1 MS. WALSH: I don't know whether doing it on
2 numbers would be better than doing it on line. I think that
3 it's critical, from our standpoint, that whatever system it
4 is, it also addressed the transport component, and have a
5 methodology for having them pay their pair share; and that
6 whatever methodology you used to address either of those
7 components, it will pick up all providers of service today,
8 and sort of think ahead to the new technology that someone
9 might jump to tomorrow.
10 So, you know, if you can pick IT telephony, if you
11 can pick up data over cable, and all the other things that
12 you can think of that are happening today, and then make
13 sure that that system will also capture the things that can
14 happen tomorrow, I think that's the challenge at hand.
15 MR. NAKAHATA: Another member of our members
16 started with numbers, and they got away from numbers,
17 because they ran into analytical problems. I can't detail
18 for you what happened, but we will provide it for you
19 separately.
20 MR. MARTIN: Okay, thank you.
21 MR. NISHI: In my mind, numbers are the same as
22 connections. You buy a number and you don't know who the
23 inter-exchange carrier is, so there would never be -- in
24 this instance, and then any special services that the
25 telephone number is associated with. So I'm not sure how we

1 would capture them.

2 MR. MARTIN: Okay, thank you.

3 MR. JUHNKE: I think one misconception that I've

4 hard some of the other panelists express about the

5 connection program today, is that it lets large other

6 exchange carriers off the hook. It lets large business

7 users off the hook.

8 That's really not true, if you do it on a

9 connection basis, because inter-exchange carriers are the

10 carriers that provide the connections to large corporate

11 users of telecommunications, and the Sprint plan supports

12 the capacity tiers that the Commission outlines, throughout

13 their comment in the February further notice.

14 So you would have, you know, really quite

15 substantial charges on large business customers, levied by

16 IXEs, as the provider of the connections in those cases.

17 I think that probably does more to satisfy the

18 sense of equitable treatment of all customer groups, than a

19 pure number-based approach; since lots of times, what the

20 connection that the large corporate user is buying isn't

21 relate just to telephone numbers, but to data transmissions

22 that don't utilize conventional numbering plans.

23 MR. ALTSCHUL: I find myself agreeing with both

24 Mr. Nishi nd Mr. Juhnke. The problem with a number-based

25 assessment mechanism is that long distance inter-exchange

1 carriers are not going to be incorporated.

2 The problem is confounded by multi-line business

3 users, particularly Centrix users, and this Commission has

4 spent a couple of decades coming up with equivalency ratios,

5 which is a form of proxy, and does not necessarily simply

6 the collection mechanism.

7 MS. ABERNATHY: Commissioner Jaber?

8 MS. JABER: Thank you, I have a question with

9 respect to your proposal, as it relates to how you would

10 handle bundled offerings. I understand your concerns with

11 respect to the SBC and Bell South proposal, and concerns

12 with respect to what we have today.

13 But hypothetically, if there's a CLEC that buys a

14 NAP from an ILEC for the purpose of bundled services,

15 providing bundled services, how would the per-connection

16 assessment be reflected.

17 MR. NAKAHATA: The CLEC has the relationship with

18 the service provider. Oh, I'm sorry, with the customer.

19 Here in our example, then the CLEC pays the universal

20 services. The ILAC does not.

21 MS. JABER: Okay, and then my second question to

22 the entire group is encompassing the definitional issue, and

23 reconciling it with the contribution issue.

24 For example if the Joint Board and, ultimately,

25 the FCC were to find that the definition of universal

1 service should not be expanded to include broad band --
2 that's the first part -- and number two, the ultimate
3 decision by the FCC hypothetically, to find that cable is
4 information service, then all you, in fact, preempted by the
5 proposals, which would have cable and any of the broad band
6 providers contribute towards the universal service fund.
7 MR. NAKAHATA: For our proposal, no -- our
8 proposal is, our members have different and strong views,
9 but our proposal is functionally agnostic. It can work if
10 it's expanded, and it can work if it's not expanded.
11 MS. WALSH: The main concern that we have is that
12 providers, in this area anyways -- is that providers of
13 similar services end up being similarly treated.
14 You know, as it currently stands, given modem has
15 about a seven percent price advantage because of the
16 universal service issue, then I don't think if you classify
17 both as information services, you are preempted from
18 including both in making a universal service contribution.
19 Because I do know that the law does have latitude for the
20 Joint Board to exercise its discretion to treat them
21 similarly. But I think it is critical that they be treated
22 similarly.
23 MR. JUHNKE. Sprint's connection plan -- we're not
24 proposing at this time that it encompass broad bank
25 dedicated Internet connections, whether they are provided by

