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Petition of USLEC of :  
Pennsylvania, Inc., for :  
Arbitration with Verizon : Docket No.  
Pennsylvania Inc., : A-310814F7000  
pursuant to Section 252(b) :  
of the Telecommunications :  
Act of 1996 :  
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Keystone Building  
Plaza Level  
400 North Street  
Hearing Room 3  
Harrisburg, PA

Wednesday, July 17, 2002  
Commencing at 10:04 a.m.

BEFORE:  
LOUIS COCHERES, Administrative Law Judge

REPORTER: MELISSA L. CHARLTON

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19 Direct and Rebuttal Testimony of Wanda Montano ✓

20 Direct and Rebuttal Testimony of Pete D'Amico ✓

21 Direct and Rebuttal Testimony of Terry Haynes ✓

## P R O C E E D I N G S

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JUDGE LOUIS COCHERES:

1  
2  
3  
4                   Good morning, ladies and  
5 gentlemen. As you're well aware by now, my name is  
6 Louis Cocheres. And I'm an Administrative Law Judge  
7 appointed to be the Arbitrator in the petition of  
8 USLEC of Pennsylvania, Incorporated, for arbitration  
9 with Verizon Pennsylvania, Incorporated, pursuant to  
10 Section 252 of the Telecommunications Act of 1996, at  
11 Commission Docket Number A-3108147000.

12                   We're here today for what I  
13 believe will be our initial and only hearing in this  
14 matter. I do want to take a few moments to spread a  
15 few minor procedural things on the record. I always  
16 like to put on the record that I do, in fact, live in  
17 an area that is served by major utilities and that I  
18 have Verizon as my local exchange carrier. Currently  
19 I have MCI as my long distance carrier. I may want to  
20 rethink that. And I have AT&T as a cell phone  
21 carrier. I like to tell people that up front. If  
22 anyone has a problem with it, they should speak up now  
23 or forever hold their peace. Thank you.

24                   As I indicated on the record at  
25 our prehearing conference and in my prehearing order,

1 I want very much to have a fairly uniform and orderly  
2 proceeding today in terms of issue presentation. I  
3 had hoped that we would be able to retain exactly the  
4 same numbering system that USLEC used in its numbering  
5 of issues in it's petition. However, I was somewhat  
6 chagrined to notice that that wasn't quite followed.  
7 But I don't think that's irretrievable. But I do want  
8 to go through this hearing issue by issue, hearing  
9 from each party for each issue before we move on to  
10 the next one. I do that for three reasons. One, it  
11 creates an orderly record; two, it means that your  
12 briefs can follow the same format; and three, it means  
13 my decision can follow the same format. And when that  
14 is all taken up as a unit to be reviewed by the  
15 Commission, hopefully the orderly record and the  
16 wisdom of it all being so organized will be evident to  
17 them.

18                   Because the witnesses did not all  
19 testify in numerical sequence in the sense some  
20 witnesses covered some issues and some others, I will  
21 swear all of the witnesses at the beginning of this  
22 proceeding, because I expect that we are going to be  
23 jumping back and forth somewhat between the  
24 witnesses. And rather than interrupt the proceeding,  
25 I'll just have everybody stand and issue the oath that

1 way.

2                   The other thing that I noticed,  
3 and I already sent an e-mail notice to all of you was  
4 that I reviewed the settlement agreement that you had  
5 submitted --- USLEC had submitted with the arbitration  
6 petition. And when I reviewed it, since it was the  
7 only copy of the agreement that I had, these little  
8 white tags indicate things that you indicated were  
9 disputed issues. Now, I know you have, in fact,  
10 settled many of these little white tags but I don't  
11 know which ones, other than to know that your  
12 testimony covered a limited number. So before we  
13 leave the room today, and I will wait until after the  
14 hearing probably, at least until after we hear from  
15 the witnesses, I will go through these, as I've  
16 highlighted them in my copy, and just touch base with  
17 you to make sure that I have covered each and every  
18 issue that needed to be disputed. And for those that  
19 are no longer disputed, you have an obligation to  
20 furnish me with a copy of the language that you have  
21 agreed to because I'm supposed to review it. I didn't  
22 review everything that's in this particular book. And  
23 but I do need to know what's already settled.

24                   Now, in terms of already settled,  
25 the parties have advised me that at least one of the

1 issues is currently settled that was on the table  
2 today. And I've lost track right now off the top of  
3 my head of which witness that was, but one of the Bell  
4 witnesses, I believe it was issue number 11. Ms.  
5 Fleming's issue has been completely settled, as I  
6 understand it.

7 ATTORNEY PANNER:

8 That is correct, Your Honor.

9 JUDGE:

10 Fine. I have no problem with  
11 that. Again, that's just an example of settlement  
12 language that I will need to see as part of this  
13 proceedings. Are there any procedural issues use that  
14 I need to go on before we move on hearing witnesses  
15 testimony?

16 Hearing none, by my count I have  
17 four witnesses, two from each side. If you folks  
18 would please stand and raise your right hands.

19 WITNESSES SWORN EN MASSE

20 JUDGE:

21 All right. Now, for the purposes  
22 of the record, I'm just going to start on my left with  
23 the lady wearing the green outfit and ask her to tell  
24 me her name.

25 MS. MONTANO:

1 Wanda G. Montano.

2 JUDGE:

3 And the gentleman next to her?

4 MR. HOFFMANN:

5 My name is Frank R. Hoffmann, Jr.

6 JUDGE:

7 Moving around the table.

8 MR. HAYNES

9 Terry A. Haynes.

10 MR. D'AMICO:

11 Pete D'Amico.

12 JUDGE:

13 Fine. All right.

14 ATTORNEY SHOR:

15 I don't recall if during our  
16 prehearing conference we had already addressed and  
17 identified that we had settled issues seven and ten.

18 JUDGE:

19 Yes. I reviewed that transcript  
20 this morning. Interestingly, you did tell me that you  
21 had settled two issues but I don't think it was  
22 perfectly clear which ones they were. And I just  
23 said, fine, which was no more illuminating on the  
24 record than you were. So that would be issues seven  
25 and ten in the USLEC.

1                    ATTORNEY SHOR:

2                    And issue 11 as well.

3                    JUDGE:

4                    Okay.     So we're now --- I do have  
5 a real basic question and it stems from having  
6 reviewed the agreement.     The agreement that was  
7 provided to me, and I can understand why there was no  
8 effective date, because obviously it hasn't been  
9 approved but also on page one there was no date for  
10 the initial term, were you contemplating an one year,  
11 two year, 16 month?     How many car payments were you  
12 expecting in this agreement?     Did you have some term  
13 in mind.

14                    MR. HOFFMANN:

15                    It's my understanding the term of  
16 the agreement was to be two years.

17                    JUDGE:

18                    Mr. Hoffmann, thank you very.

19                    ATTORNEY PANNER:

20                    I would have to get back to you,  
21 Your Honor, on that question.     And I can check it in  
22 the agreement language, but I don't know the answer.

23                    JUDGE:

24                    I didn't see anything in the  
25 agreement, as I read through it over the last several

1 days, to indicate that there was a particular time  
2 frame that the parties have in mind.

3 ATTORNEY SHOR:

4 I think because of the way that  
5 it's done is it's pegged to a specific date that once  
6 you get --- know what the effective date is, then you  
7 know what the termination date is. But you're  
8 correct, it doesn't say for a term of X years and  
9 beyond Y date if it does not do that.

10 ATTORNEY SHOR:

11 And section two, term and  
12 termination, page one, there is a date that needs to  
13 be filled in there and I appreciate that you don't  
14 have the effective date yet. But I assumed that you  
15 had at least a given amount of time available.

16 JUDGE:

17 All right. I have a procedural  
18 question for the parties to tell me about, since it's  
19 been awhile. Who goes first? The Petitioner?

20 ATTORNEY SHOR:

21 The Petitioner goes first.

22 JUDGE:

23 All right. Then as I recall you  
24 have a choice between Ms. Montano and Mr. Hoffmann.

25 ATTORNEY SHOR:

1 Your Honor, USLEC will put Mr.  
2 Hoffmann on the stand to address issues one and two  
3 collectively. And Ms. Montano, after the Cross  
4 Examination of Mr. Hoffmann, Ms. Montano will be  
5 placed on the stand just for her testimony with  
6 respect to those two issues as well.

7 JUDGE:

8 Yes. That leads to a question  
9 that I had already written down and that's that the  
10 parties seem to be treating one and two as a unit.

11 ATTORNEY SHOR:

12 That's correct.

13 JUDGE:

14 All right. Fine then Mr. Shor  
15 will you finish presenting Mr. Hoffmann.

16 ATTORNEY SHOR:

17 USLEC calls Frank R. Hoffmann.

18 JUDGE:

19 Mr. Hoffman, you've been  
20 previously sworn.

21 FRANK HOFFMAN, PREVIOUSLY SWORN, CALLED TO TESTIFY  
22 DIRECT EXAMINATION.

23 BY ATTORNEY SHOR:

24 Q. Mr. Hoffmann, would you state your name and  
25 business address for the record, please?

1 A. My name is Frank Hoffmann. I'm located at 6801  
2 Morrison Boulevard in Charlotte, North Carolina.

3 Q. By whom are you employed?

4 A. I'm employed by USLEC.

5 Q. And what is your title?

6 A. I'm senior interconnection manager.

7 Q. Did you cause to have prepared, I believe it was  
8 21 pages of Direct testimony filed in this matter on  
9 May 31, 2002?

10 A. Yes, I did.

11 Q. If I asked you those questions today, would your  
12 answers be the same?

13 A. I would have one revision.

14 Q. What revision that is?

15 A. That is to change my relative to nine trunks to  
16 nine T-1s.

17 Q. And what page is that on; do you know?

18 ATTORNEY PANNER:

19 Frank, I think it's on page 20.

20 A. Thank you. Yes, you're absolutely correct, line  
21 nine, page 20, continuing onto ten. Nine trunks per  
22 day it should be changed to nine T-1s per day.

23 BY ATTORNEY SHOR:

24 Q. Other than that correction, do you have any other  
25 changes, edits or corrections to your direct

1 testimony?

2 A. No, I do not.

3 Q. Did you cause to have prepared seven pages ---  
4 six pages of rebuttal testimony filed in this matter  
5 on July 9, 2002?

6 A. Yes, I did.

7 Q. Do you have any changes, corrections or additions  
8 to that testimony?

9 A. No, I don't.

10 Q. If I ask you those questions today, would your  
11 answer be the same?

12 A. Yes, I did.

13 ATTORNEY SHOR:

14 Your Honor, USLEC respectfully  
15 moves the admission of the direct and rebuttal  
16 testimony of Mr. Frank Hoffmann into the record,  
17 subject to Cross Examine.

18 JUDGE:

19 It is the testimonies are  
20 admitted, subject to Cross Examine, and in a timely  
21 motion. Mr. Panner?

22 ATTORNEY PANNER:

23 Thank you, Judge.

24 CROSS EXAMINATION

25 BY ATTORNEY PANNER:

1 Q. Good morning. I'd like to start by getting your  
2 help in explaining to the Commission and Judge  
3 Cocheres USLEC's position on issues one and two. And  
4 I have here a schematic diagram of the Philadelphia  
5 LATA, the Pennsylvania portion of it, which I'll just  
6 label in a pen on the bottom VZ-1.

7 ATTORNEY PANNER:

8 If that is all right with you.

9 JUDGE:

10 That is fine, as long as you don't  
11 have a VZ-1 as part of your presentation.

12 (Exhibit VZ-1 marked  
13 for identification.)

14 BY ATTORNEY PANNER:

15 Q. Now, in this diagram, I have a circled towards  
16 the --- I have a large circle to represent the  
17 Philadelphia LATA; do you see that?

18 A. Yes.

19 Q. And I have a small circle at the top of the big  
20 circle that's labeled the Allentown local calling  
21 areas; do you see that?

22 A. Yes, I do.

23 Q. And I also have a slightly larger circle down at  
24 the bottom right. It's labeled Philadelphia local  
25 calling area; do you see that?

1 A. Yes.

2 Q. And I have a box inside that's Philadelphia local  
3 calling area, that's labeled the USLEC switch. Do you  
4 see that?

5 A. Correct, yes.

6 Q. Now, is it accurate to say that the USLEC switch  
7 is inside the Philadelphia local calling area?

8 A. I believe so.

9 Q. Was it your testimony that it was located ---  
10 that your switch is located in Philadelphia local  
11 calling area?

12 A. Could you direct me to that portion of the  
13 testimony?

14 Q. I'll cover that later. But you'll take it  
15 subject to check that you at least believe that the  
16 USLEC switch is inside the Philadelphia local calling  
17 area?

18 A. Yes.

19 Q. Now, in this diagram, let's suppose that the  
20 capital letters A, B, C, D represent customers. Are  
21 you with me so far?

22 A. Yes.

23 Q. Now, let's suppose that capital letter A is a  
24 Verizon customer and that capital letter D is a USLEC  
25 customer. First of all, is it accurate to say that

1 Verizon would have an end office within the local  
2 calling area serving that customer A?

3 A. I cannot respond to that. I will assume that we  
4 did.

5 Q. Okay. In fact, you testified, did you not, that  
6 Verizon's network uses a large number switches, each  
7 serving a relatively small area?

8 A. Yes.

9 Q. So it's likely that there would be a switch  
10 within the local calling area serving that customer?

11 A. It's possible, yes.

12 Q. If it were --- if it were not within the local  
13 calling area, it would be very close by?

14 A. That is also possible.

15 Q. Would you agree at that there are calling areas  
16 in Pennsylvania where Verizon has end offices serving  
17 customers.

18 ATTORNEY SHOR:

19 I'm going object only to the  
20 extent that he's an USLEC witness. I don't know what  
21 he knows about Verizon's network. So foundation.

