we have -- we have addressed capacity in two
16 ways. The first way is from a system's point of view. We
17 have put into place an interface that is scaleable and that
18 can be increased as the demand warrants it. And we have
19 outsourced that particular IT processing to IBM, and they
20 have, I think everyone would agree, sufficient supply to
21 meet projected demand.

22 So from a hardware point of view, and these are
23 basically mini-computers. They are fairly easy to
24 supplement where we need new gas, or where there is more gas
25 in the pipeline.

1 The procedure for projecting what the demand will
2 be essentially is a combination of our internal estimates
3 based on actual use, and we, like any other business, trend
4 what we provide, and so we trend what we are providing to
5 the CLECs, both unbundled network elements and resale.

6 But more important, for the longest time we have
7 sent letters to each of the competitive carriers that have
8 interfaced with us or indicated an interest to interface
9 with our OSS, and asked them to provide us with a six-month
10 rolling demand forecast. Once a month we ask them to give
11 us what is your demand for the next six months.

12 In some cases, we have -- I will tell you -- in
13 most cases in the beginning we got a "go pound sand" type of
14 a response, "It's none of your business what our capacity or
15 projected demand is going to be."

16 We have negotiated into our major agreements a
17 contractual obligation for the CLEC to provide us with
18 capacity forecast, and they have started to do that.

19 So we take that demand forecast, compare it to
20 what we actually are seeing in the business, and on an
21 ongoing basis determine whether or not, based on that
22 projected demand we have adequate capacity internally.

23 We have since we started doing this increased
24 capacity to meet our internal standard of being six months
25 ahead of projected demand. In addition, as the filings that

1 we have made before the Commission and state commissions, we
2 retained a IT firm to take a look at our entire OSS
3 interfaces, and, in particular, we asked them to focus on
4 our ability to meet the capacity that we forecast.

5 So it's an ongoing process of evaluating what we
6 see, asking carriers to provide us with their own
7 projection, and then communicating that to the hardware
8 suppliers essentially.

9 MR. WELCH: So if I understood you correctly,
10 John, you said in a number of your agreements there is
11 actually a contractual obligation on the competing provider
12 to provide you with demand forecasts?

13 MR. LENAHAN: Right.

14 MR. WELCH: Kevin, how - I'm sorry. Go ahead.

15 MR. LENAHAN: Which is pretty -- I mean, in a
16 commercial setting the supplier has an interest in
17 understanding how much is going to be required, and the
18 purchaser should have a complementary interest in making
19 sure that their forecasted needs are known to the supplier
20 so there is no gap in supply.

21 So we, you know, haven't found it to be
22 universally though agreed upon with the CLECs that they
23 intend to share forecast demand. But in those cases where
24 we have a contract obligation the obligation is being met.

25 MR. WELCH: Kevin, how are you doing at GTE to

1 grapple with this issue about projecting demand in the
2 future and making sure you have scalability in your system?

3 MR. SNYDER: Yes, Richard, similar to Ameritech
4 most of our contract with the CLECs do contain provisions
5 for the CLEC to communicate forecasts to us, and those
6 forecasts come to us through the account managers assigned
7 to those CLECs.

8 I think one of the concerns there has been on the
9 CLEC part that the information will make its way to the
10 retail side of the ILEC business, and we have been very
11 careful to avoid that, and we sign confidentiality
12 agreements and do a lot of things to prevent that.

13 We also do internal forecasts as well to validate
14 that information, and then we utilize that information to
15 make operational changes in our business. Our systems are
16 scaleable, as Ameritech's are. We also continue to automate
17 many functions so that we get more volume out of those
18 particular systems.

19 And, you know, any system that's developed there
20 is going to be some fall out that occurs in that system, so
21 you have always got human labor and human capital involved.
22 And so we have been very aggressive in terms of trying to
23 stay ahead of the volume, and hiring and training people to
24 handle that volume, building new centers to handle the CLEC
25 orders and things like that.

1 MR. WELCH: And, Anne and Don, I wonder if I could
2 sort of follow up on this same topic of scaleability with
3 you.

4 In your dealings with the incumbent LECs in
5 striking these agreements, are you making specific demands
6 for certain level of capacity in your negotiations, or
7 writing that into the contract? Are you providing the
8 incumbent with demand projections of what you see for
9 yourself in the future? And if you are not providing such
10 sort of forecasts, how do you see the incumbent being able
11 to build for scaleability in the absence of such sort of
12 projections?

13 MR. LYNCH: Well, the first issue in forecasting
14 any kind of demand is a understanding of what are the
15 products and how they are going to be delivered and in what
16 format.

17 Again, go back to the example. Resale, that's a
18 fairly simple thing to do. However, in dealing with
19 unbundled elements and network platform, that's a far more
20 complex thing to do.