1 cable companies, telephone companies, wireless companies, or
2 anyone else. That question is the subject of separate
3 comments in the wireline broad band rulemaking proceeding
4 that's ongoing now.
5 We think the outcome of that proceeding should
6 dictate the ultimate resolution of that issue, but the
7 Commission shouldn't wait to reform the contribution
8 mechanism until that other proceeding, which is on a
9 separate procedural track is completed. We think the
10 Commission ought to act on this docket as soon as possible.
11 MR. ALTSCHUL: Well, CTA, as you know, supports
12 the current revenues-based contribution mechanism. Our
13 reading of Section 254, like others, would certainly permit
14 these additional services to be included in support of
15 universal service.
16 MR. DAY: We don't represent CFA or CU in the
17 broad band proceeding, so I would hesitate to really state
18 any position there. But we would say that we think broadly,
19 the revenue based assessment mechanism currently can be, but
20 is not broken, and could be used, in taking those other
21 technologies.
22 MS. ABERNATHY: Commissioner Thompson?
23 MR. THOMPSON: This is a question for Mr. Nishi,
24 but I'm interested in other's comments, as well. Your
25 comments suggested that we should collect from all broad

1 band providers, as well, and also suggested bifurcation
2 between the high cost program and the other programs.
3 Do you think, as one other commenter, and I think,
4 if memory serves me right it was Verizon, suggested that we
5 should have a different contribution base, or a different
6 contribution mechanism, for the different programs that are
7 funded through the universal service program? I think in
8 their comments, it was schools and libraries that they
9 separated out.
10 Do you think it makes sense to collect from broad
11 band providers, just when they're receiving universal
12 service support from libraries, or from all broad band
13 providers; or do you think that that's making things
14 unnecessarily complicated, to split out and have different
15 contribution bases for different programs?
16 MR. NISHI: To start out, I do believe that as you
17 start separating and seeing certain revenues or connections
18 to be specified for a specific type of service, that does
19 add confusion and administrative burdens to the overall
20 universal service funding mechanism plans.
21 Regarding my comments on the separation of the
22 schools and libraries and mental health care versus the
23 funding for high cost world-tough communication carriers, I
24 do have some concerns from the standpoint that there are all
25 lumped together. Customers don't see what they're paying

1 for.

2 And if either of the funding gets scrutinized in
3 any form or fashion, which is the role of most carriers by
4 schools and libraries, were just scrutinized in a report
5 through the FCC, that it could halt the whole program. So I
6 do have concerns there.

7 Now I do believe, and this is probably me
8 personally, I do rule the rural health care in schools and
9 libraries as something that isn't related to the
10 telecommunications high cost portion directly.

11 I see that as more of a general tax type issue.
12 I'm going down other roads there. So with that, I'll
13 finish.

14 MR. THOMPSON: The other issue that is a recurrent
15 theme is administrative complexity. I am concerned and want
16 to understand the differences. I'm sure you'll probably all
17 tell me that your proposals are the easiest to administer.

18 But what I'm interested in is how administratively
19 complex it will be for your companies to implement your
20 proposals, relative to the way they are doing things now.
21 Have you figured out how much more it is going to cost you -
22 - more to less, I suppose -- to run the program as you
23 propose, as opposed to what you're doing now?