22 BY ATTORNEY PANNER:

23 Q. Mr. Hoffmann, have you ever worked for Verizon?

24 A. Yes, I have.

25 Q. Okay. Do you, in fact, know whether Verizon has

1 any end offices in local calling areas in Philadelphia  
2 LATA?

3 A. Not specifically what calling area or what switch  
4 is located where, but simply by the fact that you have  
5 switches in the LATA and you have local calling areas  
6 in the LATA. I must assume that your switches are in  
7 local calling areas. Whether you have a switch in  
8 every local calling area, I do not know.

9 Q. Fair enough. It's at least possible then that  
10 there would be a would be a switch in that Allentown,  
11 local Allentown calling area. Do you agree with that?

12 A. Yes.

13 Q. Now, if Verizon customer A --- well, let me ask  
14 one further question before I pose my hypothetical.  
15 Is it also correct that USLEC does not have a switch  
16 in the Allentown local calling area?

17 A. We do not.

18 Q. In fact, you have only the one switch in the  
19 Philadelphia LATA, which is, subject to check, inside  
20 the Philadelphia local calling area?

21 A. That is correct.

22 Q. Now, so there would be some sort of a long line  
23 or loop or some kind of a transport facility that, if  
24 you have a customer inside the local calling area in  
25 Allentown, there would be some kind of long facility

1 connecting your customer to that switch?

2 A. We would have a facility that would connect our  
3 customer with our switch, yes.

4 Q. Now, suppose that a Verizon customer A were to  
5 call that USLEC's customer D inside the Allentown  
6 local calling area, first of all, A and D could be  
7 quite close together; is that correct?

8 A. Yes.

9 Q. Okay. They could be next door neighbors?

10 A. Correct.

11 Q. Okay. And if that Verizon customer A placed a  
12 call to the USLEC customer D, is it correct that  
13 somehow that call would have to be transported from  
14 the Verizon originating end office to the USLEC  
15 switch?

16 A. Yes. I believe Verizon would transport that call  
17 to the point of interface at Verizon's access tandem  
18 and then hand that call off to USLEC switch for  
19 termination to our customer D within the Allentown  
20 local calling area.

21 Q. Okay. So just to clarify that, you say Verizon  
22 would transport the call to its local access tandem  
23 and your testimony was what?

24 A. No. I'm sorry. You misunderstood. I stated  
25 that Verizon would route that call to the point of

1 interface, which USLEC has established that's your  
2 access tandem, not your local tan number.

3 Q. Thank you for that clarification. So it's your  
4 testimony that USLEC's point --- when you say point of  
5 interface, what do you mean?

6 A. I mean the physical point where our networks  
7 interconnect.

8 Q. And it's your testimony that that physical point  
9 is the USLEC in the Verizon access tandem?

10 A. Both Verizon access tandem within the  
11 Philadelphia line, yes.

12 Q. Now, the call would then have to be transported  
13 from the access tandem to the Philadelphia local  
14 calling area; is that correct, to USLEC switch?

15 A. It is my understanding that Verizon's access  
16 tandem is located within the Philadelphia local  
17 calling area, as I'm one mile away from the market  
18 tandem.

19 Q. Okay. Do you know if the market tandem is  
20 serving --- would be serving the call --- that  
21 Allentown local calling area call?

22 A. No, I do not.

23 Q. You've testified that the point of interface  
24 between the networks is at the Verizon access tandem?

25 A. Right.

1 Q. Is it, therefore, your testimony that the traffic  
2 from the access tandem is transported over USLEC's  
3 network from the access tandem to the USLEC switch?

4 A. I'm sorry. Could you repeat that again?

5 Q. Was it your testimony that the traffic is  
6 transported over USLEC's network to USLEC switch?

7 A. Initially in the Philadelphia LATA, USLEC  
8 purchased an OC-12 fiber ring, which was used to  
9 transport both parties' traffic between our IPs from  
10 my switch to your network and, conversely, from your  
11 network through the port to my IP. USLEC outgrew the  
12 capacity on that OC-12 and abandoned that facility and  
13 purchased an OC-48 from Verizon. It is my  
14 understanding Verizon currently uses the abandoned  
15 OC-12 to terminate its traffic to USLEC.

16 Q. Okay. Let me clarify. When you say it uses the  
17 abandoned OC-12 to terminate the traffic to USLEC, you  
18 mean to deliver it to USLEC's switch?

19 A. Correct.

20 Q. And that OC-12 is Verizon's facility or USLEC's  
21 facility?

22 A. That facility is Verizon.

23 Q. Okay. So in fact, Verizon is transporting its  
24 originating over Verizon's network to USLEC switch; is  
25 that correct?

1 A. Yes Verizon is using a facility which USLEC paid  
2 non-recurring charges to have installed and paid the  
3 monthly recurring charges for a 12-month period while  
4 it was in our use.

5 Q. But you're not paying for that facility any  
6 longer?

7 A. No, I don't believe.

8 Q. Now, does Verizon receive any compensation from  
9 USLEC for transporting a call from Verizon caller A to  
10 USLEC switch in the scenario I described?

11 A. I do not believe so.

12 Q. So your answer is no?

13 A. Correct.

14 Q. In fact, in the scenario that we're talking about  
15 here there would be no --- well, in the scenario we're  
16 talking about here, would Verizon receive any  
17 additional compensation from its caller for  
18 transporting the call to the USLEC switch in  
19 Philadelphia?

20 A. I do not know. That would depend on the calling  
21 plan that caller A has purchased from Verizon.

22 Q. So you don't know? Well, let me go back to  
23 that. Why would it depend on the calling plan?

24 A. I'm not sure if caller A has a flat rated service  
25 or a message rated service or some other type of

1 plan. I'm not familiar with Verizon's calling plans  
2 but I do know they we have several.

3 Q. Let me rephrase the question. Would Verizon  
4 receive any additional compensation for the call from  
5 caller A to caller D because Verizon has transferred  
6 the call to another carrier's network --- and  
7 transported the call to another carrier's network or  
8 would the charge be the same, as if the caller were  
9 served by Verizon itself?

10 A. I'm sorry. I'm at a loss. I do not know what  
11 Verizon charges customer A, if you have a policy of  
12 charging something if it's intranetwork versus handing  
13 it off to another carrier.

14 Q. Okay. Now, in your view, in the scenario that I  
15 just described where caller A places a call to caller  
16 D, would USLEC be entitled to a payment of reciprocal  
17 compensation for terminating that call D as an end  
18 user?

19 A. Yes.

20 Q. So you would actually require Verizon to pay you  
21 despite the fact that Verizon is bearing all of the  
22 cost to transport that call to the USLEC switch; is  
23 that correct?

24 A. Yes, that is my understanding of what federal  
25 rules require.

1 Q. Okay. Are you a lawyer?

2 A. No, sir.

3 Q. Okay. Now, let's suppose that instead of this  
4 set that USLEC's switch were in Allentown --- or not  
5 USLEC, but CLEC has a switch in Allentown, a single  
6 switch. Are you with me so far?

7 A. Yes.

8 Q. Okay. And suppose that most of the calls that  
9 are made between the two networks are originated and  
10 terminated to numbers associated with the Philadelphia  
11 local calling areas. Are you with me?

12 A. Yes.

13 Q. And suppose further that --- so that would mean  
14 that there would be a very large volume of traffic  
15 that Verizon would have to transport all the way up to  
16 Allentown without any compensation from USLEC; is that  
17 correct?

18 A. I can't comment as to the volume. But yes, you  
19 would have to transport traffic between those two  
20 areas.

21 Q. In my hypothetical, if it is a large volume of  
22 traffic, Verizon would be responsible for transporting  
23 all of that traffic; is that correct?

24 A. If the traffic were one way, yes, but if the  
25 traffic traveled in both directions, I believe that

1 both carriers would be carrying the calls a similar  
2 distances.

3 Q. And if it were Verizon's customer A calling  
4 USLEC's customer D, it would be Verizon carrying the  
5 call; correct? I guess I shouldn't have used those  
6 letters because I'm no longer referring to the  
7 diagram, but it's a hypothetical. But if it were  
8 Verizon's customer calling USLEC's customer, Verizon  
9 would be responsible for the transport to USLEC's  
10 switch bearing the cost in your view?

11 A. I'm sorry. What local calling area would be  
12 originating the call?

13 Q. If the call originated in Philadelphia and were  
14 terminated to a number in Philadelphia, associated  
15 with the Philadelphia local calling area, is it your  
16 position that Verizon would bear the cost of  
17 transporting that call all the way up to Allentown?

18 A. I'm sorry. I must have misunderstood your  
19 question. I thought you just stated that the call  
20 area, local calling area for Philadelphia, customer A,  
21 made a call to another Philadelphia number, which I  
22 would assume would be in the Philadelphia local  
23 calling --- I'm confused with your reference to  
24 Allentown here.

25 Q. I'm still working on the hypothetical where USLEC

1 has or a switch in Allentown --- I'm sorry, CLEC has a  
2 switch in Allentown then Verizon would be responsible  
3 for transporting that call up to the CLEC switch; is  
4 that right?

5 A. Yes, it is my understanding that it is the  
6 incumbent LEC's responsibility to transport that call  
7 that originates on their network ---

8 Q. And indeed ---?

9 A. --- to the CLEC switch in Allentown.

10 Q. And under the contract language that you have  
11 proposed, are you familiar with the contract terms  
12 that you proposed?

13 A. Yes.

14 Q. You have been involved with the negotiations; is  
15 that right?

16 A. Yes, I have.

17 Q. And under the language that you've proposed, a  
18 CLEC could put its switch anywhere at all within the  
19 Philadelphia LATA; is that correct?

20 A. Yes.

21 Q. And no matter where the CLEC chose to put its  
22 switch, Verizon would be responsible for bearing the  
23 cost of transporting its originating locally rating  
24 traffic to that switch without compensation; is that  
25 your position?

1 A. Yes. As our current arrangements dictate,  
2 Verizon is charged a non-distance sensitive entrance  
3 facility, which is flat rated.

4 Q. I'm not ---.

5 A. To go from your tandem to my switch.

6 Q. Just to be clear, I'm discussing now USLEC's  
7 current proposal?

8 A. Yes.

9 Q. Your proposed language?

10 A. Yes.

11 Q. And that would permit any CLEC, because it's  
12 correct that any CLEC would be able to adopt the terms  
13 of the agreement that is adopted through this  
14 proceeding; is that correct?

15 A. It's my understanding that that is Verizon's  
16 obligation. But it's also my understanding that I'm  
17 here today to arbitrate an agreement between Verizon  
18 and USLEC only.

19 Q. I understand. But thank you for that. I'm going  
20 to introduce a second little diagram which I will  
21 label VZ-2.

22 (Exhibit VZ-2 marked  
23 for identification.)

24 ATTORNEY PANNER:

25 And I'm sorry for not having these

1 pre-labeled. But since I wasn't sure of the order of  
2 the witnesses ---.

3 BY ATTORNEY PANNER:

4 Q. I have here a schematic of a local calling area  
5 that I've labeled the Allentown local calling area.  
6 And are you familiar, as a general matter with  
7 Verizon's network architecture?

8 A. On a high level, yes.

9 Q. Okay. And in fact, you testified as to what  
10 Verizon's network architecture is; haven't you?

11 A. Yes. I've explained that the access network is  
12 somewhat of a hub and spoke type architecture, whereas  
13 the local network is a spider web, each point  
14 connected to every other point, as I understand  
15 Verizon.

16 Q. What I've represented here is A, B and C are  
17 Verizon customers. Do you understand that?

18 A. Yes.

19 Q. And D is that USLEC or CLEC customer in this  
20 diagram. Do you understand the diagram generally?

21 A. Yes.

22 Q. Now, I'd like to walk through with you the  
23 functions that would be performed if caller A, Verizon  
24 customer A called Verizon customer B and both were  
25 served out of the same end offices I've represented in

1 this diagram. Can you tell me what function Verizon  
2 would perform --- let me back up.

3 Do you agree that Verizon would switch that call  
4 within its end office to deliver it from customer A to  
5 customer B?

6 A. That is possible, yes.

7 Q. What is the other possibility?

8 A. Again, not being an expert on Verizon routing, I  
9 would assume you could possibly, given some sort of  
10 traffic congestion you might experience, send that  
11 call to another office and back.

12 Q. Do you know whether typically a call that was  
13 rather from --- routed from one customer to another  
14 customer off the same end office would typically be  
15 switched within the end office.

16 ATTORNEY SHOR:

17 I'm just going to object to the  
18 extent it's continuing to call for speculation by this  
19 witness on the functions of Verizon's switches.

20 ATTORNEY PANNER:

21 I'm sure if he doesn't know, he'll  
22 inform the Court he doesn't know. He's testified to  
23 Verizon's network architecture and how that  
24 architecture is set up. If he doesn't know, he'll say  
25 he doesn't know.

1                   JUDGE:

2                   Objection overruled.

3    A.    I do not know if you would typically or always  
4    switch that call within the office.

5    BY ATTORNEY PANNER:

6    Q.    Well, would you agree with me that it is at least  
7    possible that it would typically or, indeed, always be  
8    switched within the end office?

9    A.    It is a possibility that it would be, yes.

10   Q.    And then suppose that Verizon customer A would  
11   call Verizon customer C, which is being in this  
12   diagram served out of different end offices.  Are you  
13   with me?

14   A.    Yes.

15   Q.    And is it possible that when Verizon customer A  
16   calls customer C, that there would be originating  
17   switching out of that end office or to customer A; is  
18   that possible?

19   A.    Yes.

20   Q.    And then it would be transported over the trunk  
21   between the end officer and customer A and the end  
22   office serving customer C.  Is that possible that it  
23   would be transported over a trunk between those two  
24   end offices?

