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Based on my analysis, I found that providers other than the primary incumbent LEC have connections to **[BEGIN HIGHLY CONFIDENTIAL]**

[REDACTED]

[REDACTED] **[END HIGHLY CONFIDENTIAL]**

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



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Susan M. Gately

Dated: July 10, 2012

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**ATTACHMENT A TO DECLARATION OF SUSAN M. GATELY**

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Susan M. Gately  
Statement of Qualifications

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**Susan M. Gately** founded SMGately Consulting, LLC (SMGC) in January of 2011. Susan is an economic and policy expert specializing in the telecom arena with more than thirty years of consulting experience. Her specific experience lies in the areas of

- Telecom industry structure;
- Regulatory regimes;
- Cost development;
- Access charges;
- Pricing and rate structure; and
- Telecom services and network management practices.

Prior to founding SMGC Susan was a partner in and the Senior Vice President at Economics and Technology, Inc (ETI) providing advising, litigation support, expert testimony, white papers, and in-house training and education to ETI's myriad carrier, governmental agency and large business clients. Susan has provided expert testimony on a variety of telecom policy matters and participated in hundreds of FCC proceeding on access charges, universal service, separations and cost accounting, and form of regulation.

Throughout 2011 Ms. Gately was an active participant in the FCC's USF / ICC proceeding on behalf of the AdHoc Telecommunications Users Committee preparing and submitting two separate declarations and visiting the FCC on multiple occasions to discuss the results of her analyses. In particular, Ms. Gately devoted significant effort in the analysis of RLEC cost data filed as part of that proceeding and quantification of the financial impact upon RLECs of the potential combination of reduced USF payments and reduced access charge revenues.

For the last several years Ms. Gately has also been particularly active in the analysis of special access pricing, cost, and separations data. In 2010 she authored a paper entitled *Longstanding Regulatory Tools Confirm BOC Market Power: A Defense of ARMIS*.<sup>1</sup> The paper detailed the workings of and interactions between Parts 36 and 69 of the FCC's rules (the results of which are codified in ARMIS for the largest of the ILECs). Susan has been involved in the analysis of incumbent LEC intrastate and interstate access tariffs since the filing of the initial access tariffs in 1983. Ms. Gately has participated in the preparation of hundreds of submissions to the FCC on issues including access service pricing and rate structures, price caps implementation, access

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<sup>1</sup> *Longstanding Regulatory Tools Confirm BOC Market Power: A Defense of ARMIS* (With Helen E. Golding, Lee L. Selwyn and Colin B. Weir. Released in January, 2010.) Prepared on behalf of the AdHoc Telecommunications Users Committee. Filed in FCC WC Docket # 05-25 January, 2010.

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service costs (including cost allocation of regulated and non-regulated services), and alternative forms of regulation.

Ms. Gately has also devoted significant time over the last several years to researching and analyzing conditions extant in the wireline and wireless telecommunications markets in the US, the conditions that have led to the current market structures and the implications for users of those networks. In addition to the *ARMIS* paper identified above Ms. Gately's research and analysis in this area were codified in the following papers released in 2010. *Regulation, Investment and Jobs: How Regulation of Wholesale Markets Can Stimulate Private Sector Broadband Investment and Create Jobs* (With Helen E. Golding, Lee L. Selwyn and Colin B. Weir. Released in February, 2010.) *Revisiting US Broadband Policy: How Reregulation of Wholesale Services Will Encourage Investment and Stimulate Competition and Innovation in Enterprise Broadband Markets* (With Helen E. Golding, Lee L. Selwyn and Colin B. Weir. Released in February, 2010.)

Ms. Gately's most recent analysis of small independent company universal service issues in relation to the FCC's 2011 USF / ICC proceeding built upon her extensive past analysis of similar issues (as they relate to both state and interstate universal service funds). Beginning in 2003 and following on for the next several years she researched and documented systemic incentives to inefficiencies inherent in the FCC's USF funding mechanism and identified . The primary documentation of that early work was a paper entitled *Lost in Translation: How Rate of Return Regulation Transformed the Universal Service Fund for Consumers into Corporate Welfare for the RLECs*, (with Scott C. Lundquist) prepared on behalf of Western Wireless, February 2004. That work was followed later that same year with *Striking a Nerve: ETI's Rejoinder to the NTCA/OPASTCO False Premises Report*, (with Lee L. Selwyn and Scott C. Lundquist) also prepared on behalf of Western Wireless, October 2004. Ms. Gately has prepared presentations for on this issue for use at en banc panels of the Federal State Board on Universal Service and presented a session at NASUCA's 2005 annual conference as well.