24 MS. WALSH. I don't know that we've made those
25 calculations. But I think that the issue of administrative

1 complexity has certainly been raised by the SBC Bell South
2 plan.
3 You know, the discussion about trying to get
4 information from one carrier to another and that sort of
5 thing is talked about. But in truth, and in looking at the
6 transport piece of this, every assessment is based upon a
7 retail relationship with the customer. So if you have a
8 retail relationship with the customer, you know you have
9 access.
10 And if you are selling that customer a transport
11 service, an interstate transport service, you know what the
12 volume and capacity and speed of that service is, and you
13 know the two pieces of information you need, if you are
14 providing a retail service to that customer, in order to
15 calculate what your contribution would be, what the units
16 are.
17 So if the provider of transport has enough
18 information to bill his customer, he has enough information
19 to calculate the universal service claim. And all of these
20 carriers have, in the past, managed to calculate their share
21 of universal service funding, and being able to admit. So
22 the idea of all this information having to go back and
23 forth, I think, wouldn't have to happen.
24 I think the other thing about this plan that's
25 worth noting is that the lag issue goes away, because

1 carriers would calculate their needs, based upon who they're
2 serving, in terms of access and transport, month by month,
3 to figure out how much they owe and remit.
4 So I think that the issue of simplicity and
5 complexity has to be measured against equity and fairness,
6 and you have to hit a balance there. I would submit that
7 what we're talking about here, in keeping a transport piece
8 in the system, really doesn't add the kind of complexity it
9 would cause it to be non-workable.
10 MR. NAKAHATA: I completely disagree; not
11 surprisingly. Let's just take an ISP. I subscribe to AOL.
12 AOL has no idea how many telephone lines I have in my house.
13 How is AOL supposed to know how many qualifying service
14 connections it pays for me? I could have one line. I could
15 have two lines. I could be using both of them to access
16 AOL.
17 It's the same with long distance companies. Long
18 distance companies don't know how many lines a customer
19 necessarily uses to reach the IRAC switch or the IRAX
20 network. This is especially true when you get into business
21 services, and you've got to know, is it ISDN; is it D-1; is
22 it D-S-3?
23 That type of information is not available to you
24 ordinarily, in the ordinary course of your relationship with
25 your customer. But what you must know is, I know I get a

1 certain amount of volume, when it gets to me in my network;
2 but I have no idea what the connection is, back at the point
3 where it's originating, crossing the boundary from the
4 customer to the ILAC.
5 So you need to have that type of information,
6 which is solely in the purview of the ILAC. This makes it
7 exactly like trying to do it PIXYs all over again. The
8 PIXYs were a disaster for exactly this reason. They were
9 more expensive than they needed to be, for exactly this
10 reason. We have to learn from that mistake.
11 MR. JUHNKE. I'd like to make just two points in
12 addition to the points that Mr. Nakahata just made. One is
13 that the Bell South SBC plan really isn't a connection-based
14 plan. It's sort of a amalgam of connection relationships,
15 pre-subscriber relationships, and occasional relationships.
16 The pre-subscribed carriers, the carriers
17 providing the connection, would make assessments on a flat
18 charge basis, but dial-around carriers, prepaid card
19 providers, et cetera, would be assessed on a revenue basis.
20 How the Commission determines what the assessment
21 rate should be on those two different bases is comparing
22 apples to oranges in fashion that escapes my ability; but
23 could, again, que competition in the long distance industry,
24 as between pre-subscriber relationships and dial around or
25 pre-paid card relationships.

1 The second administrative problem, and it's really
2 can lead to a very substantial transaction cost, that the
3 SBC Bell South Plan raises, relates to what Sprint calls the
4 zero billers. A quite substantial portion of our residential
5 customers in any given make no calls. We would not normally
6 send them a bill since they are making no calls and
7 generating no revenues.
8 If we have to send a bill for the USF charges that
9 Bell South SBC propose, that's going to cost us more to get
10 the bill out than it is for the charge we are trying to
11 collect, and the poor consumer is going to have to stick a
12 34 cent stamp on an envelope that contains a check that
13 might cost 10 cents, all for a fee that may be a quarter or
14 half a buck. It makes no sense.
15 MS. ABERNATHY: We are running short. I am going
16 to go ahead and let this panel run until 3:15 p.m.
17 Hopefully, we can get our questions, and then, we'll be more
18 efficient in the next panel or we'll run a little late.
19 I have two quick questions. The first one,
20 Mr. Nakahata, your proposal to assess contributions of a
21 dollar to residential consumers and recover residual amounts
22 from business customers -- how can you be assured that this
23 approach would not over recover from the residential
24 customers and let the large business users pay too little?
25 Is there magic to this dollar amount?

