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WRITER'S DIRECT DIAL

September 25, 2002

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

VIA HAND DELIVERY

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-B204
Washington, DC 20554

**Re: Correction to Notice of Written Ex Parte Presentation
CC Docket No. 96-45**

Dear Madam Secretary:

On Monday, September 23, 2002, on behalf of RCC Holdings, Inc. and Cellular South License, Inc., we provided your office with notice of a written *ex parte* presentation made the previous business day to Anita Cheng, Assistant Chief, Telecommunications Access Policy Division, Wireline Competition Bureau. The September 23 notice letter contained an error on the second page just below the signature line, indicating "Counsel for Smith Bagley, Inc." instead of "Counsel for RCC Holdings, Inc. and Cellular South License, Inc."

A corrected version of the *ex parte* notice is attached, dated consistent with the original filing date, along with a copy of the written *ex parte* presentation to which the notice refers. Please accept the attached corrected version as a "clerical" amendment to our initial *ex parte* notice filing. Additionally, if possible, we ask that the corrected version replace the initial filing so that only the corrected version appears on the Commission's Electronic Comment Filing System.

In accordance with the Commission's rules, two copies of this letter and attachments are enclosed for inclusion in the Commission's docket file.

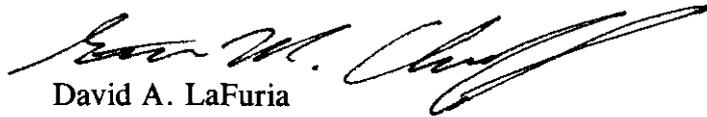
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Marlene H. Dortch, Secretary
September 25, 2002
Page 2

If you have any questions or require any additional information, please contact undersigned counsel directly.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven M. Chernoff". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

David A. LaFuria
Steven M. Chernoff
Counsel for RCC Holdings, Inc. and
Cellular South License, Inc.

Enclosures

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WRITER'S DIRECT DIAL

September 23, 2002

+ NOT ADMITTED IN D.C.

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VIA HAND DELIVERY

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-B204
Washington, DC 20554

**Re: Written Ex Parte Presentation
CC Docket No. 96-45**

Dear Madam Secretary:

In accordance with Section 1.1206 of the Commission's rules, 47 CFR Section 1.1206, we hereby provide you with notice of a written *ex parte* presentation in connection with the above-captioned proceeding. On Friday, September 20, 2002, on behalf of RCC Holdings, Inc. ("RCC") and Cellular South License, Inc. ("Cellular South"), we sent a letter with attachments to Anita Cheng, Assistant Chief, Telecommunications Access Policy Division, Wireline Competition Bureau. The letter was sent in response to Ms. Cheng's request for information regarding the September 4, 2002 *ex parte* presentation by the Alabama Rural LECs addressing the petitions of RCC and Cellular South for designation as an ETC in Alabama.

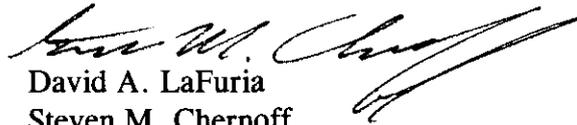
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Marlene H. Dortch, Secretary
September 23, 2002
Page 2

If you have any questions or require any additional information, please contact undersigned counsel directly.

Sincerely,



David A. LaFuria
Steven M. Chernoff
Counsel for RCC Holdings, Inc. and
Cellular South License, Inc.

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WRITER'S DIRECT DIAL

September 20, 2002

By Electronic Filing

Anita Cheng, Assistant Chief
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: CC Docket No. 96-45
Petitions for Designation as an ETC in the State of Alabama
Filed By Cellular South Licenses, Inc. and RCC Holdings, Inc.

Dear Ms. Cheng:

I write to follow up on your request that we provide the Commission with additional information in response to the *ex parte* filings made by the Alabama Rural Local Exchange Companies (the "Alabama Rural LECs"), made on September 5 and 6, 2002. Last week, Cellular South License, Inc. and RCC Holdings, Inc. (collectively "Petitioners") requested an opportunity to provide a response to these *ex parte* filings prior to the FCC releasing its decision on each of the referenced Petitions. In the meantime, the Alabama Rural LECs filed a Motion to Suspend Procedural Dates on September 16, 2002. We provide brief comment on that Motion as well.

The Alabama Rural LECs appeared before the Commission on September 4 and, in essence, argued that Petitioners have not established that they meet the requirements for ETC designation or demonstrated that a grant would serve the public interest. In addition, a number of broader policy issues concerning how the federal high-cost fund is administered were discussed. Although Petitioners were not represented at the meeting, the outline submitted by the Alabama Rural LECs in their *ex parte* notice allows us to respond.

It does not appear that the Alabama Rural LECs raised any concern about Petitioners' ability or willingness to provide the nine-point checklist of services contained in Section 54.101

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of the Commission's rules, or advertise the supported services, which is the principal test for ETC designation. Instead, they have focused on whether the public interest would be served by a grant of the petitions.

A keystone of their presentation is a white paper published by McLean & Brown ("M&B"), a consultant to the ILEC industry, which sets forth a public interest analysis that purports to demonstrate that, at least in some areas, the costs of designating Petitioners as ETCs would outweigh the costs. The M&B white paper is fundamentally flawed - it contains numerous factual errors and the economic analysis contained therein is distorted and completely unreliable. The Commission cannot properly base any finding or conclusion with respect to the Petitions on the M&B publication.

M&B assert that Competitive ETCs ("CETCs") will receive \$76.4 million in "annualized" support during the third quarter of 2002 (M&B at p.3). Of the twenty CETCs on that list, undersigned counsel is personally aware that two will not receive funding during the third quarter, three may begin to receive funding in the fourth quarter, one will not receive funding until first quarter 2003 at the earliest, and one has not yet even filed for ETC status. In addition, M&B have significantly overstated the amount of annual support that some carriers are to receive because the support levels shown include areas where the carrier is not yet receiving support, and may not if ETC applications or disaggregation proceedings cannot be successfully concluded. By conservative estimate, M&B overstates the "annualized" amount by \$15 million, and likely more.

M&B also claims that a "customer list" problem is having a significant impact on the size of the fund (M&B at p.3). The customer list problem is described as a carrier requesting funding for all of its existing customer lines, not just lines added subsequent to designation. M&B does not explain how this "problem" affects ILECs, since ILEC support is not reduced as a result of the FCC funding a CETC in this manner. In fact, the "customer list" problem is not a problem at all.

Section 254(e) of the Act mandates that support to all ETCs be "explicit and sufficient to achieve the purposes of this section." The Fifth Circuit could not have been more clear in rejecting ILEC attacks on portability as an attempt to obtain "protection from competition, the very antithesis of the Act....Portability is not only consistent with predictability, but also is dictated by principles of competitive neutrality."¹ The Commission has on many occasions affirmed its policy that portability means that every line in a high-cost area is supported,

¹ *Alenco Communications, Inc. v. FCC*, 201 F.3d 608, 622 (5th Cir. 2000).

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Anita Cheng, Assistant Chief
September 20, 2002
Page 3

including so-called "second lines."² Moreover, the Alabama Rural LECs' concern that supporting all lines can cause excessive fund growth is not shared by the Commission. In its MAG Order, the Commission was far more concerned about an incumbent losing significant lines to a CETC, which would be much more likely to cause excessive fund growth.³

The Alabama Rural LECs apparently have no problem expressing concern about increases in the high-cost fund which may be triggered by competitive entry, despite the fact that funding to CETCs comprises a small fraction of the high-cost fund. The Commission should take these claims with a grain of salt - - at least five Alabama Rural LEC member companies are named petitioners in the *Alenco* case cited above, wherein they objected to the "continuation of a cap on growth in the fund" and objected "to the introduction of a cap on the amount of corporate operations expenses that may be reported."⁴ While the fund more than doubled to its current level without CETC participation, the ILEC industry showed remarkably little concern. Finally, NTCA has supported Congressional efforts to lift the caps on high-cost support, including H.R. 1171.⁵

For months now, ILECs have been submitting the M&B white paper as a part of their lobbying efforts and in support of ILEC oppositions to ETC applications at the state level. In response to the Alabama Rural LEC's use of the M&B white paper in this proceeding, Petitioners

² See, e.g., *Federal-State Joint Board on Universal Service (Ninth Report & Order and Eighteenth Order on Reconsideration)*, 14 FCC Rcd 20432, 20480 (1999) ("We reiterate that federal universal service high-cost support should be available and portable to all eligible telecommunications carriers and that the same amount of support...received by an incumbent LEC should be fully portable to competitive providers. A [CETC]...shall receive per-line high-cost support for lines that it captures from an incumbent LEC, as well as for any "new" lines that the [CETC] serves in high-cost areas.); *Western Wireless Corporation (Wyoming)*, FCC 01-311 (released October 19, 2001) ("We have no reason to believe that a significant number of consumers will terminate their wireline service as a result of Western Wireless' designation as an ETC....In addition, the federal universal service mechanisms support all lines served by eligible carriers in high-cost and rural areas. Thus, to the extent that competitive ETC provides new lines to customers that are currently unserved or second lines to customers that have service, there will be no reduction in support to the incumbent carrier.")

³ See, MAG Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers ("MAG Order"), 23 CR 1338 (May 23, 2001) at para 208.

⁴ *Alenco*, 3 F.3d at 620-21.

⁵ See, *NTCA Press Release at www.ntca.org/press/releases/pr_032301.html*

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September 20, 2002
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have asked Don J. Wood, a principal in the economic and regulatory consulting firm of Wood and Wood, to examine M&B's presentation. Enclosed is a copy of Mr. Wood's Declaration, along with his *curriculum vitae* for the Commission's reference.