Susan has been involved in the analysis of incumbent LEC intrastate and interstate access tariffs since the inception of the tariffs in 1984. She has participated in virtually every major FCC proceeding on access charges and price caps, and is among the nation's leading experts on access charge rate structure, methodology, and policy. Access issues addressed in the hundreds of submissions made to the FCC access service pricing and rate structures, price caps implementation, access service costs (including cost allocation of regulated and non-regulated services), and alternative forms of regulation. Among those issues recently addressed at the FCC has been the appropriate rate structure for the collection of universal service costs from end users, and rules related to the level of universal service funding that should be available to rural

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telecommunications service providers. Ms. Gately was also actively involved in the investigation of the level of cost to be recovered from the implementation of local number portability (LNP) and the appropriate method of recovering those costs. Ms. Gately was also involved in modeling and analysis of the FCC's last major revision to its access charge and price caps plan — the so called "CALLS" plan.

Ms. Gately has also been extensively involved in the analysis of cost and operational data submitted by telephone companies in the context of regulatory proceedings and audits, including the submission of expert testimony in state public utility proceedings. Her responsibilities have involved the analysis of telephone company cost data and cost study methodologies. Ms. Gately's work has included the development of alternative cost figures for the purpose of presenting alternative rate proposals. She has participated in the preparation of expert testimony on local calling area expansion, affiliate transactions, survey and statistical methodologies, cost study methodologies, revenue requirement, infrastructure and modernization, new service pricing, access pricing, unbundled network element pricing, avoided retail costs for use in setting wholesale prices and other issues related to the opening and operation of markets.

Throughout 1994, acting as a staff expert for the Delaware PSC Staff, Ms. Gately participated actively in the litigation of rules implementing an alternative regulatory plan put in place by the Delaware state legislature. Ms. Gately was one of the designated staff negotiators during an attempted negotiated settlement of the rules using Alternate Dispute Resolution (ADD) techniques. Subjects addressed by the PSC's Rulemaking included, among other things, the development of both incremental and fully distributed costing methodologies to be used by Bell Atlantic for use as incremental cost floors, and to ensure against cross-subsidization. She co-authored comments on behalf of staff regarding cost methodology, rate imputation, and unbundling requirements.

Ms. Gately was particularly active in the examination of ILEC cost data and deployment plans for basic rate interface (BRI) ISDN service. Ms. Gately was involved in all facets of a New England Telephone BRI ISDN investigation that culminated in an affordable, widely deployed ISDN offering in Massachusetts. She has also prepared and/or sponsored testimony and comments relative to the deployment and pricing of ISDN services in Colorado, Tennessee, Texas, Ohio, and Connecticut. Ms. Gately also co-authored two separate ISDN position papers in conjunction with Dr. Lee L. Selwyn; *A Migration Plan for Residential ISDN* for the Electronic Frontier Foundation and *The Prodigy ISDN White Paper: ISDN Has Come of Age* for Prodigy Services Company.

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Ms. Gately was also heavily involved in the development of avoided cost estimates for use in setting wholesale prices in a resale environment. Ms. Gately co-authored (with Dr. Lee L. Selwyn) *Commercially Feasible Resale of Local Telecommunications Services: An Essential Step in the Transition to Effective Local Competition*. She has participated in resale proceedings and or interconnection arbitrations (relative to wholesale pricing) in California, Hawaii, Illinois, Ohio, Puerto Rico, Nevada, and Louisiana.

Ms. Gately was also involved in the analysis of issues related to the application of several of the Bell Companies for Section 271 authority to enter the interLATA long distance market. Ms. Gately has also undertaken a detailed analysis of the Continuing Property Record (CPR) audits conducted by the Accounting and Audits Division of the FCC. That analysis culminated in the preparation of a paper (written in conjunction with Dr. Lee L. Selwyn) *Inflated BOC Prices: An Agenda for State PUC Actions Arising from the FCC CPR Audits*.

Ms. Gately has assisted numerous Fortune 100 companies in the evaluation of pricing, terms and conditions as part of the long distance and local procurement process.

In addition to her regulatory work, Ms. Gately has been a frequent speaker at various industry gatherings including large conventions and more specialized seminars and conferences. The subject matters have included the following wide range of issues:

- Negotiation of custom network contracts;
- ILEC central office collocation;
- The FCC's price cap plan for ILECs;
- Principles for pricing ISDN basic rate service.
- USF Funding for wireless CETCs
- Reformation of the USF High Cost Fund

Prior to joining ETI, Ms. Gately was employed as an Economic Analyst at Systems Architects, Inc. Her work there primarily involved the analysis of economic data and survey results for the Health Care Finance Administration, the Social Security Administration, and the Department of Defense.