1 MR. NAKAHATA: Actually, Commissioner, what we try
2 to do -- it's not a dollar and then the residual on
3 business. When you start the plan, it's a dollar and a
4 residual on business. Then after that -- which is going to
5 be something like $2.75 -- the chart is going to move up or
6 down together as you move to collect more or less money for
7 the fund.
8 That will keep a fixed relationship between these
9 charges. For instance, if demand went down or if lines went
10 up tremendously, and so you didn't need to collect as much
11 in each connection overall, the residential charge and the
12 business charge would both go down proportionally.
13 This, by the way -- the change in all lines
14 together, was meant to do something else, which goes to what
15 Commissioner Dunleavy said in the beginning -- keeping
16 everybody a little a scheme in the game as to the balance
17 between spending more for the universal, and what it is
18 going to cost is -- everybody shares the pain and everybody
19 gets a little bit of a benefit.
20 MS. ABERNATHY: Mr. Day, a quick question, as you
21 know, with the revenue-based approach, we aren't able to
22 audit all the companies. We can't really check on the where
23 are the numbers they're coming up with as far as the
24 collection. If you moved to a connection-based approach it
25 seems to be simpler.

1 Is there any scenario under which, if you have
2 protections for life line and income consumers, and assuming
3 you look at a number that you think doesn't harm low volume
4 users, is there an approach under which your client would
5 support a connection-based approach or are they pretty much
6 against that?
7 MR. DAY: I think the particular connection-based
8 approaches that we've seen so far hit low income, low users
9 much harder. To the extent that a proposal was changed so
10 the connection charge was much less and more was shifted to
11 the higher-end business users, that would certainly be
12 better, combined with very hard caps on making sure that
13 there aren't excess in administrative recovery.
14 Again, I think that we think that revenue-based
15 system is certainly the preferably approach.
16 MS. ABERNATHY: Thank you very much.
17 MR. ROWE: First question, to Mr. Travieso, there
18 is obviously a threshold over which every proposal has to
19 pass. Some of the proposals strikes me go to some great
20 length to avoid the interstate-intrastate divide, and that
21 is a potential source of inefficiency.
22 If we can do two things, first of all, assume that
23 one could assess both inter- and intrastate
24 telecommunication service revenue; and second, if we could
25 lower the rouser and veil of ignorance so that none of you

1 here advocating your own proposal, but could simply answer
2 the question -- what do you think is best?
3 With those two assumptions, raise your hand if you
4 would support an assessment on both intra- and interstate
5 telecommunications revenue.
6 MR. NAKAHATA: That's a concern I haven't thought
7 about in a long time.
8 MR. ROWE: My second question, and I do have -- I
9 would appreciate your answers to the written questions. I
10 look forward to those.
11 The second question; primarily, for John, but
12 also, possibly for others, the residual charge -- the
13 capacity charge is three or four issues; in particular, in
14 the COSAS.
15 First, there was an objection that the capacity
16 factor could be gamed where everyone draws a line --
17 obviously, been centered to stay on the right side of that
18 line.
19 Second, there appeared to be a concern about
20 potential, longer term effects on competitive neutrality and
21 on economic incentive towards some kinds of substitution.
22 Third, concern about a particular impact on the
23 small business customers and especially, small businesses
24 whether I use Edmond Forth's concern that the structure
25 might create some additional uncertainty about