We summarize Mr. Wood's analysis as follows:

- M&B's "Public Benefits - Public Costs = Public Interest" formula uses an inappropriate model and relies on information that is inaccurate and poorly suited for the task, resulting in an understatement of the public benefits and overstatement of public costs in their calculus.
- M&B ignore the primary benefit of competitive market forces that will be unleashed: the creation of incentives for efficient operation in ILECs who today have little incentive to become more efficient.
- If fund growth becomes a problem, it is not a problem because the FCC funds additional ETCs; the problem is that ILECs continue to receive the same level of funding even when a customer is lost to a competitor.
- M&B misuse the Benchmark Cost Proxy Model, Version 3.0 ("BPCM") by presenting charts that significantly distort the results. M&B admits that the Rural Task Force concluded that the BCPM did not produce accurate results at the wire center or study area level - - yet its conclusions are based on just such results.
- BPCM 3.0 contains a number of errors that cause it to overstate the necessary investment in network facilities, especially in areas of low line density. As a result, unreliable and inaccurate information is used to draw conclusions as to the relationship between the density of households and per-line costs in rural areas.
- M&B's static analysis ignores the long-term effect of competitive entry, namely the incentive for an incumbent to increase its operational efficiency during the transition period during which ILECs are weaned from embedded costs to economic costs. The long term gains in economic efficiency can be expected to easily outweigh any short-term losses that may occur.
- M&B incorrectly assume that household density, averaged at the level of a census block, provides a useful predictor of network costs in rural areas. In reality, telephone networks (particularly local loops) are designed at a more discrete geographic level. Low density census blocks, primarily because of their large size, fail to provide important information about the distribution of customers.

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Anita Cheng, Assistant Chief
September 20, 2002
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- Competitors will not be able to receive a universal service “windfall” by serving only low cost areas. To do so, they must have both a cost structure that is directly comparable to the ILEC (many do not) and detailed knowledge regarding how costs vary within the area served by an ILEC wire center (which information is not currently available to either the ILECs or their competitors). The current universal service mechanism may reward a new entrant for having lower costs, but the only “windfall” created is the one being received by incumbent rural LECs (as they are permitted to recover embedded, rather than economic, costs).

It is fair to say that no public agency should take the word of any single expert as dispositive. Yet it seems clear that a careful analysis of M&B’s white paper reveals serious infirmities that, at best, cannot be accepted at face value. Petitioners strongly believe that in six years of developing universal service policies, the Commission is on the right track in fulfilling its Congressional mandate to remove all forms of implicit high-cost support and move toward a system that makes all support explicit and rewards carriers for efficiency. Attempts by rural LECs to derail this process in order to shut out competition should be rejected.

More and more, it is apparent that some ILECs are receiving windfall support by virtue of the modified embedded cost system. And for every ILEC story that is told here in Washington of rural carriers that are providing 21st century telecommunications services to remote areas of this country, there is a story of wireline customers who cannot get desired service and who endure poor service due to old plant and a lack of capital expenditures. As the Commission knows from the reported experience of several CETCs, in areas where a CETC has obtained support, ILECs have responded by making capital expenditures, lowering prices, and improving customer service.

Only by encouraging CETC entry and providing sufficient support so that new facilities in rural areas can be constructed will ILECs be forced to improve their operational efficiency. As the Fifth Circuit so succinctly stated, “Competition necessarily brings the risk that some telephone service providers will be unable to compete. The Act only promises universal service, and that is a goal that requires sufficient funding of customers, not providers.”⁶

By providing support to CETCs under the current system, the Commission will stimulate infrastructure investment so that customers in rural areas begin to see the choices and services that Congress envisioned.⁷ Over the next several years, improvements in the high-cost support

⁶ *Alenco, supra*, 201 F.3d at 620.

⁷ *See*, 47 U.S.C. § 254(b)(3).

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Anita Cheng, Assistant Chief
September 20, 2002
Page 6

system can and should be carefully considered in the context of the existing transition period which the Commission imposed in 2001.⁸ As the Commission acknowledged, “five years is a reasonable amount of time to maintain the Rural Task Force plan in place, while we consider long-term solutions.”⁹ Such consideration is key to maintaining the viability of the high-cost support mechanism. What the Commission should not do is hinder competitive entry and the development of universal service to rural areas by changing rules in the interim to suit ILEC’s anticompetitive motives.

Petitioners believe that the universal service program is potentially the most effective way to drive broadband deployment in rural areas.¹⁰ When a CETC is able to offer competitive services, including high-speed wireless access, an ILEC should respond by speeding the deployment of wireline services that provide customers with many benefits that they do not now have, and some benefits, such as high speed wireline services that wireless carriers may not be able to provide. The result will be customer choice of a broad range of services in a competitive environment throughout virtually every part of this country.

It is appropriate that Petitions comment briefly on the Alabama Rural LECs’ Motion to Suspend Procedural Dates, which claims there is some need for the Commission to rule on NTCA’s Petition for Rulemaking, filed on July 26, 2002, before acting on RCC’s Petition.¹¹ The filing of NTCA’s petition has absolutely no bearing on whether a carrier should be designated as an ETC; it requests a change in the rules concerning how a CETC is paid high-cost support. The Alabama Rural LEC’s contention that RCC somehow constructively altered its original filing date by virtue of its August 26 supplement borders on absurd. RCC submitted a corrected map and exhibits, and provided information requested by the Commission that is not required to be filed in its application. The Commission must carefully weigh RCC’s application, but there is no reason to delay action based on anything contained in the Motion.

⁸ See, MAG Order, *supra*, at paras. 25-31, 168.

⁹ *Id* at para. 26.

¹⁰ This is consistent with the Congressional mandate that rural consumers be given access to “telecommunications and information services, including...advanced telecommunications and information services” that are reasonably comparable to those available in urban areas, and at reasonably comparable rates. 47 U.S.C. §254(b)(3).

¹¹ Petition for Rulemaking to define “Captured” and “New” Subscriber Lines for purposes of receiving Universal Service Support, filed by the National Telecommunications Cooperative Association (“NTCA”) on July 26, 2002.

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Anita Cheng, Assistant Chief
September 20, 2002
Page 7

ILECs are now engaged in a sustained and coordinated effort to undo all of the progress made by the FCC over the past six years in fulfilling its Congressional mandate to make support available to CETCs. It is hoped that Mr. Wood's Declaration will aid the Commission in understanding the important issues involved and address the flawed analysis contained in the M&B article. Petitioners urge the Commission to act promptly to grant their applications so that they may begin to bring the benefits of competition and universal service to the residents of Alabama at the earliest possible date.

We appreciate the opportunity to present this supplemental information. Should you have any questions or require any additional information, please contact undersigned counsel directly.

Respectfully submitted,

RCC Holdings, Inc.
Cellular South Licenses, Inc.

By: 

David LaFuria
Its Counsel

cc (w/enclosure):

Bryan Tramont, Esq.
Matthew Brill, Esq.
Jordan Goldstein, Esq.
Sam Feder, Esq.
William Maher, Esq.
Carol Matthey, Esq.
Eric Einhorn, Esq.
Mark Seifert, Esq.
Cara Voth, Esq.
Romanda Williams, Esq.

ORIGINAL

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
Cellular South Licenses, Inc.)	
RCC Holdings, Inc.)	
)	
Petitions for Designation as an)	
Eligible Telecommunications Carrier)	
in the State of Alabama)	
To: Wireline Competition Bureau		

DECLARATION OF DON J. WOOD

Introduction and Qualifications

1. My name is Don J. Wood. I am a principal in the firm of Wood & Wood, an economic and financial consulting firm. My business address is 4625 Alexander Drive, Suite 125, Alpharetta, Georgia 30022. I provide economic and regulatory analysis of the telecommunications, cable, and related convergence industries with an emphasis on economic policy, competitive market development, and cost-of-service issues.

2. I have testified on telecommunications issues before the regulatory commissions of thirty-one states, Puerto Rico, and the District of Columbia. I have also presented testimony regarding cost of service issues in state, federal, and overseas courts and have prepared comments and testimony filed with the Commission. My education, employment, and testimony history are attached as Exhibit A.

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3. In the course of my professional experience, I have addressed issues regarding the design, implementation, and ongoing administration of universal service support mechanisms. I have also performed extensive analysis of the costs of service, including but not limited to network costs, incurred by telecommunications carriers to provide local exchange services and have specifically addressed the issue of how costs may vary among and between geographic areas. I was involved in the review and analysis of both the HAI model and BCPM previously considered by the Commission in CC Docket No. 96-45, and have presented testimony regarding the relative merits of both models on numerous occasions.

Purpose

4. I have been asked by Cellular South Licenses, Inc. and RCC Holdings, Inc. to review the September 5 and September 6, 2002 *ex parte* filings of the Alabama Rural LECs in this proceeding and to respond to the arguments contained therein. Specifically, I am responding to the documents provided by the Alabama Rural LECs to support their argument that a decision to grant ETC status to multiple carriers in a rural area is not in the public interest. These documents include an outline of talking points, a set of maps, a spreadsheet that purports to show line density in different areas, and a white paper by the firm of McLean & Brown dated June 25, 2002.

5. My review and analysis of this material has been necessarily limited by the time constraints of this filing, as has the preparation of this Declaration. For this reason, this Declaration represents an overview of the economic and factual shortcomings of the *ex parte* filings, particularly the McLean & Brown analysis. A more thorough discussion of each of these points, especially the lack of factual foundation for McLean & Brown's cost assumptions, could be undertaken based on publicly available information.

Analysis

Definition of Public Interest

6. McLean & Brown argue (p. 2) that a public interest determination be made by populating the formula *Public Benefits – Public Costs = Public Interest Impact*. Such a truism is *ncither new nor controversial and represents, to the best of my knowledge, the means by which all public interest determinations are made*. The useful insight to be brought to this issue is not the formula but the values – and factual support for those values – with which it is populated. Unfortunately, McLean & Brown have utilized a static model that fails to consider certain key variables, and have relied on information that is both inaccurate and poorly suited for the task at hand. These limitations of their analysis causes them to understate public benefit and significantly overstate public costs in their calculus.