25   A.    Yes, it appears so.

1 Q. You testified that Verizon has a spider web  
2 network. Does that mean that in many cases there  
3 would be a direct trunk between end offices over which  
4 calls are transported between the two end offices?

5 A. Yes.

6 Q. And then Verizon would perform terminating  
7 switching in that end office to deliver the call to  
8 customer C?

9 A. Yes.

10 Q. Is it also possible in some circumstances that  
11 congestion over that trunk would cause the call to  
12 overflow flow through Verizon's tandem?

13 A. Yes, I believe it is possible. If you're  
14 experiencing congestion between the end offices which  
15 customers A and C work out of, that you would possibly  
16 route that call to, I believe, a local network.

17 Q. And, in fact, you testified that Verizon's local  
18 network is comprised of multiple end office  
19 connections between each and every end office and may  
20 also cause one or more local tandems used to control  
21 traffic connection; correct?

22 ATTORNEY SHOR:

23 On what page?

24 A. Page five, lines 19 through 21.

25 BY ATTORNEY PANNER:

1 Q. Would you agree that I've represented that your  
2 testimony there in the schematic here in this diagram?

3 A. Yes.

4 Q. Now, do you know whether --- let me go back to  
5 VZ-1, if you would, Mr. Hoffmann.

6 Now, just to review, if there is a call from  
7 Verizon customer A to Verizon customer D, is it  
8 correct that Verizon would be responsible, first of  
9 all for originating --- doing originating switching  
10 out of end office A?

11 ATTORNEY SHOR:

12 Excuse me. Do you mean USLEC  
13 customer D?

14 ATTORNEY PANNER:

15 Yes, I'm sorry. Let me start  
16 again since I misspoke.

17 BY ATTORNEY PANNER:

18 Q. If Verizon customer A were to call USLEC customer  
19 D, is it correct that Verizon would perform  
20 originating switching out of end office serving  
21 customer A?

22 A. Yes, if that was the switch where customer A  
23 received dial tone, I would agree.

24 Q. And then Verizon would perform transport between  
25 that end office A to USLEC's switch possibly through

1 one or even more tandem switches; is that correct?

2 A. Correct.

3 Q. Okay. And then assuming that D is an end user  
4 customer, USLEC would perform terminating switching;  
5 is that correct?

6 A. Yes.

7 Q. And USLEC would be compensated for that  
8 terminating switching through reciprocal compensation;  
9 is that correct?

10 A. Yes.

11 Q. So to the extent that Verizon didn't have to do  
12 the terminating switching anymore, it would be paying  
13 USLEC to perform that function; is that correct?

14 A. Yes.

15 Q. Now, do you know whether the Pennsylvania  
16 Commission has performed cost studies to determine the  
17 cost of performing various functions that you have  
18 described?

19 A. No, I'm not aware of the Pennsylvania Utility  
20 Commission performing cost studies.

21 Q. Okay. Are you familiar with --- in general with  
22 the fact that public utility commissions, state public  
23 utility commissions have held proceedings in which  
24 they have determined the cost of performing the  
25 various network functions that we've been talking

1 about?

2 A. No. It is my understanding that the Commission  
3 reviews cost studies submitted by Verizon relative to  
4 Verizon's costs.

5 Q. Do you agree --- let me try to repeat the  
6 question because I don't think you quite answered it.  
7 Do you agree that state public utility commissions  
8 have proceedings in which they determine the costs  
9 associated with the various network functions that you  
10 and I have been talking about?

11 A. I am familiar with proceedings where the  
12 Commission will set rates, but not that they  
13 necessarily establish costs.

14 Q. Okay. But you would agree that the Commissions  
15 have established rates based on pricing standards in  
16 the 1996 Act and FCC regulations?

17 A. Yes, it is my understanding that the Commission  
18 approves Verizon rates subject to those orders and  
19 rules and regulations.

20 Q. Okay. So it would be correct then that one  
21 could using those Commission established rates  
22 determine the difference in costs to Verizon of  
23 delivering a call from, say, caller A to caller B in  
24 the example on VZ-2 and the cost to Verizon of  
25 transporting a call from Verizon customer A to USLEC

1 switch in Philadelphia; is that correct?

2 A. Yes, I would assume that one could use the rates  
3 and underlying costs to compare those types of  
4 scenarios. But it is my understanding Verizon is  
5 responsible to transport the traffic that originates  
6 on the network to the point of interface selected by  
7 the ---.

8 Q. When you say they're responsible, that is a legal  
9 conclusion?

10 A. I did not intend it to be.

11 Q. What did you mean by it?

12 A. I mean that it is my understanding that Verizon  
13 must bear the costs associated with that traffic that  
14 is originated on their network.

15 Q. Again, is that a legal conclusion?

16 A. I do not intend it to be.

17 Q. Okay. Is it possible that USLEC could  
18 compensate Verizon, say to Verizon, we'd actually be  
19 happy to pay those costs and we'll compensate you? Is  
20 that theoretically possible?

21 A. Yes, negotiations allow for parties to agree to  
22 waive certain rules that are forwarded to them under  
23 the Act. So yes, to the extent that Verizon were to  
24 offer me something that I would feel would be worth my  
25 paying for traffic, which I do not feel that I'm

1 obligated, then I might consider that.

2 Q. Mr. Hoffmann, I just want to try to clarify for  
3 the record, when you say that Verizon must bear costs  
4 or is obligated to bear costs, is that a legal  
5 conclusion or is it something else?

6 ATTORNEY SHOR:

7 Asked and answered.

8 ATTORNEY PANNER:

9 I don't believe he's responded  
10 directly to my question. He said that he did not  
11 intend it to be. I've asked him for clarification. I  
12 don't think that he satisfactory responded to the  
13 question.

14 JUDGE:

15 Mr. Panner, even if it is a legal  
16 conclusion, it's not binding on me or the Commission.

17 ATTORNEY PANNER:

18 Thank you, Your Honor.

19 JUDGE:

20 That certainly sounds like his  
21 understanding of what your company's obligations are.  
22 It doesn't have to be mine.

23 ATTORNEY PANNER:

24 Right. Thank you, Your Honor, I  
25 guess what I wanted to clarify is he's testified to or

1 --- he said that he's testifying to certain network  
2 and engineering considerations. I wanted to make  
3 clear there is no engineering or technical reason that  
4 Verizon must bear this cost that this is an allocation  
5 of responsibility.

6 ATTORNEY SHOR:

7 Can I object to his speech on the  
8 record here? We've got questions and answers.

9 ATTORNEY PANNER:

10 Mr. Shor, you had an objection  
11 ---.

12 JUDGE:

13 Let me make this easy. When I'm  
14 having a discussion on the record with counsel, that  
15 is either side, we'll have a discussion, he wasn't  
16 asking the witness a question. He was talking to me  
17 and you're certainly welcome to chime in with your  
18 side. Mr. Panner, you didn't ask him that question,  
19 whether it was a technical engineering reason that  
20 there was an obligation there. You seem to be focused  
21 on legal issue. I want you to resolve that and move  
22 on.

23 ATTORNEY PANNER:

24 Okay.

25 BY ATTORNEY PANNER:

1 Q. Is there any technical offer engineering reason  
2 why Verizon must bear that obligation?

3 A. I would say yes.

4 Q. Can you tell me what it is?

5 A. USLEC has chosen its point of interface at the  
6 access tandem. And it is my understanding that that  
7 is USLEC's choice, and not Verizon's.

8 Q. Mr. Hoffmann, in the testimony we've used two  
9 terms, points of interconnection and interconnection  
10 point. You're now using a different term, point of  
11 interface. Can you explain what you mean by that?

12 A. By point of interface, I mean point of  
13 interconnection. I use those terms interchangeably.

14 Q. And your testimony now is that the point of  
15 interconnection between the parties and Philadelphia  
16 is at the Verizon access tandem?

17 A. Yes.

18 Q. Okay. I believe that --- well, I think you'll  
19 find that it's your testimony and the testimony of Ms.  
20 Montano in this proceeding that the point of  
21 interconnection is the USLEC switch. Would you agree  
22 with that subject to check?

23 A. If you could direct me to it, I would like to  
24 check now.

25 Q. Well, I guess I'll --- well, this is actually ---

1 there's a reference to --- I believe, there are  
2 clearer references elsewhere. Ms. Montano's testimony  
3 hasn't been admitted yet. It may be clearer in  
4 her's. But in your testimony on page ten at lines 18  
5 to 19, it says it makes reference to Verizon's  
6 proposing to move USLEC's IP from its switch to a  
7 co-location arrangement. That suggested that it's the  
8 current IP is USLEC's switch. Would you agree?

9 JUDGE:

10 Which testimony are you in?

11 ATTORNEY PANNER:

12 This is in Mr. Hoffman's testimony  
13 on page ten.

14 JUDGE:

15 Is it in rebuttal or direct.

16 ATTORNEY PANNER:

17 His direct. I can read the  
18 sentence. I may have confused the matter by  
19 paraphrasing.

20 BY ATTORNEY PANNER:

21 Q. It says, this 76-day deadline is well beyond the  
22 30-day transition period Verizon proposing for moving  
23 USLEC's IP from its switch to a co-location  
24 arrangement, that's at lines 17 to 19.

25 A. Yes, USLEC's IP is at its switch. I'm sorry, I

1 thought you had asked me about the point of  
2 interconnection.

3 Q. So are you saying that the part of point of  
4 interconnection and interconnection point are  
5 different under the current agreement?

6 A. For traffic delivered from Verizon to USLEC, I  
7 would answer yes.

8 Q. In fact, you testified that Verizon delivers  
9 traffic to USLEC switch over Verizon's facilities?

10 A. In Philadelphia, yes. In Pittsburgh, Verizon  
11 continues to use the OC-12, as we have not yet  
12 outgrown that facility. We purchased an OC-12 fiber  
13 ring from Verizon. And then Verizon leases transport  
14 back from USLEC to carrier traffic to our IP.

15 Q. Now --- but then you said that we ---.

16 ATTORNEY PANNER:

17 Can I have the Reporter read  
18 something back? Would that be all right?

19 JUDGE:

20 Yes, if she can find it.

21 ATTORNEY PANNER:

22 If you could go back to where I  
23 asked the question, is there any technical or  
24 engineering reason why Verizon should bear that cost,  
25 if you could read back his answer to that question.

1 OFF RECORD DISCUSSION

2 COURT REPORTER READS BACK PREVIOUS QUESTIONS AND  
3 ANSWERS

4 BY ATTORNEY PANNER:

5 Q. And you've testified that although it's Verizon's  
6 responsible to --- although you've chosen --- let's  
7 take the Pittsburgh LATA for a moment, you've  
8 testified that, although it's Verizon's responsibility  
9 to transport the traffic to Verizon access tandem on  
10 the point of interface, that nonetheless, Verizon  
11 bears the financial responsibility for carrying it  
12 even further from the access tandem to USLEC's switch;  
13 is that correct?

14 A. No. It's my understanding in Verizon terms is  
15 that it is responsible to transport your originated  
16 traffic to USLEC's IP. The point of interconnection  
17 is simply the point at which the networks are  
18 interconnected.

19 Q. Is it your testimony that USLEC is bearing the  
20 cost of trans --- under current arrangements, is it  
21 your testimony that USLEC is bearing the cost of  
22 transporting traffic from Verizon's access tandem to  
23 USLEC's switch, that USLEC is bearing that cost?

24 A. No. I would say that that cost is bearing borne  
25 by Verizon over facilities that Verizon leases from

1 USLEC.

2 Q. Okay. But you have testified that Verizon is  
3 carrying the traffic to the interconnection point at  
4 the access --- excuse me, that Verizon is transporting  
5 the traffic to the point of interconnection at the  
6 access tandem; is that correct?

7 A. Yes, the traffic is transported to that point.

8 Q. But it bears the cost for transporting it, not  
9 only to the access tandem, but even further to the  
10 USLEC switch; is that correct?

11 A. Yes.

12 Q. Is there a technical or engineering reason why  
13 Verizon should bear that cost?

14 A. It is my understanding that Verizon's definition  
15 of the IP is the financial point, at which Verizon  
16 must bring their traffic, just as USLEC must bring  
17 their traffic to your IPs.

18 Q. In your view, that is a technical or engineering  
19 reason?

20 A. I'm sorry. Could you re-ask the question?

21 Q. I've asked you about technical or engineering  
22 reasons?

23 A. Yes.

24 Q. And then I'll drop this. I've asked you about  
25 technical or engineering reasons why Verizon should

1 bear this cost. And you've stated that under the  
2 terms of the agreement, Verizon has to bear the cost;  
3 is that correct?

4 A. Correct.

5 Q. Okay. Are there any other technical or  
6 engineering reasons?

7 A. Not that I can think of.

8 Q. You've testified that under the terms of the  
9 agreement proposed by Verizon that Verizon is trying  
10 to dictate the physical manner in which USLEC  
11 establishes its chosen IP; is that your testimony?

12 A. Yes.

13 Q. Is it correct that under Verizon's proposed  
14 contract language that, USLEC may chose any  
15 technically feasible point of interconnection?

16 A. Yes, that is my understanding.

17 Q. So, in fact, USLEC may chose whatever physical  
18 point interconnection it wishes to under the terms  
19 proposed by Verizon?

20 A. Yes.

21 Q. You've also testified that not only that Verizon  
22 is trying to dictate the physical point, but also the  
23 manner in which USLEC testified it interconnects; is  
24 that your testimony?

25 A. Yes.

1 Q. Okay. Is it correct that under the terms  
2 proposed by Verizon that USLEC may select from several  
3 different interconnection methods?

4 A. Yes.

5 Q. Including, for example, co-location or using an  
6 entrance facility or a mid-stand meet, those different  
7 methods?

8 A. Yes.

9 Q. Are you aware of any different methods that USLEC  
10 might want to use?

11 A. No, I'm not.

12 Q. Okay. You testified in your direct testimony  
13 that under Verizon proposal USLEC would be required  
14 --- could be required to establish co-location  
15 arrangements within 30 days of a Verizon's request.  
16 Is that your testimony?