21 So I guess we are kind of in a situation in some
22 cases which comes first, the chicken or the egg. I can't
23 tell you what I am going to sell until I know I have a
24 process in place that can handle huge volume, and I think I
25 would speak for ATT and MCI, or LCI, for that matter. We

1 expect to sell a lot. But, again, until we understand how
2 the system sits behind it and how we can process, I am very
3 reticent to give them volume commitments.

4 A good example of what perhaps we are dealing with
5 is unbundled loops. And again in Ameritech's case unbundled
6 loops are delivered by an ASR, which is a non-standard
7 process versus what the first discussion point was. So
8 there is a non-standard process there that makes it more
9 confusing.

10 For a new entrant now, we get to go to --
11 including GET -- eight embedded carriers. And if we have a
12 little bit different process or a non-standard process in
13 each case, it makes our life a heck of a lot more complex.

14 The other things concerning here in terms of
15 scaleability and volumes is how much is it a manual process.
16 Again, it was commented earlier. We know that in a lot of
17 cases we may be transmitting orders to an embedded LEC, and
18 then for some reason those orders will fall out because of
19 an error, and then you have got rooms full of thousands of
20 people trying to correct those errors.

21 This is not a through system that's in place right
22 now. We need to have a system that's in, that has all the
23 edits in it to prevent these manual problems falling out,
24 and that's part of the capacity issue, as well.

25 And, frankly, I think that from a new entrant

1 side, I think that we're scared to death that the embedded
2 LECs can't deal with the kinds of volumes we are talking
3 about. Clearly, PacBell is a clear example. In PacBell,
4 MCI has about 20,000 orders. We have got a backlog now out
5 there of a couple thousand orders, and we stopped selling a
6 couple months ago.

7 And so the issue that we have, again, is sort of
8 which comes first, the chicken or the egg, is that can a new
9 entrant turn up the sales pressure only to be disappointed.
10 Again, we feel as though we are going to have one shot at
11 the market. And again, out of the box, if we can't deliver
12 what the customer wants with relatively little risk of being
13 able to deliver it, we are going to be in trouble.

14 So, Anne?

15 MR. WELCH: Anne, how is LCI handling this in terms
16 of demand forecasts and working with incumbent on
17 scaleability?

18 MS. BINGAMAN: We have no problem giving people
19 demand forecasts. We are obviously much smaller than AT&T
20 and MCI. We do have substantial residential customers, well
21 over 1.5 million, whom we would like to serve. Many of
22 them, they are nationwide actually. We have got them in all
23 states of the union. We are not offering residential resale
24 at this point because -- for the same reason MCI said. We
25 are terribly concerned. It would destroy that end of our

1 long distance business if there were widespread
2 dissatisfaction. People would get the idea we couldn't
3 deliver and it would hurt us badly.

4 So the orders we project are business orders and
5 they are much smaller in numbers. And so on the resale
6 side, the scalability problems you see, frankly, you can go
7 across the board. PacBell sent out a letter about a month
8 ago saying they would, by second quarter '97, could process
9 2500 orders a day; by third quarter, some number; by end of
10 fourth quarter '97, five to six thousand orders a day. It
11 was an industry-wide letter and they said make your
12 projections accordingly. So PacBell is not close to being
13 scaled up and they don't really purport to be, although they
14 do have a 271 application filed that's being heard in front
15 of the PUC. So that is the factual situation.

16 PacBell has dropped customers of ours, cut them
17 off. We have a terrible time getting them. They have been
18 understaffed. I think that's been publicly known. They
19 have struggled with it. We have had the statistics I gave
20 you on orders waiting for a due date, and this is not
21 installation, this is orders that we have sent and we're
22 waiting back to hear when they will be installed, and I gave
23 you these numbers.

24 Bell South, we have 93 orders waiting; 45 of them
25 11 to 15 days. PacBell, we have 21 orders waiting; 14 of

1 them 11 to 15 days or older. Ameritech, 49 waiting; 21 in
2 the one to three day, 22, four to five days.

3 So I think there are -- you can see scalability
4 problems. This is not installation date. This is simply
5 waiting to tell you when you will get an installation date
6 so you can tell the customer.

7 Scaleability on the UNE side of things is far more
8 important and really in a desperate situation. This needs
9 the Commission's action. The Commission has put all its
10 eggs in the UNE unbundled platform -- UNE combined network
11 platform basket. I really think that's fair to say, and I
12 don't have a problem with that. In fact, I applaud the
13 Commission's policy, theoretical and practical
14 considerations in doing that. But the Commission should be
15 aware when you're talking about scalability in the UNE
16 world, which is the way we are to avoid access charges, put
17 yourself in the shoes of LCI.