7. It is useful to further refine the *Public Benefits – Public Costs = Public Interest* formula before attempting to populate it with relevant factual information. First and foremost, it should be clarified that it is the interests of the public -- the consumers of telecommunications services -- that should be considered. The interests of individual carriers, or categories of carriers, is a secondary consideration if it is to be considered at all. McLean & Brown have previously endorsed this idea,¹ and it is consistent with the Commission's stated principle of "competitive neutrality" in the operation of any universal service mechanism. Second, the stated objectives of the Act must be considered. As McLean & Brown acknowledge (p. 1), the Act contains the dual goals of the promotion of competition and the preservation of universal service. The introduction to the *Conference Report to accompany S. 652* states that it is the objective of the Act to create a "national policy framework designed to accelerate rapidly private sector

¹ See McLean & Brown's January 18, 2002 white paper *The Coming Train Wreck in Universal Service Funding*, p. 6.

deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition.” There is no exception in the Act to exclude rural Americans from these benefits or to exempt rural markets, and the *incumbent carriers serving those markets, from the influence of competitive entry. All else equal, policy decisions related to the implementation of the Act should support competitive entry.*

Public Benefit

8. McLean & Brown acknowledge (p. 2) that the Commission has previously concluded that the entry of an additional ETC into a rural area can be expected to create the following benefits: “provide incentives to the incumbent to implement new operating efficiencies, lower prices, and offer better service to its customers.” McLean & Brown also acknowledge (p. 2) that the Commission has found “no merit” in the arguments that the designation of an additional ETC in a rural area will reduce investment incentives, increase prices, or reduce the service quality of the incumbent LEC.

9. When summarizing the potential benefits, McLean & Brown (p. 2) list only the potential for lower prices, additional services, and the potential for service to currently unserved areas. This incomplete list causes McLean & Brown (p.7) to reach the erroneous conclusion that “if no new areas will be served, and no new services will be provided, then it would appear that such a grant of ETC status would fail the public interest test.” Setting aside the factual issues described later in my Declaration, this conceptual error represents the primary shortcoming of the McLean & Brown analysis. By utilizing only a static, short term framework, they have omitted what is arguably the primary benefit of competitive market forces: the creation of incentives for efficient operation.

10. The short-term benefits of competitive entry, including lower prices, new service offerings, and the ability to diversify among suppliers, should not be dismissed. They are important components of any public interest determination. But it is the long-term economic benefits of competition that represent the greatest potential gain for consumers of telecommunications services in rural areas and for rural economic development.

11. Under the McLean & Brown version of economic theory, “rational” decisions are made by considering only immediate, short-term consequences and in a purely static environment (no dynamic interaction among variables over time is considered). If such a theory were viable, basic financial analysis tools such as Net Present Value or Internal Rate of Return would never have been developed. A decision maker considering a course of action (whether or not to make a capital investment, for example) would have only one decision rule: *Is the payback period longer than one day? If yes, do not proceed with the course of action in question.*

12. Because this severe constraint has been applied in their analysis, McLean & Brown completely fail to consider the possibility of changes in the operation of the incumbent rural LEC in their equation. The cost structure of these companies is held fixed into perpetuity, and McLean & Brown assume the perpetual application of a universal service mechanism that assures the recovery of embedded costs. These artificial constraints serve to mask long-term public benefits, and in my opinion (as will be explained in further detail later in my Declaration) ultimately represent a disservice to McLean & Brown’s incumbent rural LEC clients.

Categories of Public Cost

13. McLean & Brown identify two sources of public costs: (1) increases in the size of the interstate universal service fund, and (2) the creation of “network inefficiencies.” I will address each of these issues in turn.

Fund Size

14. McLean & Brown point to increases in the size of the interstate universal service fund as a primary source of public cost. In previous work, they have acknowledged that the increases to date have been primarily caused by the addition of the Schools and Libraries fund and the transition of implicit support (previously included in access charges) to explicit support.² Even after this transition, the High Cost portion of the fund represents less than half of the total fund size.

15. There are two important considerations regarding fund size that McLean & Brown omit from their analysis. First, the Commission contemplated increases in the size of the fund when the decision was made to permit multiple ETCs. If unanticipated problems are being created by the operation of this mechanism (and I disagree, for reasons described below, that this is in fact the case), then such problems are appropriately addressed at the policy level. A selective application of the established policy, in order to mitigate what some parties believe are unanticipated and undesirable consequences, will not serve the public interest and is at odds with Act's requirement that universal support mechanisms be "specific and predictable."

16. Second, McLean & Brown attribute the growth in the fund size to the policy of funding more than one ETC in a rural area. I agree that the Commission's decisions regarding the portability of universal service funds in rural areas are responsible for a portion of the increase in fund size (although I strenuously disagree with McLean & Brown that such growth is unanticipated or inherently harmful). Unfortunately, McLean & Brown have turned the problem on its head: the problem is not that additional ETCs can receive universal service funds in order to provide service in a rural area, the problem is that incumbent rural LECs effectively continue

² See McLean & Brown's January 18, 2002 white paper *The Coming Train Wreck in Universal Service Funding*, p. 1.

to receive funding for that same customer, even after the customer has been lost to a competitor.³ This assurance of total cost recovery in spite of any competitive losses and the opportunity for the incumbent rural LECs to recover embedded rather than economic costs would not exist in a competitive marketplace. The FCC's plan to transition rural carriers from embedded to economic costs may be costly to rural customers in the short term, but it can serve to *gradually wean* the incumbent rural LECs over the period of time that it is in effect.⁴

17. If this interim policy is implemented fully, the long-term result will be the maximum benefit to the consumers of telecommunications services in rural areas and to rural economic development. Incumbent rural LECs can use this transition period, and the “windfall” generated by the guarantee of embedded cost recovery and the receipt of universal funds for customers not actually served, to update their networks, streamline their operations, and prepare for competition. Partial implementation of this policy would inevitably harm rural consumers. Permitting multiple ETCs to operate in an area prior to incumbent rural LECs being given the time to wean themselves could cause financial distress and disruptions in service. Equally importantly, permitting the guarantee of embedded cost recovery and the receipt of a constant amount of universal funds (regardless of the number of retail customers actually being served), while refusing the certification of multiple ETCs, gives the incumbent rural LECs no incentive to act during this interim period to increase their efficiency and prepare for the day that they will actually be subject to competitive market forces.

³ The incumbent rural LEC's total amount of universal service support does not change as its customer base changes. The funding previously associated with a customer that is lost to a competitor is effectively redistributed to all other customers, and no financial loss is realized.

⁴ As described below, such weaning will take place only if competitors can enter the market and obtain ETC status.

Network Inefficiencies

18. McLean & Brown support their conclusion that incumbent rural ILECs will suffer losses in network efficiency due to the introduction of an additional ETC by arguing (p. 4) that “the telecommunications industry is often said to exhibit economies of scale.” As an initial matter, any support for a recommendation regarding an issue that has such a profound impact on so many people should have more veracity than it “is often said.” Unfortunately, McLean & Brown have no such support. Their factual assertion is as follows: “the larger the network, the lower the average cost of serving each of the customers connected to it becomes. This is due in large part to the high fixed costs associated with constructing a network.” This statement betrays a lack of understanding of a basic economic principle and a fundamental misunderstanding regarding how network costs are incurred. First of all, it is the cost of operating, not constructing, a network that is primarily relevant in this analysis. While high construction costs coupled with the need for network ubiquity do represent a barrier to entry for potential facilities-based carriers, it is in the recurring cost of operation that the relevant economies of scale exist. Second, McLean & Brown are simply factually incorrect: there are essentially no costs that are fixed at the level of the entire network. Other than some high level administrative functions, there are no costs that are avoidable only if the entire network is eliminated. Fixed costs do exist at the level of discrete network facilities (the common cards in a digital loop carrier remote terminal, for example), and scale economies do exist at this level of disaggregation. This misunderstanding about how costs are incurred causes McLean & Brown to focus their analysis of network costs and line density at a relatively high level (the level of an entire census block), when meaningful insight can only be generated if the analysis is conducted at a much more discrete level.

19. McLean & Brown build their entire argument on the unstated assumption that the density of households, at the relatively aggregated level of a census block, can be used to accurately predict per-line network costs in rural areas. This is an unsupported yet critical assumption that has not historically been shared by the Rural Task Force, the Federal-State Joint Board, or the Commission. By extension, McLean & Brown are arguing that fixed network costs exist at the geographic level of a rural census block, and that scale economies will be lost if the incumbent rural LEC fails to serve all of the customers within that geographic area. This assumption is also not supported.

20. McLean & Brown rely exclusively on the results generated by the Benchmark Cost Proxy Model, version 3.0, populated with “common inputs.” These results are reported (with some distortion) in Chart 3 (p. 4), and reproduced (with some additional distortion) in Chart 4 (p. 5). This information serves as the foundation for McLean & Brown’s entire argument, and they have no corroborating data source. *If this information is unreliable, their arguments have no factual foundation.*

21. *There are, unfortunately, numerous problems with both the BCPM results relied upon by McLean & Brown and with their presentation of that information. First, Charts 3 and 4 significantly distort the results. The x (horizontal) axis of Chart 3 varies in scale. At the left side of the chart, a given horizontal distance represents a change of 10 households, at the right side of the chart, that same distance represents a change of 90,000 households. This dramatic change of scale (not noted on the chart) distorts the shape of the curve and causes it to appear to slope upward at a misleading location. Chart 4 retains this dramatic change of scale, but omits all units (both households and dollars) on both axes, creating an overtly misleading representation of how BCPM 3.0 reports that costs vary. Exhibit B to this Declaration reproduces Chart 3 without the*

distortion in scale. This corrected chart shows that, at least according to the BCPM, per-line network costs actually vary very little across a wide range of population densities, especially when per-line costs are averaged across a geographic area.