17 A. Yes.

18 ATTORNEY PANNER:

19 I have here, and I don't know,  
20 Your Honor, if you want this marked. It's in the  
21 records already. It's a portion of the  
22 interconnection as marked up by USLEC and submitted  
23 with their petition. I could mark it as a separate  
24 exhibit if that would be more convenient for the  
25 record.

1                   JUDGE:

2                   I think what you're trying to tell  
3 me is that the interconnection agreement, the proposed  
4 one was attached to the USLEC position?

5                   ATTORNEY PANNER:

6                   That's correct.

7                   JUDGE:

8                   And what you have is an excerpt  
9 from it?

10                  ATTORNEY PANNER:

11                  That's correct.

12                  JUDGE:

13                  Well, we use the word record  
14 somewhat generically around here. If you're talking  
15 about the evidentiary proceeding that you're  
16 participating in now, it is not part of the record.  
17 So I think it would be a good idea for you to make  
18 that an exhibit. We can incorporate the document,  
19 which probably based on the questions that I have  
20 about its content will ultimately be done. But at  
21 least in this proceeding thus far, go ahead and make  
22 it VZ-3.

23                  ATTORNEY PANNER:

24                  Thank you, Your Honor.

25                  (Exhibit VZ-3 marked

for identification.)

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BY ATTORNEY PANNER:

Q. Do you recognize this exhibit, Mr. Hoffmann?

A. Yes.

Q. Can you tell me what it is?

A. It appears to be the interconnection attachment from the interconnection agreement that Verizon and USLEC are currently negotiating.

Q. Can you turn with me to the page that has page number 63 on it?

A. Yes.

Q. And when you say that Verizon could require USLEC to establish a co-location arrangement within 30 days of Verizon's request, are you referring to section 7.1.1.3 of Verizon's proposed language, much of which has strike-throughs on it in this copy?

A. Yes.

Q. Now, I'm going to read from this, and tell me if I've read accurately. It says USLEC may maintain existing CLEC IPs, except that Verizon may request in writing to transition such to USLEC IPs to the USLEC IP described in subsection 7.1.1.1 and 7.1.1.2 above. Have I read that sentence accurately?

A. Yes, you have.

Q. Then it says, upon such request, the parties

1 shall negotiate mutually satisfactory arrangements for  
2 the transition to CLEC IPs that conform to subsections  
3 7.1.1.1 and 7.1.1.2 above. Have I read that  
4 accurately?

5 A. Yes, you have.

6 Q. And then it says, if the parties have not reached  
7 agreement on such arrangements within 30 days, then  
8 some consequences follow, which I can go over in a  
9 minute. Have I read those portions of those proposed  
10 findings accurately?

11 A. Yes.

12 Q. So what is it under this agreement that the  
13 parties need to do within 30 days before other  
14 consequences are triggered?

15 A. Reach agreement.

16 Q. Okay. Reach agreement. And if they do not  
17 reach agreement, there are two options here. A,  
18 either party may pursue available dispute resolutions  
19 mechanisms initials --- excuse me, two consequences  
20 that follow. A, either party may pursue available  
21 dispute resolution mechanisms. Is that accurately  
22 read?

23 A. Yes.

24 Q. And B, USLEC shall bill and Verizon shall pay  
25 only the lesser of the negotiated intercarrier

1 compensation rate or the end office reciprocal  
2 compensation rate for the relevant traffic, less  
3 Verizon's transport rate, tandem switching rate to the  
4 extent that traffic is tandem switched and other costs  
5 to the extent that Verizon purchased such transport  
6 from USLEC or a third party from Verizon's originating  
7 ends office to the USLEC IP; is that correct?

8 A. Yes.

9 Q. Did you see any language in there that, in your  
10 opinion, requires USLEC to establish a co-location  
11 arrangement within 30 days?

12 A. Subsection B, because it is my understanding and  
13 experience in negotiating with Verizon that, number  
14 one, I will more than likely not be able to reach an  
15 agreement with you in 30 days. And number two, absent  
16 an agreement within 30 days Verizon will begin  
17 offsetting the reciprocal compensation rate that  
18 Verizon pays USLEC in the absence of a co-located  
19 point of interconnection.

20 Q. So your testimony is that the parties would be  
21 unlikely to agree and so the consequences outlined  
22 here, the dispute resolution mechanisms could be  
23 invoked and the transport offset would kick in? That  
24 would be likely to occur?

25 A. Yes.

1 Q. So USLEC would have to bear some of the transport  
2 costs from Verizon's end office to the USLEC switch;  
3 is that your testimony?

4 A. Yes. It's my understanding that I would bear all  
5 of the costs from the end office to my IP.

6 Q. So there is nothing in this agreement that  
7 compels you to establish a co-location arrangement  
8 within 30 days; is that right?

9 A. Not if I'm willing to accept a lower compensation  
10 rate than has been agreed to in the interconnection  
11 agreement; correct.

12 Q. Okay. And just to follow up on that a bit, in  
13 your testimony --- in your testimony, you've testified  
14 that there were a number of problems that might result  
15 if USLEC were to change its current interconnection  
16 architecture; is that correct?

17 A. Yes.

18 Q. And is it also right that those consequences  
19 would only ensue if USLEC chose to change its current  
20 interconnection architecture; correct?

21 A. Correct.

22 Q. And in fact, USLEC could maintain its current  
23 interconnection architecture under the agreement as  
24 proposed by Verizon; is that correct?

25 A. Yes, if we were willing to transport Verizon's

1 traffic from the originating end office, which my  
2 understanding is not our obligation.

3 Q. When you say transport the traffic, you mean ---  
4 what do you mean by that?

5 A. Compensate Verizon.

6 Q. Okay. In your testimony on page 12 at line 26,  
7 25 to 26, you've testified that under the Verizon  
8 proposal, if USLEC does not establish a co-located IP  
9 --- this results in USLEC paying for all, emphasized,  
10 of Verizon's transport costs within the local calling  
11 areas, the words within the local calling area are in  
12 italics. Can you explain why you emphasized those  
13 words?

14 A. Because I think it's important to note that  
15 Verizon is asking me to carry their traffic outside of  
16 the local calling area.

17 Q. Can you --- Verizon --- what you've emphasized is  
18 that you would bear USLEC would bear Verizon transport  
19 calls within the local calling area. And you've just  
20 stated that that's because you think it's important to  
21 emphasize that we're asking you to bear the costs of  
22 transporting it outside the local calling area?

23 A. I'm sorry. I must have misspoke. I wanted to  
24 emphasize that not only are we responsible or being  
25 asked by Verizon to carry out traffic outside the

1 local calling area, we're also being asked to carry  
2 the traffic within the local calling area.

3 Q. Okay. Now, if we can go back to Exhibit Verizon  
4 One, and this is admittedly a schematic, but when  
5 you're talking about transport within the local  
6 calling area, you're talking about the portion of the  
7 line between the end office and the edge of the  
8 circle; is that correct?

9 A. Yes, within that darkly shaded circle that you  
10 have indicated is the Allentown local calling area.

11 Q. And would you, in a call from Allentown --- you  
12 may not be familiar enough with the local calling  
13 areas, but would you be willing to stipulate to the  
14 fact that the mileage of transport within the local  
15 calling area is a very small fraction of the total  
16 transport mileage involved in transporting a call from  
17 the Allentown end office to the USLEC switch?

18 A. I do not know that.

19 Q. This is a map that, unfortunately, is not so easy  
20 to read but we'll work on it together. Do you see the  
21 this is a map of the Philadelphia and Delaware  
22 exchanges. Do you know what an exchange is?

23 A. No. Can you define it for me?

24 Q. Sure. I believe an exchange is another way of  
25 referring to a local calling area.

1 A. Okay. I thought they were multiple exchanges  
2 within a multiple calling area.

3 JUDGE:

4 You have to speak louder. You're  
5 a very soft-spoken but I can't hear you at all when  
6 you face away from me and the Court Reporter is having  
7 difficulty as well.

8 ATTORNEY PANNER:

9 I'm sorry about the setup, Your  
10 Honor, that I've made the witness --- it's due to the  
11 setup, I'm sorry about that.

12 BY ATTORNEY PANNER:

13 Q. You're quite correct. A local calling area might  
14 include many exchanges. For the purposes of the  
15 hearing, I've pointed to Allentown, which is located  
16 towards the --- it's certainly in the northern  
17 quarter, the northern eighth of the LATA; is that  
18 correct?

19 A. Yes, it appears to be.

20 Q. Okay. And Philadelphia is the located down in  
21 this portion, Delaware, so it's down in the lower  
22 right hand portion of the Philadelphia portion of the  
23 LATA; is that correct?

24 A. Yes.

25 Q. Okay. And would you agree with me that one

1 could easily calculate the portion of the transport  
2 that was within the local calling area versus the  
3 portion of the transport that was outside the local  
4 calling area?

5 A. Yes.

6 Q. And would you be willing to pay for the transport  
7 from the edge of the local calling area to USLEC  
8 switch?

9 A. No.

10 Q. Okay. So, in fact, you're not willing to pay  
11 any transport at all; is that correct?

12 A. USLEC is willing to pay for the transport that  
13 federal rules and regulations obligate me to pay. And  
14 it is my understanding that it is not my responsible  
15 to pay for Verizon's originated traffic until it gets  
16 to my IP.

17 Q. I'd like to direct you to your direct testimony,  
18 page 16. And in that portion of the testimony, you  
19 quote from an FCC notice of proposed rule making; is  
20 that correct?

21 A. Are you referring to the top of page 16?

22 Q. Yes.

23 A. Yes. I believe that actually begins on the  
24 previous page, but I agree.

25 Q. Now, in the last sentence of the FCC report that

1 --- or notice that you've quoted there, it says, is  
2 the efficiency concern limited to those instances in  
3 which traffic between two networks is unbalanced  
4 and/or transport is required beyond a certain  
5 distance. Did I read that correctly?

6 A. Yes, you have.

7 Q. Do you believe that effect says concerns are  
8 limited to those instances where traffic between two  
9 networks is unbalanced and/or transport is required  
10 beyond certain distances?

11 A. I think those are at least two of the factors.

12 Q. Okay. What sort of a traffic imbalance would be  
13 required before you would have efficiency concerns?

14 A. Given the absence of federal regulations, I'm not  
15 aware that there is a traffic balance issue which  
16 would trigger USLEC's responsible to move from the  
17 current points that they are today.

18 Q. Well, I'm not asking you about what federal  
19 regulations require. You've made it a point that you  
20 say you've testified, that a single IP does not  
21 automatically expenses; is that your testimony?

22 A. Correct.

23 Q. But it is your testimony that it may be  
24 expensive; is that correct?

25 A. Yes, it's possible.

1 Q. And one of the factors that would affected is  
2 whether there was a traffic imbalance; is that  
3 correct?

4 A. Yes. That, I assume, could be one of the factors  
5 that, as stated here, the FCC is considering.

6 Q. And has USLEC made a proposal that would limit  
7 Verizon's obligations based on the traffic remaining  
8 imbalance or uncertain imbalance?

9 A. Yes. I believe that during negotiations we tried  
10 to contain or alleviate Verizon's concerns that USLEC  
11 would locate its IP. I think the term was used 80  
12 miles away.

13 Q. That actually goes to my next question, which is  
14 if the interconnection point were at great distance  
15 from the location from traffic being originated, that  
16 also might be inefficient; is that right?

17 A. Yes, that is possible.

18 Q. So given that --- so you agree that there might  
19 be situations where traffic imbalance and/or distance  
20 that traffic had to be carried would cause a CLEC  
21 selection of point of interconnection to be  
22 inefficient?

23 A. Yes, along with other things such as technology  
24 employed, facilities availability.

25 Q. You've testified that it is less expensive for

1 Verizon to transport traffic to your chosen point of  
2 interconnection than it is for USLEC to perform that  
3 function itself; is that correct?

4 A. Could you direct me to my testimony, please?

5 Q. Sure. On page 20, lines 19 through 21, it says  
6 if the volume of traffic originated from and/or  
7 terminated to an additional Verizon tandem or end  
8 office is low, it is more efficient for such traffic  
9 to be carried on Verizon's network capacity.

10 A. Yes, that is my testimony. I was confused when  
11 you used the term less expensive.

12 Q. Okay. Why is that significant?

13 A. The significance is that if the traffic volume is  
14 low, it would be more efficient possibly for Verizon  
15 to combine that with other traffic on a common  
16 transport facility, as opposed to placing it on a  
17 dedicated facility, which would be underutilized.

18 Q. And under VGRIPS (phonetic), would Verizon  
19 perform the function that you've suggested would be  
20 more efficient for Verizon to perform?

21 A. I'm sorry. Under what scenario with VGRIPS.

22 Q. Well, under Verizon proposal, would Verizon be  
23 willing to perform the function of carrying the  
24 traffic to the point of interconnection?

25 A. No, I do not believe Verizon is willing to carry

1 the traffic to the point of interconnection, unless it  
2 is established via co-location. I believe you're only  
3 willing to carry the traffic today if you're  
4 compensated by USLEC.

5 Q. But Verizon would be willing to perform the  
6 function if it were compensated?

7 A. That is my understanding, yes.

8 Q. Now, from the point of view of efficiency, does  
9 it matter --- would the arrangement be more efficient  
10 if --- first of all, what do you mean by efficiency?

11 A. By efficiency, I would mean that a facility is  
12 being used at least at its minimum capacity. In other  
13 words, I believe we have language contained in the  
14 interconnection agreement which states that DS-1  
15 utilization should not fall below 60 percent.