Susan has a Bachelor of Arts degree in Economics from Smith College (1980).

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## Appearances in Regulatory Proceedings

**Telecommunications Regulatory Board of Puerto Rico**, *Telefónica Larga Distancia de Puerto Rico, Inc., Petition for arbitration pursuant to Section 47 U.S.C. 252 (b) of the Federal Communications Act and Section 5 (b), Chapter III, of the Puerto Rico Telecommunications Act, regarding interconnection rates, terms and conditions with Puerto Rico Telephone Company, Inc.*, Docket No. JRT-2006-AR-0001, on behalf of Telefónica Larga Distancia de Puerto Rico, Inc., Direct Testimony filed January 16, 2007, Reply Testimony filed February 7, 2007, cross-examination February 14, 2007, Declaration filed March 30, 2007.

**United States District Court, District of New Jersey**, in *Re: AT&T Corp. v. JM Telecom, LLC*, Civil Action No. 99-2578, on behalf of AT&T Corp., Expert Report filed December 5, 2003.

**California Public Utilities Commission**, in *Re: Order Instituting Rulemaking to Review Policies Concerning Intrastate Carrier Access Charges*, Docket No. R.03-08-018, on behalf of AT&T Communications of California, Inc., Declaration filed November 12, 2003.

**Colorado Public Utilities Commission**, in *Re: Application of US West Communications, Inc. for Investigation into Switched Access Rates*, Docket No. 00A-201T, on behalf of AT&T Communications of the Mountain States, Inc., Testimony of Lee L. Selwyn, filed July 18, 2000, adopted by Susan M. Gately, cross-examined on October 17, 18, 2000.

**Arizona Corporation Commission**, in *Re: In the Matter of the Application of US West Communications, Inc., a Colorado Corporation, for a Hearing to Determine the Earnings of the Company, the Fair Value of the Company for Ratemaking Purposes, to Fix a Just and Reasonable Rate of Return Thereon and to Approve Rate Schedules Designed to Develop Such Return*, Docket No. T-1051B-99-105, on behalf of AT&T Communications of the Mountain States, Direct Testimony filed August 9, 2000, Supplemental Direct Testimony filed November 13, 2000.

**United States District Court, District of Massachusetts**, in *Re: Telephone Management Corporation, Plaintiff, v. State Street Bank and Trust Company, Defendant*, Civil Action No. 97-10993 PBS, on behalf of State Street Bank and Trust Company, Expert Report filed July 17, 1998.

**Delaware Public Service Commission**, in *Re: In the Matter of Development of Regulations for the Implementation of Telecommunications Technology Investment Act*, Docket No. PSC Reg. 41, on behalf of Delaware Public Service Commission Staff, cross-examination March 2, 1995.

**New York Public Service Commission**, in *Re: Proceeding on Motion of the Commission to Investigate Performance-Based Incentive Regulatory Plans for New York Telephone Company*, Docket No. 92-C-0665, on behalf of Cable Television Association of New York,

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Supplemental Testimony filed September 8, 1994.

**California State Legislature**, inRe: *California Long Distance Telecommunications Consumer Choice Act*, Assembly Bill 3720, on behalf of AT&T, Statement before the California State Legislature, April 11, 1994.

**Tennessee Public Service Commission**, inRe: *In the Matter of the Commission's Investigation of Integrated Services Digital Network (ISDN)*, on behalf of Prodigy Services Company, oral testimony, November 11, 1992.

**Arizona Corporation Commission**, in Re: *In the Matter of the Commission's Examination of the Rates and Charges of the Mountain States Telephone and Telegraph Company*, Docket No. E-1051-88-306, on behalf of Residential Utility Consumer Office, Direct Testimony filed July 13, 1990, Rebuttal Testimony August 7, 1990.

## **Papers and Reports**

*Regulation, Investment and Jobs: How Regulation of Wholesale Markets Can Stimulate Private Sector Broadband Investment and Create Jobs* (With Helen E. Golding, Lee L. Selwyn and Colin B. Weir. Released in February, 2010.)

*Revisiting US Broadband Policy: How Reregulation of Wholesale Services Will Encourage Investment and Stimulate Competition and Innovation in Enterprise Broadband Markets-* (With Helen E. Golding, Lee L. Selwyn and Colin B. Weir. Released in February, 2010.)

*Longstanding Regulatory Tools Confirm BOC Market Power: A Defense of ARMIS* (With Helen E. Golding, Lee L. Selwyn and Colin B. Weir. Released in January, 2010.)

*The Role of Regulation in a Competitive Telecom Environment: How Smart Regulation of Essential Wholesale Facilities Stimulates Investment and Promotes Competition* (With Helen E. Golding, Lee L. Selwyn, and Colin B. Weir. Released in March, 2009.)