22. Second, McLean & Brown do not report results actually generated by BCPM, but an average of the results for each density zone. McLean & Brown acknowledge (p. 4) that the Rural Task Force has concluded that the BCPM does not produce accurate results at the wire center or study area level – yet these inaccurate values are the ones used by McLean & Brown to calculate their average. This error is explained away (p. 4) through the following logic: “by using a nationwide average of costs for each density zone, these individual inaccuracies will tend to average out.” This is nonsense. If it could be demonstrated that each of the errors were random in both direction and magnitude, then it is reasonable to expect that an “averaging out” would take place. There is absolutely no evidence that either of these conditions have been met. If in fact the errors are created by a non-random bias (as explained below, this is almost certainly the case), the errors accumulate rather than cancel out. The best that can be said is that the BCPM results relied upon by McLean & Brown represent an average of inaccurate values, and that the direction and magnitude of the accumulated error in that average, while almost certainly significant, is unknown.

23. Third, McLean & Brown’s reliance on BCPM 3.0 to calculate costs in rural areas is misplaced. This version of BCPM has a number of well-documented errors that cause it to overstate the necessary investment in network facilities, especially in areas of low line density. For example, this version of the BCPM overbuilds sub-feeder facilities, thereby significantly overstating the number of route miles of cable required. The calculated investment in these network facilities is also a direct function of the user-defined inputs to the model. McLean &

Brown state that they used “FCC Common Inputs” to populate the BCPM. What they have done here is unclear; the set of common inputs adopted by the Commission for use in the HCPM is not in the same format as this version of the BCPM. Some judgment calls are necessary in order to convert the inputs from on format to the other. If BCPM default values were used for some inputs (as would almost certainly have to be done in this case), the reported results are certainly too high. The sponsors of BCPM 3.0 have readily admitted that if default inputs are used in the model results will be overstated. Last but not least, BCPM 3.0 also defaults to a per-dollar allocation of most operating expenses. Unless McLean & Brown changed this default, the results they generated will be doubly inflated for the less dense areas: first through the overstatement of investment, and second through the excessive allocation of expenses based on this overstated investment.

24. Based on this information that is almost certainly inaccurate and that is at best unreliable, McLean & Brown reach specific conclusions regarding the relationship between the density of households and per-line costs in rural areas. They even go so far (p. 6) as to calculate and report the change in unit cost caused by a given change in volume.⁵ These reported values are beyond speculative; they are mere guesses.

25. Based on these assumptions about the behavior of network costs, McLean & Brown reach the conclusion that “the efficiency loss experienced by funding more than one ETC” should be measured by calculating the change in unit cost based their cost curve. Chart 4 illustrates this proposition. As drawn, McLean & Brown’s curve suggests a significant efficiency loss if a given volume of customers is lost to another ETC in a medium to low density

⁵ Even without all of the previously described errors, this “change in cost per change in density” calculated is fundamentally flawed because it assumes a curve of constant slope over a given density range. McLean & Brown’s curve shows a constantly changing slope, especially in the less dense areas.

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area, and a miniscule loss if the same number of lines are lost to an ETC in a high density area.⁶

I have no trouble with the basic concept that McLean & Brown seek to illustrate; the assertion that “in an area in which costs increase at an increasing rate, a given change in volume will result in a greater change in unit costs” is a tautology. My concern is that McLean & Brown apparently are asking (or at least expecting) the reader to accept that this purely illustrative curve – and the mathematical characteristics it implies – bears some factual relationship to how network costs actually vary with line density. There is no basis whatsoever for such a conclusion.

26. Setting aside the factual inadequacies, McLean & Brown’s analysis suffers from a different – and fundamentally more important – problem. Their short-term, static analysis ignores important longer-term impacts on efficiency and unit cost. I will assume, purely for the sake of discussion, that the curve shown in Chart 4 provides some useful information regarding the per-line network costs that should be incurred to serve areas of varying density.⁷ BCPM (like the HAI and HCPM) purports to calculate economic costs; that is, the costs that would be incurred by an efficient provider.⁸ These costs are highly unlikely to be representative of the embedded costs of most incumbent rural LECs, many of whom proudly proclaim that they have not made significant network investments in the past ten to fifteen years, and very few of which

⁶ McLean & Brown refer to the change from A1 to A2 and from B1 to B2 as “an equivalent reduction in density,” apparently forgetting the change in scale on their horizontal axis (Chart 4 is completely devoid of units). The reduction shown is not equivalent, either in terms of absolute units or on a percentage basis.

⁷ I cannot overemphasize the point that this curve suffers from numerous factual inaccuracies. Any pretense of brevity prevents them from being fully examined in this Declaration.

⁸ *McLean & Brown (p. 8) refer to the results of the BCPM and similar cost proxy models as representative of a “hyper-efficient” network with an “instantaneous buildout.” “Hyperefficiency” has no established economic meaning, so I cannot respond to this assertion except to say that the cost proxy models assume a level of efficiency that would be found in an effectively competitive marketplace. None of these models, of course, assume an “instantaneous buildout,” but rather assume the existence of a network design that would be in place if competitive market forces had been permitted to act over time. McLean & Brown take issue with the very foundation of cost proxy models (albeit in a misinformed way), yet ask the reader to accept without question the results of one such model as the sole factual basis for their argument.*

have deployed the more efficient technologies that are now available. Exhibit C illustrates, based on a generous assumption regarding the relationship between economic costs and the current level of LEC embedded costs, the relationship between these two cost curves.

27. In McLean & Brown's short-term, static model, only movement along the cost curve is possible. No shifts in the curve are permitted. When a more meaningful long-term view is considered, the cost curve of a provider can (and should) shift. Such a dynamic model is necessary to capture one of the primary benefits of competition. With no competitive entry, the incumbent rural LEC illustrated by the "embedded cost" curve in Exhibit C has no incentive to increase its network and operational efficiency. This hypothetical LEC can waste the entire weaning period by sitting back, collecting universal service funding sufficient to recover total embedded costs, and do nothing to prepare for a time when competitive market forces will actually act upon it. This ongoing inefficiency will remain largely hidden (or at least comfortably ignored) as long as no competitor is present.

28. The entrance of a competitor, even during the period of time in which the incumbent rural LEC is assured of embedded cost recovery, will serve to bring these inefficiencies to light. The prudent LEC will act now to increase the efficiency of its operation and lower its costs of doing business.⁹ The result is a shift of the curve from the embedded level of costs to the economic level of costs as shown in Exhibit C. Once the public interest model is expanded to include this long-term impact on efficiency, a more meaningful calculation of efficiency loss or gain can be calculated. Assuming again, purely for the sake of simplifying the discussion, that McLean & Brown's cost curve is accurate,¹⁰ it can be readily observed that two

⁹ The imprudent LEC will ultimately face a day of reckoning, but will have squandered the grace period that would have permitted a relatively painless transition.

¹⁰ It isn't.

forces are acting on unit costs. In the purely short run, unit costs may increase as an inefficient provider provides service to fewer units of demand. Over the longer term, increased efficiency will almost certainly surpass this short-term effect, resulting in a net efficiency gain and a net benefit to the rural customers of telecommunications services.

29. McLean & Brown are correct that without competitive entry and the certification of an additional ETC, this short-term change will not occur. It is equally important to recognize that without competitive entry and the certification of an additional ETC, this long-term change is likewise unlikely to occur. The transition path chosen by the Commission is not cost free or even pain free; it is a trade-off of the interests of incumbent carriers, potential new entrants, and the consuming public.

30. McLean & Brown's analysis suffers from an additional but very important infirmity. They assume that the number of households per square mile, *as averaged at the census block level*, is a reliable predictor of network costs in that geographic area. This assumption, while critical to their analysis, has no factual foundation.

31. To be clear, I am not suggesting that line density is not a driver of network costs; this is the case in almost all geographic areas. The problem relates to the level of geographic aggregation of the density data. As McLean & Brown acknowledge (p. 6), "a simple, but misleading, measurement of density can be performed by dividing the number of lines a company serves by the area of its serving [sic] territory. This would be misleading, since the cost of providing service is strongly influenced by the presence or absence of "clustering" of customers." Their observation is valid; the average density over a given geographic area has almost no bearing on network costs if that geographic area is too large to capture the characteristics that constrain network design.

32. In rural areas, census blocks almost always suffer from this flaw. McLean & Brown's misunderstanding of the information in their possession apparently stems from of misunderstanding of how census blocks are developed. Particularly revealing is McLean & Brown's statement (p. 6) that "a given number of customers uniformly distributed over the serving area would have very different cost characteristics from situation where the same serving area had most customers densely clustered in a town, with only a few scattered through the surrounding area." This observation would hold if, but only if, the geographic units being studied are (1) roughly equal in area, and (2) very large. Census blocks generally fail both criteria. Because they are defined based on a (target) constant number of households, census blocks are much larger in areas of low household density than they are in areas of high household density. Wherever located, census blocks are much too small to encompass a "town" and the "surrounding area."

33. The distribution of customer locations throughout the geographic unit of study is important, but the reality is the opposite of McLean & Brown's assumption. *Customers are far more likely to be uniformly distributed throughout the area represented by urban and suburban census blocks, and far more likely to be clustered in the area represented by rural census blocks.* This is in large part a result of the varying sizes (in terms of area). High density census blocks are small in geographic area and encompass a city block (or small number of blocks). Moderately high density census blocks often encompass subdivisions and similar planned suburban developments. Households are roughly evenly distributed in each of these examples. In contrast, rural census blocks are often much larger in size, and encompass crossroads, unincorporated townships, and unpopulated areas within their borders. Households are not evenly distributed in these examples, but tend to be clustered. As census blocks become larger in

size (as is typical in rural areas), it becomes significantly less likely that the average number of households per square mile for the entire census block will be a meaningful approximation of the average number of households per square mile in the area in which most of the telephone plant is built. Because McLean & Brown have gotten this relationship exactly backwards, they have incorrectly assumed the existence of a correlation between population density *as measured at the level of the census block* and the average per-line investment that must be made to provide telephone service to the people living in that area.