16 Q. And do you agree that under Verizon proposal or  
17 USLEC's proposal, that that efficiency could be  
18 gained?

19 A. If traffic volumes were low, yes.

20 Q. So in fact, the efficiency of carrying that  
21 traffic over Verizon time and transport doesn't  
22 actually say anything about who should ideally bear  
23 that cost from an engineering standpoint; is that  
24 correct?

25 A. No, from an efficiency standpoint, no. But it is

1 my understanding that it is not USLEC's obligation.

2 Q. So just to clarify, from an efficiency  
3 standpoint, it the doesn't matter who bears the cost.  
4 Verizon is equally consistent with efficiency, in your  
5 view, or at least as consistent with efficiency as  
6 USLEC's proposal?

7 A. Again, I believe that would depend on traffic  
8 volumes.

9 Q. How would it depend on traffic volumes?

10 A. It would depend on traffic volumes going to and  
11 from that end office.

12 Q. Can you explain what you mean?

13 A. Under your VGRIPS proposal, if I were to  
14 establish an end office co-location arrangement,  
15 Verizon requests the ability that that be turned into  
16 USLEC's IP, and that USLEC would then bear the  
17 responsibility of transporting that traffic. Verizon  
18 could be originating minimum traffic from that office.

19 Q. But to be clear, USLEC refused to perform that  
20 function or declined to perform that function; is that  
21 right?

22 A. Yes.

23 Q. And then it would bear --- it would have to  
24 compensate Verizon on an a use basis for that  
25 transport; is that right?

1 A. Under Verizon's current proposal, yes.

2 Q. And if it was a minimal amount of traffic, that  
3 compensation would be minimal; is that correct?

4 A. The dollar figure would probably be minimal. But  
5 the percentage of offset to the recip (phonetic) comp  
6 rate would be the same, whether there was one minute  
7 or a million.

8 Q. Correct. But if it's a percentage of a minimal  
9 amount, would that --- okay. Just to, again,  
10 clarify, your point is that the offset would be the  
11 same as a percentage. But if it was a minimal amount  
12 of traffic, the dollar figure at stake would be  
13 minimal; is that correct?

14 A. The dollar figure, yes, could be small.

15 Q. Okay. You've also testified that if Verizon  
16 cannot demonstrate the costs that it incurs in  
17 transporting traffic to USLEC's point of  
18 interconnection, that it should not be able to  
19 recover; is that correct?

20 A. I do not believe those are my exact words. But  
21 it is my understanding or belief that it is Verizon's  
22 responsible to prove if a form of interconnection is  
23 expensive.

24 Q. And in your testimony, I'll direct you to your  
25 testimony at page 16, there is a paragraph that be

1 begins line 16. I'm going to ask you some questions  
2 about it.

3 ATTORNEY SHOR:

4 What page?

5 ATTORNEY PANNER:

6 Page 16 of the testimony,  
7 beginning at line 16.

8 BY ATTORNEY PANNER:

9 Q. You've offered three reasons why Verizon's costs  
10 may be minimal. It says, it may have facilities  
11 already available. Is that what --- to carry the  
12 originating traffic. Is that your testimony?

13 A. Yes.

14 Q. It's also correct that Verizon may not have  
15 facilities available; is that correct?

16 A. Yes.

17 Q. And you have some experience with rate setting,  
18 is that correct, in your background?

19 A. Many years ago, yes.

20 Q. And was it your experience that when a new  
21 service was offered over an existing facility, that it  
22 was offered for free?

23 A. Local services.

24 Q. What was your experience in rate setting?

25 A. My experience was in access-based services.

1 Q. So if an access service was provided over an  
2 existing service, was it provided for free?

3 A. If by free you mean below costs, I do not believe  
4 so.

5 Q. By free I mean free of costs.

6 A. I do not believe so, no. I do not believe that a  
7 service would be offered for free where Verizon  
8 incurred the costs.

9 Q. So Verizon could incur a costs, even if there was  
10 an existing facility; is that your testimony?

11 A. Yes, that's possible.

12 Q. And you also testified that there may be only a  
13 deminimous traffic volume exchange for that local  
14 calling area; is that your correct?

15 A. Yes.

16 Q. It's true that there may be a very large traffic  
17 area; is that not correct?

18 A. Yes, that is possible.

19 Q. And it's also true that if there were deminimous  
20 traffic volume, the amount of compensation which USLEC  
21 would be required to pay for transport under Verizon's  
22 proposal would be very deminimous; is that correct?

23 A. Yes. But USLEC's position on this, as I've  
24 stated is not related to whether the costs is  
25 deminimous or rather large, that USLEC was not

1 believe it is our obligation to compensate Verizon for  
2 transporting that traffic.

3 Q. Okay. So in fact, even if Verizon bore  
4 extremely high cost, you would require --- you would  
5 say that Verizon would have to bear that cost?

6 A. It is my understanding that that is Federal  
7 regulations.

8 Q. Also to close the loop, you also say that the  
9 distance between the local calling and the CLEC IP may  
10 be minimum?

11 A. Yes.

12 Q. But it may not; is that correct?

13 A. Yes.

14 Q. And in fact, you could chose any location under  
15 your proposal within LATA; is that correct?

16 A. Yes, I can.

17 Q. And that cost may be very high; is that correct?

18 A. No.

19 Q. Why not?

20 A. Because as we currently do today, and as USLEC  
21 has proposed, the distance would be mitigated by the  
22 fact that USLEC charges no more than a non-distance  
23 flat rated entrance facility. So that charge would be  
24 the same if I was five miles or 80 miles.

25 Q. But wouldn't Verizon bear the cost of

1 transporting the traffic over that 80 miles?

2 A. It would not be a mileage sensitive cost.

3 Q. Is that your testimony, that USLEC would not  
4 charge mileage sensitive costs for a facility used to  
5 transport traffic from any point 80 miles away to the  
6 USLEC switch, is that correct, if it were a USLEC  
7 facility?

8 A. From the point of interface to USLEC's IP, yes.

9 Q. But you've testified the point of interface is  
10 the access tandem; correct?

11 A. Yes. I'm sorry. But you had mentioned any  
12 facility. I didn't want to answer based on something  
13 else that Verizon might purchase from USLEC, other  
14 than an interconnection facility.

15 Q. I'm just trying to clarify. You've testified  
16 that Verizon's cost depended, in part, upon the local  
17 calling area and the USLEC IP?

18 A. Yes. I've testified that that might be one of  
19 the factors, yes.

20 Q. And so wouldn't you agree that that suggests a  
21 rate if that would add costs?

22 A. In conjunction with the other factors, yes, I  
23 would agree.

24 ATTORNEY PANNER:

25 I have no further questions at

1 this time, Mr. Hoffmann. Thank you.

2 A. Thank you.

3 JUDGE:

4 Let's go off the record for a  
5 moment.

6 OFF RECORD DISCUSSION

7 JUDGE:

8 Mr. Shor?

9 ATTORNEY SHOR:

10 Yes, thank you, Your Honor.

11 REDIRECT EXAMINATION

12 BY ATTORNEY SHOR:

13 Q. Just a few questions, Mr. Hoffmann. Do you  
14 recall Mr. Panner asking you initially with reference  
15 to VZ Exhibit One, that USLEC would be connected to  
16 its customer D in the Allentown calling area by some  
17 sort of facility? Do you recall that?

18 A. Yes.

19 Q. How would, in fact, USLEC be connected to its  
20 customer, and let's assume from the Allentown calling  
21 area?

22 A. USLEC would use an a combination of the OC-48  
23 that USLEC purchases from Verizon out of their  
24 intrastate access tariff, in conjunction with a DS-1  
25 or DS-3 facility. More than likely purchase the FCC

1 tariff from the Verizon office within the Allentown  
2 local calling area.

3 Q. And who would be responsible for the financial  
4 costs of those facilities?

5 A. USLEC.

6 Q. And now, just let me see if you understand this.  
7 Mr. Panner has drawn a diagram which he states  
8 represents the Allentown calling area. Do you see  
9 that? It's VZ-1 and also in VZ-2?

10 A. Yes.

11 Q. And he's identify two boxes in this diagram in  
12 the Allentown calling area, which you have represented  
13 are end offices serving Allentown. Do you see those?

14 A. Yes.

15 Q. Do you know for a fact how many end offices serve  
16 the Allentown local calling office?

17 A. No, I do not.

18 Q. It could be one?

19 A. Yes, that's possible.

20 Q. And do you recall Mr. Panner asking you some  
21 questions about the transport of the call when Verizon  
22 customer A and Allentown called USLEC customer D  
23 located in Allentown; do you recall that?

24 A. No.

25 Q. And he asked you to explain how the call would go

1 from the Allentown calling area to USLEC switch; is  
2 that right?

3 A. Yes.

4 Q. And he discussed the transport that Verizon would  
5 incur in carrying that call to the USLEC switch; is  
6 that right?

7 A. Yes.

8 Q. How did USLEC get the call to its customer, call  
9 customer D in Allentown?

10 A. USLEC transports that call over the facilities  
11 that we lease from Verizon and third parties from  
12 USLEC switch to caller D in the Allentown local  
13 calling area.

14 Q. And who bears the cost of transporting the call  
15 to caller D?

16 A. USLEC.

17 Q. Let's reverse the situation for a minute, if you  
18 let's have USLEC caller D in Allentown call Verizon  
19 caller A in Allentown. How does USLEC get the call  
20 from caller D to Verizon?

21 A. USLEC would carry that call from caller D in the  
22 Allentown local calling area over the DS-1 or DS-3  
23 loop, which USLEC purchases from Verizon and would  
24 then place that on the facility, either fiber ring or  
25 transport that we may purchase from a third party to

1 USLEC switch. And they transport that to Verizon's  
2 IP.

3 Q. Which is where, as you understand it?

4 A. In the Philadelphia local calling area.

5 Q. At its tandem?

6 A. Yes.

7 Q. So as I understand it, the call goes --- USLEC  
8 carries the call from USLEC customer D to its switch,  
9 which we agree is somewhere in Philadelphia, and then  
10 take it is to Verizon's IP and its access channel; is  
11 that right?

12 A. Yes.

13 Q. Who pays the transports cost for USLEC's  
14 transport of that call?

15 A. USLEC.

16 Q. Does Verizon pay USLEC for transporting that  
17 call?

18 A. They pay reciprocal compensation to terminate the  
19 call.

20 Q. They pay reciprocal ---?

21 A. I'm sorry. I got the directions confused no,  
22 USLEC pays for that. We pay for the facility that  
23 carries the call from caller D to USLEC's switch over  
24 to Verizon's IP, and then we pay Verizon reciprocal  
25 compensation to terminate that call.

1 Q. So not only do you incur the transport cost of  
2 taking the call from Allentown to Philadelphia and  
3 handing it to Verizon's access tandem, you also have  
4 to pay Verizon the terminating function?

5 A. Correct.

6 Q. And do you have any idea in Pennsylvania whether  
7 the traffic between USLEC and Verizon is balanced?

8 A. It's my understanding that the traffic is roughly  
9 in balance.

10 Q. So roughly the same number of calls are going  
11 from USLEC to Verizon as are coming from Verizon to  
12 USLEC?

13 A. That is my understanding.

14 Q. So roughly the transport costs that Verizon  
15 incurs are roughly the same as the transport costs  
16 that USLEC incurs?

17 A. That would be correct.

18 Q. Now, I think Mr. Panner also used the same  
19 example but kind of reversed it and had customers in  
20 Philadelphia and a switch in Allentown. I think that  
21 was a hypothetical that was used. Would there be any  
22 difference in the way the call is transported in that  
23 scenario, if a USLEC customer in Philadelphia is  
24 calling a Verizon customer in Philadelphia with the  
25 switch in Allentown?

1 A. My understanding, it would be the reverse of the  
2 situation you just discussed.

3 Q. And again, USLEC would bear the cost of  
4 transporting the call from its customers to Verizon's  
5 IP?

6 A. Correct.

7 Q. And would pay Verizon termination function for  
8 taking the calls to its customer?

9 A. Yes, we would.

10 Q. Now, at several times there was some discussions  
11 about a point of interconnection, which I think may  
12 have also been referred to as a point of interface,  
13 and an interconnection point. What is your  
14 understanding of the point of interconnection? What  
15 is it?

16 A. The point of interconnection, as I understand it,  
17 is the physical point at which networks interconnect.

18 Q. And what --- and just so I understand, your use  
19 to the phrase point of interface means the same thing?

20 A. Yes.

21 Q. And what do you understand the phrase  
22 interconnection point to mean?

23 A. The interconnection point is the point on the  
24 respective parties' networks wherein financial  
25 responsibility to terminate the call begins. And that

1 has always been Verizon's access tandems for  
2 termination of numbers or their end office for numbers  
3 that subtandem end office and, conversely, USLEC's IP  
4 has been USLEC's switch.

5 Q. So as you understand the traffic that USLEC  
6 originates, where does it hand that traffic off to  
7 Verizon?

8 A. We hand that off to Verizon at Verizon's IP.

9 Q. And USLEC is responsible for taking the traffic  
10 to Verizon's IP; is that correct?

11 A. Correct.

12 Q. And how many different locations has USLEC  
13 established points of interconnection or IPs with  
14 Verizon for delivery of its traffic?

15 A. In Pennsylvania, I believe that number would be  
16 four.

17 Q. And where are they?

18 A. In the Philadelphia LATA, that would be the  
19 market access tandem and the Fort Washington access  
20 tandem. And in Pittsburgh that would be the downtown  
21 access tandem and the Oakland access tandem.

22 Q. Now, I believe Mr. Panner was discussing with you  
23 some of the factors in determining the costs of  
24 transporting traffic from the local boundary to the  
25 switch; do you recall that?

1 A. Yes.

2 Q. And he discussed with you traffic volume?

3 A. Yes.

4 Q. And balance?

5 A. I believe so.

6 Q. Traffic balance. What other factors enter into  
7 the equation of determining the costs of transporting  
8 traffic?