1 predictability and sustainability of the fund. If you could
2 respond to those concerns.
3 MR. NAKAHATA: I don't know where to start. We've
4 tried to proposed a structure that we think is the most
5 sustainable and stable in the sense that one thing we know
6 about a network is that we don't have a network unless
7 people connect to it.
8 That's sort of functionally the definition of a
9 network. If you assess it at the point where people connect
10 to the network, you're getting the one non-bypassable point
11 that you're trying to assess.
12 Second, in terms of gaming or converter que, we've
13 tried to address that, in part, by designing a system where
14 the charges really aren't all that great, especially, in
15 comparison with the price. When you get to even 40 times
16 the Tier I for the DS-3 and above, that's not a lot of money
17 when you compare it to an actual charge for a DS-3.
18 So that will limit the extent they may be gaming
19 at the absolute margins, but that will limit the extent to
20 which there is real incentive to literally to start network
21 engineering or something like that.
22 MR. ROWE: So you'll work with Mr. Day concerning
23 the BMW in the parking lot on that point?
24 MR. NAKAHATA: Well, I don't think I agree with
25 Mr. Day on that part of his BMW in the parking lot because

1 if he really is -- first of all, it's a nice story he's
2 telling, but the facts in this marketplace demonstrate that
3 not once -- we have not, through 20 years almost of business
4 administrative select, not seen subscribership drop because
5 we've had an increase in the select.
6 While it's a nice myth that increase flat line
7 charges would hurt subscribership, but it is absolutely
8 untrue and the data doesn't support it. In fact, the only
9 thing the data supports is that subscribership is related to
10 poor people running up high toll bills.
11 MR. FITZGERALD: Your response as to small
12 business and rural impacts, then, as well?
13 MR. NAKAHATA: Small business and rural -- small
14 business is -- I don't think there much -- and I guess it's
15 sort of mutualized between rural and urban. It's really the
16 same thing any where. You do not have a differential. It's
17 not like you're dealing with costs that are differential
18 between the areas that's going to be the same. So I think
19 in that way I think it's exactly -- it's not just
20 comparable, but it is really uniform.
21 In the sense of small business -- small business
22 is very hard because of the topic is the diversity in small
23 businesses. Some will have a lot of lines and no usages,
24 and some will have very few lines and a lot of usages. They
25 will come out -- there are winners and losers on either side

1 of that divide. Again, we tried to limit it and make it
2 predictable by having it be a certain amount per connection.
3 MR. ROWE: Thank you.
4 MR. COPPS: My first question will be for Judy.
5 The SBC Bell South plan is very far-reaching in what it does
6 and from whom it collect. Do I gather correctly that what
7 you propose does not require the authorization of the
8 Congress? Your president, and my friend and former
9 colleague, Bill Daily, has probably one of the keenest ears
10 for the sensibilities of the Congress that I've every run
11 into. I'd just like to hear a little bit more of how you
12 get there on that.
13 MS. WALSH: I believe that the law that's
14 currently fashioned does give discretion to bring other
15 providers into the universal service system in order to make
16 it equitable and fair.
17 I think regardless of how it has to be done, the
18 need to make sure that as people are able to move to
19 different technologies -- or different technologies and
20 different types of carriers compete with each other, that to
21 get similar treatment for -- whether it's codem (phonetic)
22 modem or internet telephony, it is important enough that we
23 need to take it on because I do think that we will end up
24 with substitution.
25 There is an article in the Washington Post on

1 Wednesday that talks about Lehman going to IP telephony. It
2 talks about the fact that businesses can save 10 percent if
3 they are able to get out from under the universal service
4 fund. I think that it is critical that we get common
5 treatment, whether it's through a discretion of this Board
6 or by other means.
7 MR. COPPS: My second would be for John or anybody
8 who cares to tackle it, but I'm still trying to get a handle
9 on what we're doing here in terms of whether this is a
10 temporary fix or a long-term solution.
11 It seems to me that if it's a temporary fix, we
12 run the risk of a lot of litigation and uncertainty, and I
13 don't know whether it wouldn't be easier and more
14 expeditious just to try repair the current system we have
15 rather than float something brand new that's going to be
16 subject to a lot litigation and controversy.
17 If, however, this is being put forward as a
18 long-term solution, then I wonder if it has the staying
19 power to support a more aggressive definition of the
20 services eligible for support.
21 We're going to get to advance services some day.
22 I'm just wondering if COSAS or some of these other plans can
23 get us there without running to the very same problems we're
24 dealing with right now in terms of the system we currently
25 have.