18 We are a \$1.1 billion company. Clearly, the
19 access charge order says either get facilities based or go
20 to UNE. We cannot put in several hundred switches around
21 the country overnight. Even you couldn't order them. UNEs
22 have to work for us, and they have to work in a scaleable
23 way. We are the first test customer with NYNEX ongoing in a
24 very slow test. It is not remotely scaleable. And you
25 should ask the other people up here, and ask NYNEX who else

1 they are testing this with.

2 Ameritech, we were told -- I was told Thursday
3 they can't conduct more than one test at a time because they
4 don't have the people to do it.

5 There is no, no, no scaleability on the UNE side,
6 and I think, to me, that is as a policy matter, as a
7 practical money matter, we have no way to avoid access
8 charges without UNES. We will be competing against
9 competitors who don't pay access charges for originating and
10 possibly terminating in region. Our only way to avoid it is
11 to step in and we can't do it right now.

12 MR. WELCH: Don Russell, is this something that
13 the Department of Justice has given some thought to? What
14 is your perspective on the issue of projecting demand and
15 scaleability?

16 MR. RUSSELL: Well, clearly, scaleability is
17 important, and the factor that we look to is really the
18 ability to handle the volumes that are anticipated as the
19 market becomes more and more competitive. We want to see a
20 situation in which the competitor's ability to sign up
21 customers is a function of the quality of the service that
22 they offer, and the price that they offer, and how good they
23 are in the marketplace, and not have a situation where the
24 entrants are constrained because even though customers would
25 like to have their service, the orders can't be processed

1 fast enough.

2 Obviously, in order to have that kind of
3 scaleability, in order to get rid of those constraints, the
4 incumbents need to have a certain amount of information
5 about what the anticipated volumes will be. I think it's
6 reasonable for them to ask those kinds of questions, and I
7 think it's reasonable for the entrants to give them those
8 kind of reasonable demand projections.

9 But at the end of the day what we want to see is
10 to have these systems scaleable so that whatever the
11 marketplace dictates as the outcome is what you see in real
12 life.

13 MR. WELCH: Okay. We have about 15 minute
14 remaining, and it might be appropriate at this point to see
15 if anyone in the audience has some questions that they would
16 like to put to our panelists.

17 We have a portable microphone here, and if you
18 have a question I would ask that you use the microphone,
19 state your name and who you are with. Please try to keep
20 your question as succinct as possible. And if you are
21 directing it to anybody in particular on the panel, please
22 say so.

23 MR. KANE: Good morning. My name is Paul Kane. I
24 am with Teleport Communications Group.

25 The question I have pertains to the distinction

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1 between OSS as an unbundled element, and the simple
2 interface between OSS of a CLEC and an incumbent local
3 exchange carrier. The first report defined OSS as a
4 different, a separate unbundled element. Yet the discussion
5 here today seems to focusing mostly on interfaces between
6 CLEC OSS and ILEC OSS, and the implications for cost
7 recovery, et cetera, are very different under those two
8 different definitions.

9 I wonder if each of the panelists could comment on
10 their perspectives on OSS as an unbundled element and OSS as
11 an interface issue.

12 MR. LYNCH: I'm not steeped in the order than
13 perhaps you have. I mean, clearly we are talking about here
14 is the interfaces between companies so we can compete.

15 I did catch one thing though that I found was
16 curious in your question is who pays for this? Well, if you
17 are in a competitive market, which supposedly we are getting
18 to, it would seem to me each company needs to bear its own
19 cost. No one compensates MCI for building systems to get
20 into competition. No one, I think, is going to compensate
21 LCI or Sprint, or ATT for that matter. It's the cost of
22 doing business.

23 So, again, if you start off with the assumption
24 that this is a competitive market or about to be a
25 competitive market, I think the embedded companies need to

1 absorb the cost, as we are on the competitive side in terms
2 of whether it's the unbundled -- if it's an unbundled
3 element or interface, I'm not sure I know the answer to that
4 question.

5 MR. WELCH: Anybody else on the panel want to take
6 a crack at that question?

7 COMMISSIONER MAJKOWSKI: Let me just comment. I
8 don't know if I will answer the question, but I think your
9 point is well taken. It's one of the reasons why I talked
10 about the complexity. The panelists that preceded us and
11 the ones that will follow us are going to cover the pre-
12 ordering provisioning, new service ordering, repair service
13 ordering and billing.

14 In Colorado, what we have tried to do and have
15 viewed those as they are, in fact, unbundled network
16 elements which should be available to the competitive local
17 exchange providers, and it is our intention that it would be
18 an electronic interface.

19 Right along with that, there is a cost associated
20 with being able to provide that. That determine has not yet
21 been made, but it is a question which we believe is
22 deserving of discussion, and have attempted to look into
23 that.