9 A. The other factors, as I believe I've testified,  
10 are facilities availability, the engineering type of  
11 the facility, traffic volumes, distance. There's is a  
12 number of factors involved.

13 Q. Would any of those factors alone be the  
14 determining factor?

15 A. No, I do not believe so.

16 Q. And in any different situation, it could be a  
17 combination of those factors that would impact the  
18 costs?

19 A. Yes, that would be possible.

20 Q. And those factors are also in play in the concept  
21 of efficiency; is that right?

22 A. Yes.

23 Q. Do any one of those factors alone determine  
24 whether a particular method or particular route is  
25 effective or not?

1 A. No, I do not believe so.

2 Q. And so again, it's a combination of factors?

3 A. Yes.

4 Q. Now, you've talked and Mr. Panner asked you some  
5 questions about methods of interconnection. Do you  
6 recall that?

7 A. Yes.

8 Q. And he suggested that USLEC had the ability to  
9 choose several different methods of interconnection.  
10 Do you recall that?

11 A. Yes.

12 Q. And do you recall what those methods of  
13 interconnection are?

14 A. Yes, I believe so. I believe the three options  
15 available are to purchase an entrance type facility  
16 from Verizon, to purchase facilities from a third  
17 party or to co-locate.

18 Q. Now, Verizon also has a proposal that was either  
19 known as GRIPS or VGRIPS. Are you familiar with that?

20 A. GRIPS, yes.

21 Q. And under GRIPS, what does that mean?

22 A. The GRIPS proposal, as I understand it, requires  
23 USLEC to establish an IP in every local calling area.

24 Q. And VGRIPS, what does that mean?

25 A. Virtual geographically relative interconnection

1 points requires USLEC to establish its point of  
2 interface, via co-location and allow Verizon to  
3 declare any end office co-location which USLEC  
4 establishes to also be declared as an IP.

5 Q. And if USLEC declines to co-locate, what other  
6 option is available?

7 A. If we decline to relocate, there really is no  
8 option for USLEC. We are forced at that point to  
9 compensate Verizon for traffic they originate from  
10 their end office to USLEC's IP.

11 Q. Does USLEC co-location as a method of  
12 interconnection?

13 A. No, we don't.

14 Q. Why is that?

15 A. Basically, it's not part of our business plan.

16 Q. Are there any economic reasons?

17 A. Yes. Co-location is extremely expensive.

18 Q. And so since USLEC does not now co-locate in  
19 Pennsylvania under VGRIPS, USLEC would have to  
20 establish expensive co-location sites at any number of  
21 points selected by Verizon?

22 A. Yes.

23 Q. Alternatively, if USLEC declines, then what would  
24 happen?

25 A. Under the current proposal, USLEC would have to

1 compensate Verizon for its originated traffic from  
2 their originating end office to USLEC's IP.

3 Q. So if we go back to the scenario in VZ-1 where  
4 Verizon customer A is calling USLEC customer D and  
5 Verizon is carrying the traffic to USLEC's IP at its  
6 switch, currently Verizon pays for that transport; is  
7 that correct?

8 A. Yes.

9 Q. And under VGRIPS, is it your testimony that USLEC  
10 would now have to bear that cost?

11 A. Yes.

12 Q. So that in addition to paying for the transport  
13 cost when its customer D calls Verizon customer A,  
14 which you already bear; is that right?

15 A. Yes.

16 Q. You would also have to bear the cost of Verizon  
17 transport when its customer calls USLEC's customer; is  
18 that correct?

19 A. Yes.

20 Q. So USLEC, in essence, would be bearing the entire  
21 cost of transporting Verizon's traffic and USLEC's  
22 traffic; is that correct?

23 A. Yes.

24 ATTORNEY SHOR:

25 I have no further questions.

1                   JUDGE:

2                   Any Redirect?

3                   ATTORNEY PANNER:

4                   Just a little bit. Sorry.

5                   JUDGE:

6                   No need to apologize. You have  
7 the right.

8 REDIRECT EXAMINATION

9 BY ATTORNEY PANNER:

10 Q. You've testified that traffic between the two  
11 networks is roughly in balance; is that right?

12 A. Yes.

13 Q. What do you mean by that?

14 A. Roughly in balance, it's my understanding that  
15 current traffic is approximately two to three to one  
16 in the State of Pennsylvania. And for a network  
17 that's been out for basically about three years,  
18 that's about as close to balance as you can get at  
19 this point.

20 Q. So you're saying that USLEC receives two to three  
21 times as much traffic as it originates?

22 A. Correct.

23 Q. Do you know if USLEC actually serves any  
24 customers in Allentown?

25 A. I do not know. You would have to look to the

1 discovery responses we provided based on the rate  
2 centers where we've been assigned NXXs and have  
3 customers. I do not recall if Allentown is one of  
4 them.

5 Q. In your discovery responses which were not marked  
6 confidential you stated that you had an NXX code in  
7 Allentown. Does that mean that you have customers in  
8 Allentown?

9 A. Yes.

10 Q. Have you testified that you have virtual NXX  
11 arrangements in Pennsylvania?

12 ATTORNEY SHOR:

13 Objection. That's not this  
14 witness.

15 BY ATTORNEY PANNER:

16 Q. Have you reviewed USLEC's discovery responses and  
17 have you reviewed the testimony of Ms. Montano? I  
18 know those are two questions. But you can answer  
19 both, if you can,?

20 A. Yes, I have.

21 Q. Are you familiar, either of your own knowledge or  
22 from documents in this case, that USLEC provides a  
23 virtual FX service in Pennsylvania?

24 ATTORNEY SHOR:

25 Object to the extent that this

1 goes beyond the scope of Redirect.

2 ATTORNEY PANNER:

3 I don't think it goes beyond the  
4 scope of Redirect. He was asking about the cost that  
5 would be incurred in transporting traffic to  
6 Allentown. It is important to establish whether that  
7 is a hypothetical or whether costs are incurred.

8 JUDGE:

9 I'll allow it.

10 A. I'm sorry, repeat the question.

11 BY ATTORNEY PANNER:

12 Q. The question is, do you offer virtual FX service  
13 in Pennsylvania? Do you provide virtual FX service in  
14 Pennsylvania?

15 A. USLEC provides foreign exchange service. We do  
16 not have a service called virtual NXX. But, yes, we  
17 provide foreign exchange service in the State of  
18 Pennsylvania.

19 Q. So in fact, the fact that you have numbers in  
20 Allentown does not mean necessarily that you have any  
21 customers in Allentown; is that correct.

22 ATTORNEY SHOR:

23 Objection, mischaracterizes his  
24 testimony.

25 ATTORNEY PANNER:

1 I asked him if it is correct.

2 ATTORNEY SHOR:

3 He testified that he does.

4 ATTORNEY PANNER:

5 I asked him if it is correct, the  
6 fact that you --- okay. I'll allow the Judge to rule  
7 on the objection before I talk on.

8 JUDGE:

9 Thank you. Would there be a  
10 problem with him answering that question.

11 ATTORNEY SHOR:

12 Go ahead.

13 JUDGE:

14 He asked if it's correct. It  
15 seems to me there are two possible answers. One, it  
16 is correct or, two, it is not correct.

17 ATTORNEY SHOR:

18 Fine.

19 JUDGE:

20 Okay.

21 A. I have reviewed the discovery responses and Wanda  
22 Montano's testimony. And the manor in which the  
23 information that was provided to me for the discovery  
24 responses indicate that that NXS in Allentown is being  
25 used to provide service to customers in Allentown. My

1 recollection is that the six foreign exchange  
2 customers that USLEC has in Pennsylvania, none of them  
3 are in that rate center.

4 Q. You've said that none of the customer are in the  
5 rate center. But that doesn't mean that some of those  
6 customers might not have been assigned Allentown  
7 numbers?

8 A. I do not know.

9 Q. Are you familiar with USLEC's rate structure in  
10 Pennsylvania?

11 A. No, I'm not.

12 Q. Okay. Does USLEC --- are you familiar with ---  
13 I'll ask you a question. If you know the answer  
14 obviously you'll answer. If you don't know, you don't  
15 know you don't.

16 Is USLEC free to charge more to provide service  
17 to customers in Allentown than it is --- than it  
18 charges to customers who are located in Philadelphia?

19 A. I do not know.

20 Q. Is USLEC complaint with VGRIPS in --- does USLEC  
21 have arrangements with other incumbent local exchange  
22 carriers in other states that comply with your  
23 understanding of Verizon's VGRIPS proposal?

24 ATTORNEY SHOR:

25 Objection as to relevance. It

1 goes beyond the scope of Redirect.

2 ATTORNEY PANNER:

3 I'll withdraw the question.

4 BY ATTORNEY PANNER:

5 Q. In your understanding of VGRIPS, would a third  
6 party co-location satisfy the requirement for  
7 co-location?

8 A. Yes.

9 Q. Can you explain what a third party co-location  
10 arrangement is?

11 A. A third party co-location, as I understand it  
12 from the aspect of complying with VGRIPS is where  
13 USLEC uses a third party's co-location arrangement and  
14 transport to transport our traffic from our IP to the  
15 point of interface with Verizon and, conversely,  
16 Verizon hands off their traffic at that point of  
17 interface via a facility provided by that third party  
18 co-locator.

19 Q. So USLEC would comply with VGRIPS without  
20 establishing any co-location arrangement in  
21 Pennsylvania; isn't that correct?

22 A. We would have to establish arrangements with  
23 third-party co-locators, which is completely different  
24 from the interconnection architecture I've established  
25 over the last three years with Verizon.

1 ATTORNEY PANNER:

2 I have no further questions.

3 JUDGE:

4 Are we finished with this  
5 witness? Mr. Shor? Let's go off the record for a  
6 moment.

7 OFF RECORD DISCUSSION

8 ATTORNEY SHOR:

9 I think I just have one two follow  
10 ups to the Recross.

11 RECROSS EXAMINATION

12 BY ATTORNEY SHOR:

13 Q. You recall Mr. Panner asking you about the  
14 assignment and usage of NXX codes?

15 A. Yes.

16 Q. And he asked you whether the NXX assignment to  
17 Allentown was being utilized by customers physically  
18 located in Allentown?

19 A. Yes.

20 Q. Now, USLEC provided Verizon with a list of NXX  
21 codes that it utilizes throughout Pennsylvania. Do  
22 you recall that?

23 A. Yes.

24 Q. To your knowledge, does USLEC have customers  
25 physically located in the local calling areas where

1 those rate centers are?

2 A. Yes.

3 Q. Each and every one of them?

4 A. Yes.

5 ATTORNEY SHOR:

6 I have no further questions.

7 ATTORNEY PANNER:

8 No further questions.

9 JUDGE:

10 Fine. The witness is excused.

11 Thank you for coming, sir.

12 A. Thank you.

13 JUDGE:

14 I can't see any point in starting  
15 the next witness before going to lunch. And my  
16 assumption is that we will come back from lunch and do  
17 Mrs. Montano's testimony on issues one and two only  
18 before we switch over to the Verizon side.

19 Recognizing that she does go beyond one and two, I  
20 only find that interesting, but I do not want to build  
21 the record differently. So if you could all be back  
22 in your seats by about 1:30, that would probably work  
23 very well.

24 ATTORNEY SHOR:

25 In terms of timing, how long do

1 you intend to go today?

2 JUDGE:

3 Until we are finished.

4 ATTORNEY SHOR:

5 Thank you. I will be brief.

6 LUNCH BREAK TAKEN

7 JUDGE:

8 Good afternoon, ladies and  
9 gentleman. I see we have Mrs. Montano in the witness  
10 seat. Mr. Shor?

11 ATTORNEY SHOR:

12 Yes, USLEC calls Wanda Montano to  
13 the behalf of USLEC.

14 WANDA MONTANO, PREVIOUSLY SWORN, CALLED TO TESTIFY

15 JUDGE:

16 Ms. Montano, I know you've already  
17 taken the oath as a witness. So it's up to you and  
18 your counsel to proceed.

19 A. Thank you.

20 DIRECT EXAMINATION

21 BY ATTORNEY SHOR:

22 Q. Ms. Montano, would you please state your full  
23 name and business address for the record?

24 A. Wanda G. Montano, 6801 Morrison Boulevard,  
25 Charlotte, North Carolina, 28311.

1 Q. By whom are you employed?

2 A. USLEC Corp.

3 Q. What is your title?

4 A. Vice president, regulatory and industry affairs.

5 Q. Did you cause to be prepared 34 pages of direct  
6 testimony that were filed this proceeding on May 31,  
7 2002?

8 A. Yes, I did.

9 Q. Do you have any changes or corrections to that  
10 testimony?

11 A. Yes. On page 21 at line four, the answer was  
12 that we do not currently utilize service. And we have  
13 done additional research to determine that, in fact,  
14 we do have six customers in Pennsylvania that purchase  
15 foreign exchange services from USLEC.

16 Q. Do you have any other changes or corrections to  
17 your testimony?

18 A. No, I do not.

19 Q. If I would ask you those questions today, your  
20 answers be the same?

21 A. Yes, they would.

22 Q. And did you cause to have prepared 14 pages of  
23 rebuttal pages that were filed in this proceeding on  
24 July 9, 2002?

25 A. Yes, I did.

1 Q. Do you have any changes or corrections to this  
2 testimony?

3 A. No, I do not.

4 Q. If I were to ask you these questions today, would  
5 your answers be the same?

6 A. Yes.

7 ATTORNEY SHOR:

8 Your Honor, on behalf of USLEC I  
9 respectfully move the admission of the direct and  
10 rebuttal testimony of Wanda G. Montano into the  
11 record, subject to Cross Examine.