34. It appears that the bulk of the attachments to the September 5, 2002 *ex parte* are maps that show the wire center boundaries of the subject LECs and the census block boundaries within those wire centers. Similarly, the attachments to the September 6, 2002 *ex parte* appear to be tallies of the distribution of households within the group of census blocks that comprise each density zone. All of this information is relevant if, but only if, a correlation between population density *as measured at the level of the census block* and the average per-line investment actually exists. For the reasons stated above, no such correlation exists. As a result, the maps and spreadsheet attachments provide no appearance of useful information; they offer no insight into how network costs actually are incurred by these incumbent rural LECs or how they would be impacted by the presence of an additional ETC.

35. McLean & Brown's analysis makes one further faulty assumption. They implicitly assume that telephone plant is engineered independently to individual census blocks, so that the average investment is a function of the population density of one, and only one census block (with no regard to the population density of neighboring census blocks or the location of customers within those census blocks). When this constraint is relaxed, additional insight is

gained into why the area in which telephone plant is built has density characteristics different from (and typically much greater than) the average density of a given rural census block.

36. McLean & Brown's Chart 5 (p. 6) suggests that the costs of incumbent rural LECs can be understood by analyzing the percentage of that LEC's lines that serve customers in census blocks of a given household density. They argue that a meaningful weighted-average cost per line can be developed for an incumbent rural LEC by considering only the household density of the census blocks within that LEC's service territory. This information, combined with the national average BCPM results (flawed for the reasons described previously) yields, according to McLean & Brown, a demonstration of the unique vulnerability of incumbent rural LECs to competitive entry. In reality, there is no reason to assume that the household density of a census block is a reasonable predictor of the characteristics of the more discrete geographic areas to which telephone plant is designed, and no reason to assume that the national average BCPM results are an accurate portrayal of anything.¹¹

How new entrants will enter rural areas

37. McLean & Brown express a concern (p. 6) that if a competitor is granted ETC status, it will strategically enter in only the lowest cost area of the incumbent rural LEC's service territory. Such an entry strategy, they argue, would cause the LEC's average cost to increase as it is left with the most costly lines. In addition, to the extent that a competing carrier certified as an ETC has a cost structure that is lower than that of the incumbent rural LEC, the distribution of

¹¹ At p. 8, McLean & Brown argue that cost proxy models, including the BCPM, will never be accurate enough to determine costs at either the wire center or service area level to determine the relevant costs of an incumbent rural LEC. Yet they inexplicably place total reliance on the results of the BCPM to serve as the sole factual foundation for their argument. The BCPM results they elected to use are at the census block level – a more discrete geographic area than either wire centers or service areas. They offer no explanation as to how a cost model can be woefully inadequate at one level of disaggregation, yet produce unquestionably reliable results at an even more discrete geographic level. McLean & Brown should have stayed with their first assessment: the BCPM provides no useful cost information at the level of these discrete areas for rural companies.

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universal funds based on the LEC's embedded costs will, McLean & Brown argue, generate a "windfall" for these new entrants.

38. The legitimacy of the concern that a competitor will target such "low cost" areas, thereby receiving a universal service "windfall" and leaving the incumbent rural LEC with the highest cost customer, depends on the legitimacy of three key (but unstated) assumptions. First, the new entrant must have the ability to identify areas of high and low cost. As a practical matter, this has proven to be nearly impossible to do with any degree of accuracy. The ability to analyze costs at the wire center level in rural areas is being developed, as it has been in non-rural areas. In order for a new entrant to target its entry precisely enough to somehow "game" the system, however, it must be able to identify high and low cost areas within the area served by an incumbent LEC wire center. The ability to identify cost differences with this level of precision does not currently exist for either incumbent rural LECs or their competitors.¹² Without this knowledge, geographically targeted entry based on cost differentials will remain an idle threat.

39. Second, the new entrant must have a similar cost structure to the incumbent rural LEC, so that "low cost" areas to target and "high cost" areas to avoid are approximately the same for both carriers. If this is not the case, the new entrant may target an incumbent rural LEC's highest cost area because it represents a low cost area for the new entrant, and vice versa.

McLean & Brown simultaneously argue that a problem exists because a competitor granted ETC status would be likely to target the areas "where costs will be lowest" (p. 6), and that "serious problems" are created because competitors relying on "other technologies (particularly wireless)

¹² I have been involved in a number of proceedings in which attempts at such precision have been made. As described previously, existing models, such as the BCPM, fall short of this goal. The customer distribution information necessary to calculate costs for geographic areas smaller than a wire center is not available. In other proceedings, attempts have been made to calculate costs at a sub-wire center level based on embedded plant records. The results of these efforts show that within the area served by a given wire center, costs vary in a surprisingly unpredictable way. If valid, these results indicate that geographically targeted entry, in an effort to avoid high cost areas or customers, is bound to fail.

have markedly different cost structures” (p. 7). These concerns are mutually exclusive, and upon closer inspection neither is valid. A rational new entrant may initially enter a market where *its* costs are lowest, but it has no incentive to enter where the incumbent rural LEC’s costs are lowest (or even the insight to know where such areas are). In addition, a new entrant with a lower cost structure may represent a threat to the incumbent rural LEC, but its presence is a clear benefit to rural customers.

40. Third, the threat of such “targeted entry” has been fully addressed by the Commission. 47 C.F.R. § 54.315 permits incumbent rural LECs to disaggregate universal service funding based on a demonstration of cost differentials within their service territory. Support can be disaggregated by wire center or by more discrete geographic areas if the incumbent rural LEC can show that its costs vary and that it has grouped together customers of similar cost. With such disaggregation in place, even a new entrant with (1) a cost structure identical to the incumbent rural LEC, and (2) the information and insight necessary to effectively “target” entry to only low cost areas, would have no ability to receive what McLean & Brown refer to (p. 7) as “excessive support.”

What will be gained by granting ETC status to multiple carriers

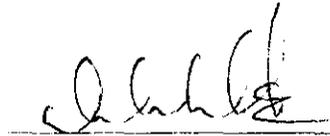
41. *In the short run, the primary benefits will consist of the potential for lower prices, new services, services to areas not previously served, and the opportunity for consumers to diversify suppliers. Over the long term, the primary benefit of competition will be the incentives it creates for all carriers to increase the efficiency of their operations. If incumbent rural LECs are motivated to take the action necessary to increase their network and operational efficiency during the transition period now in place, the long term impact will be equivalent to a substantial cash investment in rural economic development.*

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What will be lost if ETC status is denied

42. If potential competitors cannot be granted ETC status, the potential for competitive entry in rural markets will be substantially diminished. The potential for short-term benefits to consumers will be lost. Over the long term, incumbent rural LECs will not have sufficient incentive to take advantage of the transition period to increase their efficiency. When the day of reckoning comes, these carriers will be poorly positioned to operate in a competitive environment in which only economic costs can be recovered and in which universal service funding will be truly portable and potentially lost.

I declare under penalty of perjury that the foregoing is true and correct to the best of my belief.



Don J. Wood

Exhibit A to the Declaration of Don J. Wood

Vita of Don J. Wood

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CURRENT EMPLOYMENT

Don J. Wood is a principal in the firm of Wood & Wood. He provides economic and regulatory analysis services in telecommunications, cable, IP, and related convergence industries, specializing in economic policy related to the development of competitive markets and cost of service issues. In addition, Mr. Wood advises industry associations on regulatory and economic policy, and assists investors in their evaluation of investment opportunities in the telecommunications industry. The scope of his work has included landline and wireless voice communications, data services, and emerging technologies.

As a consultant, Mr. Wood has assisted his clients in responding to the challenges and business opportunities of the industry both before and subsequent to the Telecommunications Act of 1996. Prior to his work as a consultant, Mr. Wood was employed in a management capacity at a major Local Exchange Company and an Interexchange Carrier. In each capacity he has been directly involved in both the development and implementation of regulatory policy and business strategy.

As a part of his regulatory practice, Mr. Wood has presented testimony before the administrative regulatory bodies of thirty-one states, the District of Columbia, and Puerto Rico, and has prepared comments for filing with the Federal Communications Commission. The subject matter of his testimony has ranged from broad policy issues to detailed cost analysis.

Mr. Wood has also presented testimony in state, federal, and overseas courts regarding business plans and strategies, competition policy, and cost of service issues. He has presented studies of the damages incurred by plaintiffs and has provided rebuttal testimony to damage calculations performed by others. Mr. Wood has also testified in alternative dispute resolution proceedings conducted pursuant to both AAA and CPR rules.

Exhibit A to the Declaration of Don J. Wood

PREVIOUS INDUSTRY EMPLOYMENT

Klick, Kent & Allen/FTI Consulting, Inc.

Regional Director.

GDS Associates, Inc.

Senior Project Manager.

MCI Telecommunications Corporation

Manager of Regulatory Analysis, Southeast Division.

Manager, Corporate Economic Analysis and Regulatory Affairs.

BellSouth Services, Inc.

Staff Manager.

EDUCATION

Emory University, Atlanta, Ga.

BBA in Finance, with Distinction.

College of William and Mary, Williamsburg, Va.

MBA, with concentrations in Finance and Microeconomics.

Exhibit A to the Declaration of Don J. Wood

TESTIMONY - STATE REGULATORY COMMISSIONS:

Alabama Public Service Commission

Docket No. 19356, Phase III: Alabama Public Service Commission vs. All Telephone Companies Operating in Alabama, and Docket 21455: AT&T Communications of the South Central States, Inc., Applicant, Application for a Certificate of Public Convenience and Necessity to Provide Limited IntraLATA Telecommunications Service in the State of Alabama.