24 From the comments that were made by MCI, there may
25 be a difference of opinion between the ILECs and the CLECs,

1 and that is what a state commission is supposed to take a
2 look at, so we are. But these interface aspects are each
3 considered unbundled network elements, and they should be
4 equal service that the incumbent is providing to itself or
5 anyone of its affiliates. It should be available and
6 provided to the competitive local access providers because
7 that's -- outside of local numbering portability, at least
8 from this commissioner's point of view, if you don't have
9 the telephone number to go with you, and you don't have the
10 ability to provision, to order, to maintain and repair, and
11 to do in fact disaster recover, as well as billing, you are
12 not going to enhance competition, and that's what we are
13 trying to do in Colorado, enhance competition amongst the
14 providers.

15 MR. WELCH: Anyone else on the panel want to
16 respond?

17 MR. SNYDER: I would like to respond.

18 The treatment of OSS as an unbundled element is
19 part of GET's appeal of the order, and I don't intend this
20 morning to discuss the merits of our argument there.

21 But in terms of who supports the costs, clearly we
22 would feel that the people who are going to benefit from
23 competition should bear the cost of that, and not
24 necessarily agree that the incumbent should bear all of
25 their cost.

1 MR. LENAHAN: Cost recovery wasn't really part of
2 the panel, but to the extent OSS is considered a network
3 element, it's pretty clear under the statute that access to
4 a network element is upon request and at cost under the
5 standards in 252(d).

6 So if it is a network element, then the cost
7 recovery issue maybe has been clarified, and it's the
8 requester who pays the cost.

9 MR. WELCH: What -- just to follow up on that,
10 John. What if you make modifications to your network to
11 respond to requests from competitors, but those
12 modifications are also beneficial to your own company. Is
13 there any sort of apportionment of those costs to yourself
14 or should they all go to the new competitor?

15 MR. LENAHAN: Well, with so many state
16 commissioners in the room, and one right next to me, I'm
17 going to pass on that one.

18 (Laughter.)

19 MS. BINGAMAN: I think you've made a real
20 assumption here. We are using the unbundled elements.
21 Therefore, we pay the whole cost. But the whole reason
22 these elements are unbundled is because Section 251 of the
23 Act imposes that as a duty on the incumbent. And in the
24 case of the RBOCs, 271 follows. So it's not as if there is
25 no one legal duty, and, two, advantage in doing this.

1 And I think the assumption that you go through
2 arduous cost proceedings on every elements of OSS, I think
3 is a problem.

4 Let me mention something here. I gave to Neil Cox
5 everything I have said to you today last Thursday in a long
6 letter, so there is no surprises here. I am not coming out
7 of the box with anything that Ameritech did not have in
8 writing from me in a 12-page letter with attachments. I
9 want to state that as a matter of fairness, I mean.

10 Secondly, what he said to me in that same
11 conversation as we were debating somewhat hotly this whole
12 UNE issue, he said, "Well," he says, "UNE is actually not
13 going to be economic because now we have got to completely
14 redo the system under the FCC's access charge order and we
15 are going to have -- it's going to cost a lot more than
16 resale."

17 And I said, "How's that?"

18 He said, "Well," and went into a complicated
19 explanation I cannot tell you I followed.

20 But I should mention --

21 (Laughter.)

22 It didn't seem worth it. I figured reams of testimony in
23 state commissions all over the Midwest would deal with this
24 at some point, and I didn't need to right then.

25 But I should tell you this cost issue for

1 unbundled elements and OSS is really important, and I don't
2 think the fascial answer that, "Oh, you are using them,
3 therefore it's all your problem," again, finding costs is a
4 difficult thing when you are dealing with an RBOC or GTE.
5 That's the fact. So I think the cost issue is important,
6 and I don't accept the premise that competitors pay for the
7 whole ball of wax.

8 MR. WELCH: Are there any other members of the
9 audience who would like to pose a question to the panelists?

10 If you would please step to the microphone and
11 state your name and ask your question.

12 MR. MARLIN: Dave Marlin, LCI.

13 This is for Mr. Lenahan. On about the weekend of
14 the 16th of this month you all moved in some software, new
15 software that was supposed to enhance the extraction of
16 daily usage files. I was not aware of that update. I'm not
17 sure of any other CLEC that was aware of the update. And
18 the update didn't go well. It delayed the delivery of the
19 daily usage files for several days. Also, it missed some
20 switch files that were later delivered, I think it was over
21 a week later.

22 I am wondering, are we viewed -- you know, I
23 perceive that not as a friendly act. You know, that wasn't
24 friendly at all. I wasn't aware of it. I wasn't included
25 in any of the testing of it. And I am wondering in the area