12 JUDGE:

13 USLEC statement 2.0 and 2.1 are  
14 admitted, subject to Cross Examine and any timely  
15 motions. Mr. Panner?

16 ATTORNEY PANNER:

17 Thank you, Your Honor. Before I  
18 begin my cross examination, I'd like to clear up one  
19 matter. I'd like to move the admission of the  
20 exhibits marked VZ-1, VZ-2 and VZ-3.

21 JUDGE:

22 They're admitted without  
23 objection.

24 ATTORNEY PANNER:

25 Thank you, Your Honor.

1 CROSS EXAMINATION

2 BY ATTORNEY PANNER:

3 Q. Good morning, Ms. Montano.

4 A. Hi.

5 Q. You testified in your testimony that under FCC  
6 decisions, the default rule is the physical connection  
7 of the party's network and the demarcation mark  
8 indication of financial responsibility are at the same  
9 point that's in your direct testimony at page 45, line  
10 22 to page five, line one; is that correct?

11 A. Yes, it is.

12 Q. To be clear, that's a legal conclusion; is that  
13 correct?

14 A. Yes, it is.

15 Q. And also to be clear, did you understand Mr.  
16 Hoffmann to testify that under the parties current  
17 arrangement the point of physical demarcation and the  
18 point of --- excuse me, the point of physical  
19 connection and the demarcation of financial  
20 responsibility is not the same?

21 A. I believe that's what Mr. Hoffmann said, but I'd  
22 like to clarify that. USLEC's position is that for  
23 traffic that Verizon terminates to USLEC, both the POI  
24 and the IP are at our switch. Traffic in the opposite  
25 direction, we deliver that traffic to you at your

1 tandem. The term IP is something that Verizon has  
2 created for the context of this agreement and does not  
3 exist in any legal or regulatory documentation.

4 Q. Okay. That is fine. But it is certainly  
5 possible to talk about a different physical connection  
6 from the demarcation of financial responsible, that is  
7 certainly possible to talk about?

8 A. Certainly.

9 Q. In your testimony on page six, at lines five to  
10 six, you say that the Act and the FCC recognize that  
11 new entrances such as USLEC must be able to determine  
12 the most efficient location for the exchange of  
13 traffic. Is that your testimony?

14 A. Yes, it is.

15 Q. Is that a legal conclusion?

16 A. I would consider it both a legal and a business  
17 conclusion as well, because those are the rules that  
18 are set in place under which we operate.

19 Q. So it would be correct to say it's a legal  
20 conclusion?

21 A. I answered it. I said it was both a legal and a  
22 business conclusion.

23 Q. In what way is it a business conclusion and not a  
24 legal conclusion?

25 A. Because the industry in which both of our

1 companies operate is regulated by state utility  
2 commissions as well as it's FCC. And their decisions  
3 are interpreted by the courts. Those becomes the  
4 rules of the road for any company that chooses to  
5 operate in this environment and offer services.  
6 Therefore, it becomes the frame work for our business  
7 plan.

8 Q. Is that framework a legal framework or is it  
9 something else?

10 A. I consider it to be both.

11 Q. You say that USLEC must be able to determine the  
12 most efficient location for the exchange of traffic.  
13 What do you mean by the most efficient location?

14 A. The location at which point we will exchange  
15 traffic with our partners, such as Verizon.

16 Q. What does the term most efficient location mean?

17 A. I think it is a technical description in terms of  
18 what technically works.

19 Q. Can you be more specific? So any arrangement  
20 that technically works is the most efficient?

21 A. Not necessarily.

22 Q. How would you distinguish a more efficient from a  
23 less efficient technically possible arrangement?

24 A. I think we would look at the network design of  
25 what we are purchasing from Verizon and other vendors,

1 the vendor which we are providing service to our  
2 customers to determine, based on that, what works in  
3 terms of the closest or point of interconnection to a  
4 network.

5 Q. The closest point of interconnection to what?

6 A. Your network.

7 Q. To our network?

8 A. To our partner's network.

9 Q. So I just want to --- you've testified --- you've  
10 chosen the words that are the most efficient  
11 location.

12 A. Uh-huh (yes).

13 Q. You're testifying that the most efficient  
14 location is the location --- well, let me back up.  
15 You've testified that Verizon has a ubiquitous network  
16 in the Philadelphia LATA; didn't you?

17 A. Yes, I have.

18 Q. Just to clarify that, do you know if Verizon  
19 provides services to all areas in the Philadelphia  
20 LATA?

21 A. It is my understanding that Verizon is the  
22 incumbent LEC in that territory, yes.

23 Q. Subject to check, is it possible that there are  
24 actually independents who also provide services?

25 A. Yes, I believe Commonwealth Telephone also

1 provides service in that LATA as well.

2 Q. So it would actually be --- there are some  
3 portions of the LATA where Verizon provides services?  
4 Do you believe that that's correct?

5 A. Yes.

6 Q. So when you say that a place is closer to Verizon  
7 network, what do you mean?

8 A. Based on the services that we are purchasing from  
9 Verizon in order to service our customers, which as  
10 Mr. Hoffmann has described, is an OC-48 ring, and we  
11 purchase that out of your special access tariff from  
12 the wholesale part of your business, then we will  
13 interconnect with you at some point off of that ring  
14 network. And so we look at that ring design and where  
15 it goes. We typically run it through your tandem  
16 offices so we can make sure that we have done an  
17 efficient design of our network to efficiently  
18 exchange change traffic between the two companies.

19 Q. So for traffic originated by Verizon, you would  
20 pick up the traffic at various points on Verizon's  
21 network where it was most efficient?

22 A. It is not our responsible to pick up Verizon's  
23 traffic, it is your responsibility to deliver traffic  
24 to me at my point of interconnection.

25 Q. I'm not asking you about what our responsibility

1 is. I'm asking about what the current arrangements  
2 are. You testified that you would have a point of  
3 interconnection in various places on Verizon's  
4 network?

5 A. The points of interconnection that you're  
6 describing are for the traffic that I originate that I  
7 deliver to Verizon.

8 Q. And now I'm asking you about the traffic that  
9 Verizon customers originate. How would you decide  
10 what the most --- how would you decide what the most  
11 efficient place is to pick up that traffic?

12 A. We determine what the IP is and we have selected  
13 our switch at the IP.

14 Q. And why is that the most efficient point?

15 A. Because we believe that that is our legal right  
16 to make that decision.

17 Q. Okay. Do you doubt that Verizon --- strike  
18 that.

19 You've testified that the requirement that USLEC  
20 designate an end office co-location as an  
21 interconnection point would require USLEC to mirror  
22 Verizon's architecture; is that your testimony?

23 A. Yes, it is.

24 Q. First of all, does USLEC have any co-location or  
25 anything in the Philadelphia LATA?

1 A. No, we don't.

2 Q. Now, if you were co-located in a particular end  
3 office, would you by definition already have  
4 facilities in place in that location?

5 A. I don't understand your question.

6 Q. Okay. What don't you understand?

7 A. What you mean by facilities.

8 Q. Would you have some kind of facility, any kind of  
9 equipment in place at that co-location rate?

10 A. Typically when a CLEC built the co-location cage  
11 at a CO, there is some equipment that they install  
12 there.

13 Q. Okay. And would that equipment be connected to  
14 your network in some way by some kind of transport  
15 facility?

16 A. If USLEC's business plan included co-location,  
17 then, yes. But since our business plan does not  
18 include co-location, you know, it's a theoretical  
19 question.

20 Q. Okay. So the dispute over section 7.1.1.3 is  
21 purely theoretical?

22 A. I couldn't consider that to be theoretical  
23 because you're asking us to include language in the  
24 interconnection agreement that would allow you to  
25 force us to change the way that we do business by

1 requiring us to co-locate.

2 Q. Under 7.1.1.3, under your understanding?

3 A. Would you give me a copy, please? I'm not going  
4 to ---.

5 Q. Certainly. This has been previously entered as  
6 Verizon Exhibit Three. Excuse me, I may have confused  
7 you because I referred to the wrong section. I'm glad  
8 you brought the agreement in front --- so I can put  
9 the agreement in front of us so we can correct the  
10 record. I'm really referring to 7.1.1.2,, which is  
11 the provision that refers to a situation where USLEC  
12 had a co-location site.

13 A. Okay.

14 Q. And it says here that the beginning of the  
15 section is at anytime that USLEC establishes the  
16 co-location site at a Verizon end office. Have I read  
17 that correct?

18 A. Yes.

19 Q. So this would only apply in a situation where  
20 USLEC establishes an end office co-location  
21 arrangements?

22 A. If you take it out of context, yes. If you leave  
23 it in context to 7.1.1.3, our concern is that Verizon  
24 could force us to do this.

25 Q. Okay. Is that your concern is that Verizon

1 could force you to do that, even if you didn't chose  
2 to establish an end office co-location arrangement?

3 A. Absolutely.

4 Q. And that's your main concern?

5 A. I wouldn't characterize it as a main concern.  
6 It's one of our concerns.

7 Q. What are your other concerns?

8 A. There is the issue with the 30 days in terms of  
9 negotiating things. And if you look at the track  
10 record we have with negotiating anything with Verizon,  
11 it's nothing that can be done in 30 days. And  
12 secondly, we have an existing architecture for which  
13 we are paying you special access retail rates. And  
14 I'm sure that the wholesale side of your business  
15 would not be pleased to leave that business. And we  
16 do not want to disrupt our network and our customers.  
17 And again, the track record that we had with Verizon,  
18 anytime we've tried to re-groom our network or move  
19 customers is that customers go out of service. You  
20 guys do not do a very good job of moving customers  
21 around for us.

22 Q. Again, getting back to the language of 7.1.1.2,  
23 it begins --- it says at any time that USLEC  
24 establishes a co-location site at a Verizon end  
25 office. Is that what that language says?

1 A. Yes.

2 Q. Okay. Now, would this provision apply in any  
3 circumstance, in your understanding, with this  
4 provision 7.1.1.2 apply in any circumstance where  
5 USLEC did not establish a co-location or site at a  
6 Verizon end office?

7 A. I believe my earlier answer was that if you take  
8 that paragraph out of context, no. But if you leave  
9 it in connection to the agreement, yes.

10 Q. And can you explain to me how that paragraph  
11 would apply in context?

12 A. If you read the next paragraph, the concern that  
13 we have is that --- except that Verizon may request in  
14 writing to transition such USLEC IPs. You can request  
15 it in writing, I can say no. Then we go into dispute  
16 resolution. And we continue to have this issue. I  
17 have an existing network architecture. It works. It  
18 is not broken. Why do I need to change?

19 Q. Okay. Just to be very clear, if I were to say  
20 to you that provision 7.1.1.2 applies only in a  
21 circumstance where USLEC establishes a co-location  
22 site at a Verizon end office, either standing alone or  
23 in context, would that eliminate your objections to  
24 7.1.1.2?

25 A. Based on the track record of six years that I've

1 been dealing with Verizon, no, I have no level of  
2 confidence.

3 Q. Thank you. But if I were to say that aside from  
4 the fact that you might not take it as true, if it  
5 were true, would you have any other objection to that  
6 provision?

7 A. Well, our objection would be the language at the  
8 end of the paragraph that says that Verizon will pay  
9 us last year transport rate, tandem switching rate and  
10 those issues. We would not agree to that rating  
11 schedule.

12 Q. Do you have any --- and I apologize if this is  
13 asked and answered. I want to make sure it's clear on  
14 the record. But do you have any plans to establish an  
15 end office co-location site during the term of this  
16 agreement in Philadelphia or Pittsburgh LATA?

17 A. Not at this time.

18 Q. Okay. Do you agree that there are some  
19 circumstances where an incumbent LEC may require a  
20 separate point of demarcation or where it would be  
21 appropriate for the state Commission to require a CLEC  
22 to establish a point of financial do mark indication  
23 different from the physical point of interconnection  
24 in the LATA.

25

ATTORNEY SHOR:



1 A. Okay.

2 Q. So we're discussing the bottom of page two. I've  
3 referred you to the question and then the answer at  
4 line 16 to 18. You testified that there are  
5 circumstances where a state commission may require a  
6 CLEC to establish a separate IP from it's point of  
7 interconnection?

8 A. Yes.

9 Q. Did you sponsor a question in discovery  
10 concerning the location, the NXX codes that USLEC has  
11 in service in the Philadelphia LATA?

12 A. Yes, I did.

13 Q. Do you know if USLEC is able to charge more when  
14 it serves a customer that is located further from its  
15 switch for providing a local service?

16 A. USLEC is a non-dominant carrier and, as such, has  
17 no market power. We use market-based pricing and we  
18 have to charge our customers in accordance with what  
19 the market will bear. I doubt they would let me  
20 charge them more than you would charge them.

21 Q. I'll ask it again. Do you charge your customers  
22 more, depending on how far they are located from your  
23 switch in the Philadelphia LATA?

24 A. We do market-base price. Assuming that Verizon,  
25 and I am speaking solely from memory, that Verizon has

1 zoned pricing, based on how far customers are in  
2 density zones. If we are pricing against those  
3 density zones then, yes, we may charge differently  
4 based on those zones. It may also be a function of  
5 what Verizon charges us for the underlying facility.  
6 However, I am not the marketing person for USLEC.  
7 Q. Let me try to establish --- you've made a  
8 statement about what Verizon charges. Are you  
9 familiar with Verizon local exchange rates in  
10 Pennsylvania?

11 ATTORNEY SHOR:

12 Objection. I believe that  
13 mischaracterizes the witness' testimony.

14 ATTORNEY PANNER:

15 You can --- if you'd like to read  
16 back the answer, you can decide whether you want to  
17 maintain the objection. I would say she that she did  
18 talk about the Verizon charge to the customer.

19 ATTORNEY SHOR:

20 The last answer was what Verizon  
21 charges her.

22 A. I general know about the tariffs. I am not an  
23 expert on them.

24 BY ATTORNEY PANNER:

25 Q. Do you know if Verizon charges a greater rate for

1 basic local service based on the customer's distance  
2 from the end office serving the customer?