Docket No. 20895: In Re: Petition for Approval to Introduce Business Line Termination for MCI's 800 Service.

Docket No. 21071: In Re: Petition by South Central Bell for Introduction of Bidirectional Measured Service.

Docket No. 21067: In Re: Petition by South Central Bell to Offer Dial Back-Up Service and 2400 BPS Central Office Data Set for Use with PulseLink Public Packet Switching Network Service.

Docket No. 21378: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Restructure ESSX and Digital ESSX Service.

Docket No. 21865: In Re: Petition by South Central Bell for Approval of Tariff Revisions to Introduce Network Services to be Offered as a Part of Open Network Architecture.

Docket No. 25703: In Re: In the Matter of the Interconnection Agreement Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 25704: In Re: Petition by AT&T Communications of the South Central States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE South Incorporated and CONTEL of the South, Inc. Concerning Interconnection and Resale under the Telecommunications Act of 1996.

Docket No. 25835: In Re: Petition for Approval of a Statement of Generally Available Terms and Conditions Pursuant to §252(f) of the Telecommunications Act of 1996 and Notification of Intention to File a §271 Petition for In-Region InterLATA Authority with the Federal Communications Commission Pursuant to the Telecommunications Act of 1996

Docket No. 26029: In Re: Generic Proceeding - Consideration of TELRIC Studies.

Docket No. 25980: Implementation of the Universal Support Requirements of Section 254 of the Telecommunications Act of 1996.

Docket No. 27091: Petition for Arbitration by ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Docket No. 27821: Generic Proceeding to Establish Prices for Interconnection Services and Unbundled Network Elements.

Docket Nos. 27989 and 15957: BellSouth "Full Circle" Promotion and Generic Proceeding Considering the Promulgation of Telephone Rules Governing Promotions.

Arkansas Public Service Commission

Exhibit A to the Declaration of Don J. Wood

Docket No. 92-337-R: In the Matter of the Application for a Rule Limiting Collocation for Special Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

Public Utilities Commission of the State of California

Rulemaking 00-02-005: Order Instituting Rulemaking on the Commission's Own Motion into Reciprocal Compensation for Telephone Traffic Transmitted to Internet Service Provider Modems.

Public Utilities Commission of the State of Colorado

Docket No. 96A-345T: In the Matter of the Interconnection Contract Negotiations Between AT&T Communications of the Mountain States, Inc., and US West Communications, Inc., Pursuant to 47 U.S.C. Section 252. Docket No. 96A-366T: In the Matter of the Petition of MCIMetro Access Transmission Services, Inc., for Arbitration Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with US West Communications, Inc. (consolidated).

Docket No. 96S-257T: In Re: The Investigation and Suspension of Tariff Sheets Filed by US West Communications, Inc., with Advice Letter No. 2608 Regarding Proposed Rate Changes.

Docket No. 98F-146T: Colorado Payphone Association, Complainant, v. US West Communications, Inc., Respondent.

State of Connecticut, Department of Utility Control

Docket 91-12-19: DPUC Review of Intrastate Telecommunications Services Open to Competition (Comments).

Docket No. 94-07-02: Development of the Assumptions, Tests, Analysis, and Review to Govern Telecommunications Service Reclassifications in Light of the Eight Criteria Set Forth in Section 6 of Public Act 94-83 (Comments).

Delaware Public Service Commission

Docket No. 93-31T: In the Matter of the Application of The Diamond State Telephone Company for Establishment of Rules and Rates for the Provision of IntelliLinQ-PRI and IntelliLinQ-BRI.

Docket No. 41: In the Matter of the Development of Regulations for the Implementation of the Telecommunications Technology Investment Act.

Docket No. 96-324: In the Matter of the Application of Bell Atlantic-Delaware, Inc. for Approval of its Statement of Terms and Conditions Under Section 252(f) of the Telecommunications Act of 1996 (Phase II).

Florida Public Service Commission

Docket No. 881257-TL: In Re: Proposed Tariff by Southern Bell to Introduce New Features for Digital ESSX Service, and to Provide Structural Changes for both ESSX Service and Digital ESSX Service.

Docket No. 880812-TP: In Re: Investigation into Equal Access Exchange Areas (EAEAs), Toll Monopoly

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Exhibit A to the Declaration of Don J. Wood

Areas (TMAs), 1+ Restriction to the Local Exchange Companies (LECs), and Elimination of the Access Discount.

Docket No. 890183-TL: In Re: Generic Investigation into the Operations of Alternate Access Vendors.

Docket No. 870347-TI: In Re: Petition of AT&T Communications of the Southern States for Commission Forbearance from Earnings Regulation and Waiver of Rule 25-4.495(1) and 25-24.480 (1) (b), F.A.C., for a trial period.

Docket No. 900708-TL: In Re: Investigation of Methodology to Account for Access Charges in Local Exchange Company (LEC) Toll Pricing.

Docket No. 900633-TL: In Re: Development of Local Exchange Company Cost of Service Study Methodology.

Docket No. 910757-TP: In Re: Investigation into the Regulatory Safeguards Required to Prevent Cross-Subsidization by Telephone Companies.

Docket No. 920260-TL: In Re: Petition of Southern Bell Telephone and Telegraph Company for Rate Stabilization, Implementation Orders, and Other Relief.

Docket No. 950985-TP: In Re: Resolution of Petitions to establish 1995 rates, terms, and conditions for interconnection involving local exchange companies and alternative local exchange companies pursuant to Section 364.162, Florida Statutes.

Docket No. 960846-TP: In Re: Petition by MCI Telecommunications Corporation and MCI Metro Access Transmission Services, Inc. for Arbitration of Certain Terms and Conditions of a proposed agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 and Docket No. 960833-TP: In Re: Petition by AT&T Communications of the Southern States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 960847-TP and 960980-TP: In Re: Petition by AT&T Communications of the Southern States, Inc., MCI Telecommunications Corporation, MCI Metro Access Transmission Service, Inc., for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE Florida Incorporated Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 961230-TP: In Re: Petition by MCI Telecommunications Corporation for Arbitration with United Telephone Company of Florida and Central Telephone Company of Florida Concerning Interconnection Rates, Terms, and Conditions, Pursuant to the Federal Telecommunications Act of 1996.

Docket No. 960786-TL: In Re: Consideration of BellSouth Telecommunications, Inc.'s Entry Into InterLATA Services Pursuant to Section 271 of the Federal Telecommunications Act of 1996.

Docket Nos. 960833-TP, 960846-TP, 960757-TP, and 971140-TP: Investigation to develop permanent rates for certain unbundled network elements.

Docket No. 980696-TP: In Re: Determination of the cost of basic local telecommunications service, pursuant to Section 364.025 Florida Statutes.

Docket No. 990750-TP: Petition by ITC^DeltaCom Communications, Inc., d/b/a/ ITC^DeltaCom, for arbitration of certain unresolved issues in interconnection negotiations between ITC^DeltaCom and BellSouth Telecommunications, Inc.

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Docket No. 991605-TP: Petition of BellSouth Telecommunications, Inc. for Arbitration of the Interconnection Agreement Between Time Warner Telecom of Florida, L.P., pursuant to Section 252 (b) of the Telecommunications Act of 1996.

Georgia Public Service Commission

Docket No. 3882-U: In Re: Investigation into Incentive Telephone Regulation in Georgia.

Docket No. 3883-U: In Re: Investigation into the Level and Structure of Intrastate Access Charges.

Docket No. 3921-U: In Re: Compliance and Implementation of Senate Bill 524.

Docket No. 3905-U: In Re: Southern Bell Rule Nisi.

Docket No. 3995-U: In Re: IntraLATA Toll Competition.

Docket No. 4018-U: In Re: Review of Open Network Architecture (ONA) (Comments).

Docket No. 5258-U: In Re: Petition of BellSouth Telecommunications for Consideration and Approval of its "Georgians FIRST" (Price Caps) Proposal.

Docket No. 5825-U: In Re: The Creation of a Universal Access Fund as Required by the Telecommunications Competition and Development Act of 1995.

Docket No. 6801-U: In Re: Interconnection Negotiations Between BellSouth Telecommunications, Inc. and AT&T Communications of the Southern States, Inc., Pursuant to Sections 251-252 and 271 of the Telecommunications Act of 1996.

Docket No. 6865-U: In Re: Petition by MCI for Arbitration of Certain Terms and Conditions of Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Docket No. 7253-U: In Re: BellSouth Telecommunications, Inc.'s Statement of Generally Available Terms and Conditions Under Section 252 (f) of the Telecommunications Act of 1996.

Docket No. 7061-U: In Re: Review of Cost Studies and Methodologies for Interconnection and Unbundling of BellSouth Telecommunications Services.

Docket No. 10692-U: In Re: Generic Proceeding to Establish Long-Term Pricing Policies for Unbundled Network Elements.

Docket No. 10854-U: In Re: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Public Utilities Commission of Hawaii

Docket No. 7702: In the Matter of Instituting a Proceeding on Communications, Including an Investigation of the Communications Infrastructure of the State of Hawaii.

Iowa Utilities Board

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Docket No. RPU-95-10.

Docket No. RPU-95-11.

State Corporation Commission of the State of Kansas

Docket No. 00-GIMT-1054-GIT: In the Matter of a General Investigation to Determine Whether Reciprocal Compensation Should Be Paid for Traffic to an Internet Service Provider.

Kentucky Public Service Commission

Administrative Case No. 10321: In the Matter of the Tariff Filing of South Central Bell Telephone Company to Establish and Offer Pulselink Service.

Administrative Case No. 323: In the Matter of An Inquiry into IntraLATA Toll Competition, An Appropriate Compensation Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality.