1 MR. NAKAHATA: We think that this is a long-term
2 solution. We think that it does have staying power. (Off
3 mike) more people have more connections to the network.
4 Wireless is the best example of that.
5 One reason why we can have this conversation
6 today, and would not have been able to have it in 1996 is
7 because the tremendous growth in wireless. So we think that
8 does create an awful lot of staying power.
9 Is there some point of view that they're too
10 high -- yeah, probably. That is, I think, ultimately, what
11 the Commission has to consider as its trying to figure out
12 what are we funding -- that really goes to the value
13 judgments and the policy choices that you have. I think any
14 time that you're being asked to look at increases in the
15 fund, it's always the same trade off.
16 I think that it is on the uniform makers. We'll
17 keep this to be sustainable. It doesn't eliminate the hard
18 choice that you have to make on the demand side, but it
19 generally stabilizes the system, so whether the system will
20 collapse is not part of the hard choice that you have to
21 make on the demand side.
22 MR. NISHI: I don't think it's a long-term fix
23 system from the standpoint it's not the government portion
24 of what Bill has discussed. You have different technologies
25 peeling into the fund and other technologies. Once again,

1 the DSL versus the cable mobile divide.

2 MR. ALTSCHUL: We don't see the current system

3 being unstable. As you said, the pie has been remarkably

4 constant in its overall size, and that's without bringing in

5 additional services. If the slices should change, and as

6 Willam as said, wireless has grown. We're very proud of our

7 growth.

8 Some of our contributions of sell-to-sell share,

9 of support of universal service fund has grown a the pace.

10 So there is nothing inconsistent with the current system

11 that would prevent the current system from accommodating

12 these shifts in the way consumers use their services.

13 MS. ABERNATHY: Mr. Gregg, you have the last

14 question.

15 MR. GREGG: Thank you. In reviewing the comments

16 of the parties submitted in this case, and hearing the

17 comments of the panelists today, it seems rather obvious to

18 me that one of the biggest issues is the viability of a

19 connection-based system under 254(d).

20 Mr. Nakahata, just assume for a moment that I am

21 wildly enthusiastic about your proposal, and I think it's a

22 great public policy initiative. What can you tell me to

23 give me some comfort under 254(d)?

24 How can I square the clear language that says

25 "every telecommunications carrier shall contribute." It

1 doesn't say "shall be subject to." It says "shall
2 contribute." How can you give me comfort that your proposal
3 is consistent with 254-D?
4 As just an adjunct to that, right now we have a
5 system of assessments based on end user retail revenues.
6 That is the way that the Commissioner interpreted the
7 language of 254(d) or a system that was permissible.
8 Are there any providers of wholesale intrastate
9 services today that are avoiding USF responsibility because
10 of the particular assessment system that we have chosen to
11 use?
12 MR. NAKAHATA: Let me answer your second question
13 first. Certainly, I don't know the answer because I don't
14 have access to USAC data. USAC data could tell you whether
15 there is a carrier that has consumers reports as entirely
16 wholesale. But an entirely wholesale carrier would, as you
17 point out, completely avoid universal service and end user
18 telecommunications revenue formula that is currently in
19 place.
20 Let me answer your first question. I direct you
21 back to the statute, and I guess to really answer that by
22 reading the next phrase as well, which is "on a equitable
23 and non-discriminatory basis."
24 So again, go back, first, do you have a equitable,
25 non-discriminatory basis? Every carrier that provides