*Special Access Overpricing and the US Economy: How Unchecked RBOC Market Power is Costing US Jobs and Impairing US Competitiveness* (with Helen E. Golding, Lee L. Selwyn, and Colin B. Weir) Economics and Technology, Inc., prepared on behalf of the AdHoc Telecommunications Users Committee, August 2007.

*HOLD THE PHONE: Debunking the Myth of Intermodal Alternatives for Business Telecom Users In New York*, prepared on behalf of the UNE-L CLEC Coalition in New York, August 2005.

*The 2005 Update of the 1999 TFP Model Calculating a Productivity Factor for Interstate Special Access*, prepared on behalf of the Ad Hoc Telecommunications Users Committee, submitted as an attachment to Susan M. Gately's Reply Declaration, filed in FCC WC Docket No. 05-25, *Special Access Rates for Price Cap Local Exchange Carriers*, July 29, 2005.

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*Striking a Nerve: ETI's Rejoinder to the NTCA/OPASTCO False Premises Report*, (with Lee L. Selwyn and Scott C. Lundquist) prepared on behalf of Western Wireless, October 2004.

*Competition in Access Markets: Reality or Illusion, A Proposal for Regulating Uncertain Markets*, (with Lee L. Selwyn and Helen E. Golding), prepared on behalf of the Ad Hoc Telecommunications Users Committee, August 2004.

*Lost in Translation: How Rate of Return Regulation Transformed the Universal Service Fund for Consumers into Corporate Welfare for the RLECs*, (with Scott C. Lundquist) prepared on behalf of Western Wireless, February 2004.

*Business Telecom Users Benefit from UNE-P Based Competition*, (with Lee L. Selwyn) prepared on behalf of AT&T, January 2003.

*Inflated BOC Prices: An Agenda for State PUC Action Arising from the FCC CPR Audits*, (with Lee L. Selwyn) prepared on behalf of AT&T, July 2000.

*The "Connecticut Experience" with Telecommunications Competition: A Case Study in Getting it Wrong*, (with Lee L. Selwyn and Helen E. Golding) prepared on behalf of AT&T, February 1998.

*Commercially Feasible Resale of Local Telecommunications Services: An Essential Step in the Transition to Effective Local Competition*, (with Lee L. Selwyn) prepared on behalf of AT&T, July 1995.

*The Enduring Local Bottleneck: Monopoly Power and the Local Exchange Carriers*, prepared by Economics and Technology, Inc. (with Lee L. Selwyn) and Hatfield Associates, Inc., on behalf of AT&T, MCI Communications Corporation, Competitive Telecommunications Association, February 1994.

*LEC Price Cap Regulation: Fixing the Problems and Fulfilling the Promise*, (with Lee L. Selwyn, David J. Roddy, Sonia N. Jorge and Scott C. Lundquist), prepared on behalf of the Ad Hoc Telecommunications Users Committee, May 1994.

*Access and Competition: the Vital Link*, (with Lee L. Selwyn), prepared on behalf of the Ad Hoc Telecommunications Users Committee, April 1994.

*Pricing and Policy Issues Affecting Local/Access Service in the U.S. Telecommunications Industry*, (with Lee L. Selwyn, W. Page Montgomery, and Jenny H. Yan), prepared on behalf of the Canadian Radio-Television and Telecommunications Commission, December 1992. *ISDN Has Come of Age*, (with Lee L. Selwyn), prepared on behalf of Prodigy Services Company, November 1992.

*A Roadmap to the Information Age: Defining a Rational Telecommunications Plan for Connecticut*, (with Lee L. Selwyn, Susan M. Baldwin, JoAnn S. Hanson, David N. Townsend and Scott C. Lundquist), prepared on behalf of the Connecticut Office of Consumer Counsel, October 30, 1992.

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*Migration Plan for Residential ISDN Deployment*, (with Lee L. Selwyn) prepared on behalf of the Communications Policy Forum, Electronic Frontier Foundation, April 20, 1992.

*Efficient Pricing for ONA Access : Recommendations for Modifications to Part 69 of the FCC's Rules to Accommodate an Open Network Architecture*, (with Lee L. Selwyn, JoAnn S. Hanson, and David N. Townsend), prepared on behalf of the Coalition of Open Network Architecture Parties, The ONA Users Group, and Ad Hoc Telecommunications Users Committee, August 10, 1989.

*Use of Featured Group Carrier Switched Access Services for National Paging Access: An Examination of Potential Feasibility*, (with Lee L. Selwyn) prepared on behalf of National Satellite Paging, Inc., March 15, 1989.