- Phase IA: Determination of whether intraLATA toll competition is in the public interest.
- Phase IB: Determination of a method of implementing intraLATA competition.
- Rehearing on issue of Imputation.

Administrative Case No. 90-256, Phase II: In the Matter of A Review of the Rates and Charges and Incentive Regulation Plan of South Central Bell Telephone Company.

Administrative Case No. 336: In the Matter of an Investigation into the Elimination of Switched Access Service Discounts and Adoption of Time of Day Switch Access Service Rates.

Administrative Case No. 91-250: In the Matter of South Central Bell Telephone Company's Proposed Area Calling Service Tariff.

Administrative Case No. 96-431: In Re: Petition by MCI for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Administrative Case No. 96-478: In Re: The Petition by AT&T Communications of the South Central States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE South Incorporated Concerning Interconnection and Resale Under the Telecommunications Act of 1996.

Administrative Case No. 96-482: In Re: The Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Administrative Case No. 360: In the Matter of: An Inquiry into Universal Service and Funding Issues.

Administrative Case No. 96-608: In the Matter of: Investigation Concerning the Provision of InterLATA Services by BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

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Administrative Case No. 382: An Inquiry into the Development of Deaveraged Rates for Unbundled Network Elements.

Louisiana Public Service Commission

Docket No. 17970: In Re: Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of AT&T Communications of the South Central States, Inc., in its Louisiana Operations.

Docket No. U-17949: In the Matter of an Investigation of the Revenue Requirements, Rate Structures, Charges, Services, Rate of Return, and Construction Program of South Central Bell Telephone Company, Its Louisiana Intrastate Operations, The Appropriate Level of Access Charges, and All Matters Relevant to the Rates and Service Rendered by the Company.

- Subdocket A (SCB Earnings Phase)
- Subdocket B (Generic Competition Phase)

Docket No. 18913-U: In Re: South Central Bell's Request for Approval of Tariff Revisions to Restructure ESSX and Digital ESSX Service.

Docket No. U-18851: In Re: Petition for Elimination of Disparity in Access Tariff Rates.

Docket No. U-22022: In Re: Review and Consideration of BellSouth Telecommunications, Inc.'s TSLRIC and LRIC Cost Studies Submitted Pursuant to Sections 901(C) and 1001(F) of the Regulations for Competition in the Local Telecommunications Market as Adopted by General Order Dated March 15, 1996 in Order to Determine the Cost of Interconnection Services and Unbundled Network Components to Establish Reasonable, Non-Discriminatory, Cost Based Tariffed Rates and Docket No. U-22093: In Re: Review and Consideration of BellSouth Telecommunications, Inc.'s Tariff Filing of April 1, 1996, Filed Pursuant to Section 901 and 1001 of the Regulations for Competition in the Local Telecommunications Market Which Tariff Introduces Interconnection and Unbundled Services and Establishes the Rates, Terms and Conditions for Such Service Offerings (consolidated).

Docket No. U-22145: In the Matter of Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. U-22252: In Re: Consideration and Review of BST's Preapplication Compliance with Section 271 of the Telecommunications Act of 1996, including but not limited to the fourteen requirements set forth in Section 271 (c) (2) (b) in order to verify compliance with section 271 and provide a recommendation to the FCC regarding BST's application to provide interLATA services originating in-region.

Docket No. U-20883 Subdocket A: In Re: Submission of the Louisiana Public Service Commission's Forward Looking Cost Study to the FCC for Purposes of Calculating Federal Universal Service Support.

Docket No. U-24206: In Re: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Docket No. U-22632: In Re: BellSouth Telecommunications, Inc. Filing of New Cost Studies for Providing Access Line Service for Customer Provided Public Telephones and Smartline Service for Public Telephone Access.

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Docket No. U-24714-A: In Re: Final Deaveraging of BellSouth Telecommunications, Inc. UNE Rates Pursuant to FCC 96-45 Ninth Report and Order and Order on Eighteenth Order on Reconsideration Released November 2, 1999.

Public Service Commission of Maryland

Case 8584, Phase II: *In the Matter of the Application of MFS Intelenet of Maryland, Inc. for Authority to Provide and Resell Local Exchange and Intrastate Telecommunications Services in Areas Served by C&P Telephone Company of Maryland.*

Case 8715: *In the Matter of the Inquiry into Alternative Forms of Regulating Telephone Companies.*

Case 8731: *In the Matter of the Petitions for Approval of Agreements and Arbitration of Unresolved Issues Arising Under Section 252 of the Telecommunications Act of 1996.*

Massachusetts Department of Telecommunications and Energy

D.P.U./D.T.E. 97088/97-18 (Phase II): *Investigation by the Department of Telecommunications & Energy on its own motion regarding (1) implementation of section 276 of the Telecommunications Act of 1996 relative to public interest payphones, (2) Entry and Exit Barriers for the Payphone Marketplace, (3) New England Telephone and Telegraph Company d/b/a NYNEX's Public Access Smart-Pay Service, and (4) the rate policy for operator service providers.*

Mississippi Public Service Commission

Docket No. U-5086: *In Re: MCI Telecommunications Corporation's Metered Use Service Option D (Prism I) and Option E (Prism II).*

Docket No. U-5112: *In Re: MCI Telecommunications Corporation's Metered Use Option H (800 Service).*

Docket No. U-5318: *In Re: Petition of MCI for Approval of MCI's Provision of Service to a Specific Commercial Banking Customers for Intrastate Interexchange Telecommunications Service.*

Docket 89-UN-5453: *In Re: Notice and Application of South Central Bell Telephone Company for Adoption and Implementation of a Rate Stabilization Plan for its Mississippi Operations.*

Docket No. 90-UA-0280: *In Re: Order of the Mississippi Public Service Commission Initiating Hearings Concerning (1) IntraLATA Competition in the Telecommunications Industry and (2) Payment of Compensation by Interexchange Carriers and Resellers to Local Exchange Companies in Addition to Access Charges.*

Docket No. 92-UA-0227: *In Re: Order Implementing IntraLATA Competition.*

Docket No. 96-AD-0559: *In Re: In the Matter of the Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.*

Docket No. 98-AD-035: *Universal Service.*

Docket No. 97-AD-544: *In Re: Generic Proceeding to Establish Permanent Prices for BellSouth Interconnection and Unbundled Network Elements.*

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Public Service Commission of the State of Montana

Docket No. D2000.8.124: In the Matter of Touch America, Inc.'s Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 of the Terms and Conditions of Interconnection with Qwest Corporation, f/k/a US West Communications, Inc.

Docket No. D2000.6.89: In the Matter of Qwest Corporation's Application to Establish Rates for Interconnection, Unbundled Network Elements, Transport and Termination, and Resale Services.

Nebraska Public Service Commission

Docket No. C-1385: In the Matter of a Petition for Arbitration of an Interconnection Agreement Between AT&T Communications of the Midwest, Inc., and US West Communications, Inc.

New York Public Service Commission

Case No. 28425: Proceeding on Motion of the Commission as to the Impact of the Modification of Final Judgment and the Federal Communications Commission's Docket 78-72 on the Provision of Toll Service in New York State.

North Carolina Public Utilities Commission

Docket No. P-100, Sub 72: In the Matter of the Petition of AT&T to Amend Commission Rules Governing Regulation of Interexchange Carriers (Comments).

Docket No. P-141, Sub 19: In the Matter of the Application of MCI Telecommunications Corporation to Provide InterLATA Facilities-Based Telecommunications Services (Comments).

Docket No. P-55, Sub 1013: In the Matter of Application of BellSouth Telecommunications, Inc. for, and Election of, Price Regulation.

Docket Nos. P-7, Sub 825 and P-10, Sub 479: In the Matter of Petition of Carolina Telephone and Telegraph and Central Telephone Company for Approval of a Price Regulation Plan Pursuant to G.S. 62-133.5.

Docket No. P-19, Sub 277: In the Matter of Application of GTE South Incorporated for and Election of, Price Regulation.

Docket No. P-141, Sub 29: In the Matter of: Petition of MCI Telecommunications Corporation for Arbitration of Interconnection with BellSouth Telecommunications, Inc., Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Interconnection with BellSouth Telecommunications, Inc. (consolidated).

Docket No. P-141, Sub 30: In the Matter of: Petition of MCI Telecommunications Corporation for Arbitration of Interconnection with General Telephone Company of North Carolina, Inc., Petition of AT&T Communications of the Southern States, Inc. for Arbitration of Interconnection with General Telephone Company of North Carolina, Inc. (consolidated).

Docket No. P-100, Sub 133b: Re: In the Matter of Establishment of Universal Support Mechanisms Pursuant to Section 254 of the Telecommunications Act of 1996.

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Docket No. P-100, Sub 133d. Re: Proceeding to Determine Permanent Pricing for Unbundled Network Elements.

Docket No. P-100, Sub 84b: Re: In the Matter of Petition of North Carolina Payphone Association for Review of Local Exchange Company Tariffs for Basic Payphone Services (Comments).

Docket No. P-561, Sub 10: BellSouth Telecommunications, Inc., Complainant, v. US LEC of North Carolina, LLC, and Metacomm, LLC, Respondents.

Docket No. P-472, Sub 15: In the Matter of the Interconnection Agreement Between BellSouth Telecommunications, Inc. and Time Warner Telecom of North Carolina, L.P. Pursuant to Section 252(b) of the Telecommunications Act of 1996.

Public Utilities Commission of Ohio

Case No. 93-487-TP-ALT: In the Matter of the Application of The Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation.

Oklahoma Corporation Commission

Cause No. PUD 01448: In the Matter of the Application for an Order Limiting Collocation for Special Access to Virtual or Physical Collocation at the Option of the Local Exchange Carrier.