1 intrastate documentation shall contribute on that equitable
2 and non-discriminatory basis.
3 Now on that equitable and non-discriminatory
4 basis, it says that there can be a number of different
5 results from zero to a lot, and that's still consistent.
6 Every telecommunications carrier is being held on the
7 equitable and non-discriminatory basis. If that number is
8 then low, it can be diminumus. It can be exempted from
9 contributions under diminumus. So that, although, the
10 formula might require them to pay, they don't have to pay.
11 I think that is what harmonizes each and every
12 provision of this statute. Again, I go back to the example
13 I gave earlier. If you read it to say every
14 telecommunications carrier -- that first part of the
15 sentence -- to mean that when you apply the equitable and
16 non-discriminatory basis, you have to come up with a
17 positive number; that is, it can't be zero, then there is
18 another portion. We say, okay, it's a positive number and
19 it wouldn't be zero, instead it's a one. It is still
20 diminumus.
21 The reason I'm making this point is I don't think
22 the real issue that people have raised here is about every
23 telecommunications carrier at the end of the day. The real
24 issue people have raised here is about equitable and non-
25 discriminatory basis. We do believe this is an equitable

1 and non-discriminatory basis because if you're competing
2 with somebody, and providing the same functions as your
3 competitor, you are going to be assessed exactly the same.
4 That core principle of competitive neutrality has
5 to be there. That's the first test -- is it equitable and
6 non-discriminatory, which really means is it competitive and
7 neutral? If it's not really competitive and neutral, then
8 you'll not going to end up with something that is going to
9 pass the test under the statute in any event.
10 MR. GREGG: Let me ask one real quick last
11 question. Mr. Nakahata, Ms. Walsh, under both of your
12 proposals, what would the following residential customer
13 pay? He has got a land line with long distance service.
14 He's got a wireless phone, plus a dial-up internet
15 connection. Mr. Nakahata, what would he pay under your
16 proposal, each one?
17 MR. NAKAHATA: My land line, wireless and dial-up
18 internet connection -- $2 or so.
19 MR. GREGG: Okay, Ms. Walsh, what would he pay
20 under yours?
21 MS. WALSH: I'd like to talk about the whole issue
22 of the 254(d), if you'll allow me that. But if he has a
23 land line, he's going to have one charge for local exchange
24 hours. If he has a wireless phone, that would be an access
25 charge and a transport charge. It would be two for that

1 one. What else does he have?

2 MR. GREGG: Dial-up internet.

3 MS. WALSH: Dial-up internet would be one

4 additional charge.

5 MR. GREGG: So if the land line has long distance,

6 that would be two?

7 MS. WALSH: Right.

8 MR. GREGG: Okay, so five altogether?

9 MS. WALSH: The land line and the long distance

10 would be two, and the dial-up internet would make it three.

11 MR. GREGG: So it would be 65 cents times 5?

12 MS. WALSH: I don't know that the 65 cents --

13 MR. GREGG: Assume it's 65 cents.

14 MS. WALSH: It would depend on what the charge

15 ended up being times 5. I think because the number of units

16 of this charge, because it's a broadbased system, then the

17 per unit charge is going to be lower.

18 I would like to talk a bit about 254(d), if you

19 will allow me.

20 MS. ABERNATHY: Ms. Walsh, if you could do the

21 legal discussion off line so we can get some small break in

22 before we start the next panel. But go ahead and finish

23 your question here.

24 MR. GREGG: If you assume, hypothetically, that

25 the charge is 65 cents, which is what the Bell South

1 representative told Congress on Wednesday, would you agree
2 that those five connections would cost $3.25 per month under
3 the SBC Bell South System?
4 --
5 MR. GREGG: Thank you.
6 MS. ABERNATHY: Thank you everyone. We're going
7 to take a very brief break. We will start again at 3:30
8 p.m. regardless of who's here. We're going to try and get
9 out of here by 4:30, 4:45 p.m. Thank you.
10 (Whereupon, at 3:21 p.m, a short recess was
11 taken.)
12 MS. ABERNATHY: We are going to ahead and get
13 started because we are running close here today. We are now
14 going to move on to Panel II, which is recovery of
15 contributions and once again, we'll start from my left and
16 move right.
17 So we'll start with the XO Communications, Inc.
18 representative, Steve Ednie. Once again, please be mindful
19 on the time. Please, be sure and introduce yourself. Once
20 all the panel presentations are over, then we'll start with
21 questioning from the bench. Thank you.
22 MR. EDNIE: Thank you. I would like to thank you
23 for allowing me to speak today on behalf of XO
24 Communications.
25 My name is Steve Ednie. I'm the executive tax