Public Utility Commission of Oregon

Docket No. UT 119: In the Matter of an Investigation into Tariffs Filed by US West Communications, Inc., United Telephone of the Northwest, Pacific Telecom, Inc., and GTE Northwest, Inc. in Accordance with ORS 759.185(4).

Docket No. ARB 3: In the Matter of the Petition of AT&T Communications of the Pacific Northwest, Inc., for Arbitration of Interconnection Rates, Terms, and Conditions Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996. Docket No. ARB 6: In the Matter of the Petition of MCIMetro Access Transmission Services, Inc. for Arbitration of Interconnection Rates, Terms, and Conditions Pursuant to 47 U.S.C. § 252(b) of the Telecommunications Act of 1996 (consolidated).

Docket No. ARB 9: In the Matter of the Petition of an Interconnection Agreement Between MCIMetro Access Transportation Services, Inc. and GTE Northwest Incorporated, Pursuant to 47 U.S.C. Section 252.

Docket No. UT-125: In the Matter of the Application of US West Communications, Inc. for an Increase in Revenues.

Pennsylvania Public Utilities Commission

Docket No. I-00910010: In Re: Generic Investigation into the Current Provision of InterLATA Toll Service.

Docket No. P-00930715: In Re: The Bell Telephone Company of Pennsylvania's Petition and Plan for Alternative Form of Regulation under Chapter 30.

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Docket No. R-00943008: In Re: Pennsylvania Public Utility Commission v. Bell Atlantic-Pennsylvania, Inc. (Investigation of Proposed Promotional Offerings Tariff).

Docket No. M-00940587: In Re: Investigation pursuant to Section 3005 of the Public Utility Code, 66 Pa. C. S. §3005, and the Commission's Opinion and Order at Docket No. P-930715, to establish standards and safeguards for competitive services, with particular emphasis in the areas of cost allocations, cost studies, unbundling, and imputation, and to consider generic issues for future rulemaking.

South Carolina Public Service Commission

Docket No. 90-626-C: In Re: Generic Proceeding to Consider Intrastate Incentive Regulation.

Docket No. 90-321-C: In Re: Petition of Southern Bell Telephone and Telegraph Company for Revisions to its Access Service Tariff Nos. E2 and E16.

Docket No. 88-472 C: In Re: Petition of AT&T of the Southern States, Inc., Requesting the Commission to Initiate an Investigation Concerning the Level and Structure of Intrastate Carrier Common Line (CCL) Access Charges.

Docket No. 92-163-C: In Re: Position of Certain Participating South Carolina Local Exchange Companies for Approval of an Expanded Area Calling (EAC) Plan.

Docket No. 92-182-C: In Re: Application of MCI Telecommunications Corporation, AT&T Communications of the Southern States, Inc., and Sprint Communications Company, L.P., to Provide IntraLATA Telecommunications Services.

Docket No. 95-720-C: In Re: Application of BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company for Approval of an Alternative Regulation Plan.

Docket No. 96-358-C: In Re: Interconnection Agreement Negotiations Between AT&T Communications of the Southern States, Inc. and BellSouth Telecommunications, Inc., Pursuant to 47 U.S.C. § 252.

Docket No. 96-375-C: In Re: Interconnection Agreement Negotiations Between AT&T Communications of the Southern States, Inc. and GTE South Incorporated Pursuant to 47 U.S.C. § 252.

Docket No. 97-101-C: In Re: Entry of BellSouth Telecommunications, Inc. into the InterLATA Toll Market.

Docket No. 97-374-C: In Re: Proceeding to Review BellSouth Telecommunications, Inc. Cost for Unbundled Network Elements.

Docket No. 97-239-C: Intrastate Universal Service Fund.

Docket No. 97-124-C: BellSouth Telecommunications, Inc. Revisions to its General Subscriber Services Tariff and Access Service Tariff to Comply with the FCC's Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996.

Docket No. 1999-268-C: Petition of Myrtle Beach Telephone, LLC, for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Horry Telephone Cooperative, Inc.

Docket No. 1999-259-C: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

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Docket No. 2001-65-C: Generic Proceeding to Establish Prices for BellSouth's Interconnection Services, Unbundled Network Elements and Other Related Elements and Services.

Tennessee Public Service Commission

Docket No. 90-05953: In Re: Earnings Investigation of South Central Bell Telephone Company.

Docket Nos. 89-11065, 89-11735, 89-12677: AT&T Communications of the South Central States, MCI Telecommunications Corporation, US Sprint Communications Company -- Application for Limited IntraLATA Telecommunications Certificate of Public Convenience and Necessity.

Docket No. 91-07501: South Central Bell Telephone Company's Application to Reflect Changes in its Switched Access Service Tariff to Limit Use of the 700 Access Code.

Tennessee Regulatory Authority

Docket No. 96-01152: In Re: Petition by AT&T Communications of the South Central States, Inc. for Arbitration under the Telecommunications Act of 1996 and Docket No. 96-01271: In Re: Petition by MCI Telecommunications Corporation for Arbitration of Certain Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale Under the Telecommunications Act of 1996 (consolidated).

Docket No. 96-01262: In Re: Interconnection Agreement Negotiations Between AT&T of the South Central States, Inc. and BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. § 252.

Docket No. 97-01262: Proceeding to Establish Permanent Prices for Interconnection and Unbundled Network Elements.

Docket No. 97-00888: Universal Service Generic Contested Case.

Docket No. 99-00430: Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. pursuant to the Telecommunications Act of 1996.

Docket No. 97-00409: In Re: All Telephone Companies Tariff Filings Regarding Reclassification of Pay Telephone Service as Required by Federal Communications Commission Docket No. 96-128.

Public Utility Commission of Texas

Docket No. 12879: Application of Southwestern Bell Telephone Company for Expanded Interconnection for Special Access Services and Switched Transport Services and Unbundling of Special Access DS1 and DS3 Services Pursuant to P. U. C. Subst. R. 23.26.

Docket No. 18082: Complaint of Time Warner Communications against Southwestern Bell Telephone Company.

Docket No. 21982: Proceeding to Examine Reciprocal Compensation Pursuant to Section 252 of the Federal Telecommunications Act of 1996.

Docket No. 23396: Joint Petition of CoServ, LLC d/b/a CoServ Communications and Multitechnology Services, LP d/b/a CoServ Broadband Services for Arbitration of Interconnection Rates, Terms, Conditions,

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and Related Arrangements with Southwestern Bell Telephone Company.

Docket No. 24015: Consolidated Complaints and Requests of Post-Interconnection Dispute Resolution Regarding Inter-Carrier Compensation for FX-Type Traffic Against Southwestern Bell Telephone Company.

State of Vermont Public Service Board

Docket No. 6533: Application of Verizon New England Inc. d/b/a Verizon Vermont for a Favorable Recommendation to Offer InterLATA Services Under 47 U.S.C. 271.

Virginia State Corporation Commission

Case No. PUC920043: Application of Virginia Metrotel, Inc. for a Certificate of Public Convenience and Necessity to Provide InterLATA Interexchange Telecommunications Services.

Case No. PUC920029: Ex Parte: In the Matter of Evaluating the Experimental Plan for Alternative Regulation of Virginia Telephone Companies.

Case No. PUC930035: Application of Contel of Virginia, Inc. d/b/a GTE Virginia to implement community calling plans in various GTE Virginia exchanges within the Richmond and Lynchburg LATAs.

Case No. PUC930036: Ex Parte: In the Matter of Investigating Telephone Regulatory Methods Pursuant to Virginia Code § 56-235.5, & Etc.

Washington Utilities and Transportation Commission

Docket Nos. UT-941464, UT-941465, UT-950146, and UT-950265 (Consolidated): Washington Utilities and Transportation Commission, Complainant, vs. US West Communications, Inc., Respondent; TCG Seattle and Digital Direct of Seattle, Inc., Complainant, vs. US West Communications, Inc., Respondent; TCG Seattle, Complainant, vs. GTE Northwest Inc., Respondent; Electric Lightwave, Inc., vs. GTE Northwest, Inc., Respondent.

Docket No. UT-950200: In the Matter of the Request of US West Communications, Inc. for an Increase in its Rates and Charges.

Docket No. UT-000883: In the Matter of the Petition of U S West Communications, Inc. for Competitive Classification.

Public Service Commission of Wyoming

Docket No. 70000-TR-95-238: In the Matter of the General Rate/Price Case Application of US West Communications, Inc. (Phase I).

Docket No. PSC-96-32: In the Matter of Proposed Rule Regarding Total Service Long Run Incremental Cost (TSLRIC) Studies.

Docket No. 70000-TR-98-420: In the Matter of the Application of US West Communications, Inc. for authority to implement price ceilings in conjunction with its proposed Wyoming Price Regulation Plan for

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essential and noncompetitive telecommunications services (Phase III).

Docket No. 70000-TR-99-480: In the Matter of the Application of US West Communications, Inc. for authority to implement price ceilings in conjunction with its proposed Wyoming Price Regulation Plan for essential and noncompetitive telecommunications services (Phase IV).

Docket No. 70000-TR-00-556: In the Matter of the Filing by US West Communications, Inc. for Authority to File its TSLRIC 2000 Annual Input Filing and Docket No. 70000-TR-00-570: In the Matter of the Application of US West Communications, Inc. for Authority to File its 2000 Annual TSLRIC Study Filing

Public Service Commission of the District of Columbia

Formal Case No. 814, Phase IV: In the Matter of the Investigation into the Impact of the AT&T Divestiture and Decisions of the Federal Communications Commission on Bell Atlantic - Washington, D. C. Inc.'s Jurisdictional Rates.

Puerto Rico Telecommunications Regulatory Board

Case No. 98-Q-0001: In Re: Payphone Tariffs.

Docket No.: JRT-2001-AR-0002: In the Matter of Interconnection Rates, Terms and Conditions between WorldNet Telecommunications, Inc. and Puerto Rico Telephone Company.