3 A. No, I do not.

4 Q. Do you know if Verizon can charge more when a  
5 customer makes a call that is delivered to a USLEC  
6 customer, Verizon has to route that call over a  
7 distance USLEC switch?

8 A. I have no idea what your pricing policies are.

9 Q. So you don't know whether, in fact, Verizon has  
10 any mechanism to recover the increased cost of  
11 delivering a call to the USLEC switch?

12 ATTORNEY SHOR:

13 Objection, assumes facts not in  
14 evidence.

15 BY ATTORNEY PANNER:

16 Q. Mr. Hoffmann testified, did he not, that he  
17 wanted to calculate the difference in costs between  
18 delivering a call within the local calling area for  
19 Verizon and the cost of transporting a call to the  
20 USLEC switch, less the termination compensation  
21 payments that Verizon would have to make; did he not?

22 A. I believe so.

23 Q. And it's at least theoretically possible that  
24 that amount might be --- that that might result in the  
25 fact that it is more expensive for Verizon to

1 transport the traffic.

2 ATTORNEY SHOR:

3 Objection. Speculation.

4 ATTORNEY PANNER:

5 I think it's a legitimate  
6 question. Could it be more expensive?

7 JUDGE:

8 I'll allow it. Overruled.

9 A. Anything is possible.

10 ATTORNEY PANNER:

11 I'm going to mark this VZ-4. I  
12 should note that it's a portion of USLEC's  
13 Pennsylvania local tariff. I believe that file  
14 tariffs are judicially noticeable. And this is a  
15 portion of the tariff only. It's not the complete  
16 tariff. And the tariff was --- so this is a portion  
17 of the tariff, not the complete tariff.

18 (Exhibit VZ-4 marked  
19 for identification.)

20 BY ATTORNEY PANNER:

21 Q. First of all, do you recognize this document?

22 A. Yes, I do.

23 Q. Can you tell me what it is?

24 A. It is the tariff that we had filed with the  
25 Pennsylvania Public Utility Commission.

1 Q. Can you please turn to --- as I say, it's an  
2 excerpt from the tariff but it should be in order.  
3 Could you turn to section four, original page two?  
4 You'll see that the section numbers in the original  
5 page numbers are at the top right. And this is  
6 entitled section four, exchange access service; is  
7 that correct?

8 A. Yes, it is.

9 Q. And it says 4.2 explanation of rate schedules; is  
10 that correct?

11 A. Yes, it is.

12 Q. Now, is it correct that your rate schedule is  
13 dependent on the distance of the customer's serving  
14 wire center from the USLEC switch?

15 ATTORNEY SHOR:

16 Your Honor, I'd like to object at  
17 this point to this document because Counsel has told  
18 me that it's a portion of a tariff. Counsel has told  
19 me what he thinks it is. But there are obviously  
20 pages that are missing here that this witness does not  
21 have an opportunity to refer to, does not have an  
22 opportunity to direct her attention to. And I think  
23 that asking this witness to draw conclusions based on  
24 this document that he has proffered is inappropriate.

25 JUDGE:

1 Mr. Panner, do you have the whole  
2 document present?

3 ATTORNEY PANNER:

4 I do, although I'm afraid there  
5 are pieces pulled out of it. I should note that this  
6 is --- actually, this document is available on USLEC's  
7 website.

8 JUDGE:

9 Well, we don't have this available  
10 in this hearing room right now. Mr. Shor, the normal  
11 remedy that we impose for this kind of objection is to  
12 put the whole tariff in. I would prefer not to do  
13 that just because, undoubtedly, it's just going to  
14 clutter the record. But what I'm going to do is I'm  
15 going to allow, based on Mr. Panner's representations  
16 the questioning to continue. During the break, I will  
17 rely on you and Mr. Panner to get together, to review  
18 the entire document. And if you have some problem  
19 with any portion of the document which is missing and  
20 that is not part of the excerpt, you will certainly be  
21 permitted during Redirect to introduce whatever you  
22 think is necessary.

23 ATTORNEY SHOR:

24 Thank you.

25 ATTORNEY PANNER:

1 Madam Court Reporter, could you  
2 read back the last question?

3 COURT REPORTER READS BACK PREVIOUS QUESTION

4 A. It appears from the tariff that it is.

5 ATTORNEY PANNER:

6 I have nothing further as to these  
7 issues, I should say.

8 ATTORNEY SHOR:

9 Your Honor, just in light of your  
10 request earlier regarding the procedure and the order  
11 for witnesses, the testimony that we submitted from  
12 Ms. Montano addressed all of her witnesses. And we  
13 felt it would be more appropriate just to submit it  
14 all at once.

15 JUDGE:

16 Yes. And I do understand that and  
17 I appreciate that she addressed all of the issues that  
18 were the forthcoming from your side of the fence, and  
19 I have no problem with that. It's just a situation  
20 where I'd like to hear Verizon's side of the story on  
21 issues one and two next. I also appreciate that ---  
22 did you say you finished Cross Examine.

23 ATTORNEY PANNER:

24 Yes.

25 JUDGE:

1 Fine. I think it would be  
2 appropriate now to take a break, for you and Mr.  
3 Panner to discuss that tariff, and if you have  
4 Redirect for Ms. Montano --- wait a minute. I'm sorry  
5 before we go there, sometimes I have questions for  
6 witnesses. And I do. Would you turn to page nine of  
7 the testimony.

8 ATTORNEY SHOR:

9 Direct?

10 JUDGE:

11 Direct. And I would like you to  
12 focus on lines 20 and 21. Do you see that?

13 A. Yes, sir.

14 JUDGE:

15 On lines 20 and 21 you are  
16 suggesting that the Verizon proposal is inconsistent  
17 with both FCC rules and Commission precedent. Do you  
18 see that?

19 A. Yes.

20 JUDGE:

21 And when you speak of the  
22 Commission, what commission are you talking about?

23 A. The Pennsylvania Commission.

24 JUDGE:

25 And when you speak of Commission

1 precedent, what precedent are you talking about?

2 A. It's my understanding that we relied upon Sprint,  
3 the focal and the third circuit decisions.

4 JUDGE:

5 Fine. Move on to page 29,  
6 please.

7 A. I'm sorry?

8 JUDGE:

9 Page 29.

10 A. Thank you.

11 JUDGE:

12 And this is more of a question in  
13 lieu of resolving some confusion that I have. Because  
14 you did not quite number your issues the same way you  
15 did in your petition. I lost track of which issues  
16 were settled and which weren't.

17 A. Okay.

18 JUDGE:

19 On page 29, line 13 is that issue  
20 which you have marked as issue number seven settled on  
21 advice of counsel? The answer is yes.

22 ATTORNEY SHOR:

23 Yes.

24 JUDGE:

25 Fine. , that's what I needed to

1 ----.

2 A. That's not right.

3 ATTORNEY PANNER:

4 That's not right.

5 ATTORNEY PANNER:

6 It should be issue eight. It  
7 should be issue eight subject to Mr. Shor's agreement.

8 ATTORNEY SHOR:

9 That is correct.

10 JUDGE:

11 Okay. So it is issue number  
12 eight because that's when I read it, I labeled it ---  
13 I noticed it was labeled issue seven. I labeled it  
14 eight and then I couldn't figure out whether it was  
15 settled or not.

16 ATTORNEY SHOR:

17 I'd like to tell you that it was  
18 settled, but it wouldn't be in a way that was  
19 favorable, I'm sure.

20 JUDGE:

21 Well, that's what I needed to  
22 know. Is it settled? And the answer is no. And it  
23 was issue eight. That's what I really needed to  
24 know. Fine. Now, having finished that examination,  
25 is there any continued Cross Examination.

1 ATTORNEY PANNER:

2 No, Your Honor.

3 JUDGE:

4 Fine. Now, let's take that  
5 break. And I'll let you and Mr. Panner signal when  
6 you're ready and Redirect can continue.

7 ATTORNEY SHOR:

8 I'd just like to see what he has  
9 for the whole tariff.

10 ATTORNEY PANNER:

11 Sure.

12 ATTORNEY SHOR:

13 And ask only if the portions that  
14 are missing are the portions that are included here in  
15 Exhibit VZ-4 or whether there are other aspects or  
16 portions of the tariff that are not here at all.

17 ATTORNEY PANNER:

18 The only portion of the tariff  
19 that, I'm not sure it exists because it's not included  
20 here, is on your website the table of contents  
21 indicate that there is a section 11 which is maps.  
22 And that was not on the website.

23 JUDGE:

24 Let's go off the record for this  
25 discussion.

1 OFF RECORD DISCUSSION

2 ATTORNEY SHOR:

3 USLEC is satisfied with the  
4 portion of the tariff that is identified as VZ-4 and  
5 we'll withdraw the objection. With that tariff, we  
6 have a very short Redirect.

7 REDIRECT EXAMINATION

8 BY ATTORNEY SHOR:

9 Q. Ms. Montano, do you recall a question from Mr.  
10 Panner concerning the ability of a state commission to  
11 accept a separation from the point of interconnection  
12 or point of financial demarcation in a network?

13 A. Yes, I do.

14 Q. What do you understand to be the factors involved  
15 in making that decision?

16 A. The preparation and submission of cost studies by  
17 the incumbent.

18 Q. To your understanding, is there a standard that  
19 must be met in order for that separation to be met?

20 A. There has to be a proof that there is a  
21 difference in the cost structure.

22 Q. That it's the same, more or less?

23 A. It is more expensive.

24 Q. To your knowledge, have you seen any evidence in  
25 this record from Verizon that USLEC's choice of

1 interconnection is expensive?

2 A. No, I have not.

3 ATTORNEY SHOR:

4 I have nothing further.

5 JUDGE:

6 Mr. Panner?

7 RECROSS EXAMINATION

8 BY ATTORNEY PANNER:

9 Q. Just one thing, Ms. Montano, if I may. Your  
10 statement as to what Verizon is required to show, is  
11 that your understanding of what the legal requirements  
12 are?

13 A. Yes, it is.

14 ATTORNEY PANNER:

15 I have nothing further.

16 JUDGE:

17 If there is nothing additional for  
18 the witness, the witness is excused at this time with  
19 the idea that she will be returning to the witness  
20 stand to testify on the remaining issues.

21 ATTORNEY SHOR:

22 Your Honor, with respect to issue  
23 one and two, USLEC rests its case.

24 JUDGE:

25 Fine, thank you.

1                   ATTORNEY PANNER:

2                   Your Honor, if I could just clean  
3 up one thing on the record, I'll try not to do this  
4 again, I'd like it move the admission of --- there  
5 being no objection, I'd like to move the admission of  
6 Exhibit VZ-4.

7                   JUDGE:

8                   It's admitted without objection.

9                   JUDGE:

10                  All right. Mr. Panner, do you  
11 have a witness for me on issues one and two?

12                  ATTORNEY PANNER:

13                  Verizon would like to call Mr.  
14 Pete D'Amico on issues one and two, Your Honor.  
15 PETE D'AMICO, PREVIOUSLY SWORN, CALLED TO TESTIFY

16                  JUDGE:

17                  Mr. D'Amico, I would only remind  
18 you that I administered the witness oath to you  
19 earlier. You continue to be bound by that oath?

20                  A.     Okay.

21                  JUDGE:

22                  Mr. Panner?

23                  ATTORNEY PANNER:

24                  Thank you

25                  DIRECT EXAMINATION

1 BY ATTORNEY PANNER:

2 Q. Would you please state your name and business  
3 address?

4 A. My name is Pete D'Amico. My business address is  
5 417 Seventh Avenue, Pittsburgh, Pennsylvania.

6 Q. And who employs you?

7 A. Verizon.

8 Q. And what is your title?

9 A. I'm a senior specialist in the interconnection  
10 product management group.

11 Q. And did you cause to be prepared 18 pages of  
12 direct testimony that was filed in this matter on May  
13 31st, 2002?

14 A. Yes.

15 Q. Do you have any corrections that you wish to make  
16 to your testimony that was submitted on May 31st?

17 A. No.

18 Q. If these same questions were asked of you today,  
19 would your answers be the same?

20 A. Yes.

21 Q. Did you also cause to be prepared ten pages of  
22 rebuttal testimony?

23 A. Yes.

24 Q. And it was filed on July 9th, 2002?

25 A. Correct.

1 Q. Do you have any correction to make to that  
2 testimony?

3 A. No.

4 Q. If those same questions were asked of you today,  
5 would your answers be the same?

6 A. Yes.

7 ATTORNEY PANNER:

8 We offer the direct and rebuttal  
9 testimony of Pete D'Amico, subject to Cross.

10 JUDGE:

11 The direct and rebuttal testimony  
12 of Mr. D'Amico is admitted subject to Cross  
13 Examination and any timely motions. Mr. Shor?

14 ATTORNEY SHOR:

15 Your Honor, the Cross Examination  
16 will be handled my colleague, Ms. Finn.

17 JUDGE:

18 All right. Thank you?

19 CROSS EXAMINATION

20 BY ATTORNEY FINN:

21 Q. Mr. D'Amico, as I understand your testimony, you  
22 believe that Verizon's proposal complies with FCC  
23 rules; is that correct?

24 A. Yes. I believe I mentioned that in my direct  
25 testimony.

1 Q. And so it would be fair to state that you are  
2 generally familiar with the FCC's rules?

3 A. Yes, high level, very high level.

4 Q. Now, would you agree with me that the FCC has  
5 rules that an ILEC must offer the CLEC the opportunity  
6 to interconnect at one technically feasible point per  
7 LATA?

8 A. Yes.

9 Q. And in that regard, you have testified that  
10 VGRIPS gives USLEC the right to chose a single  
11 physical connection to Verizon network in each LATA;  
12 correct?

13 A. Correct.

14 Q. And so in this manner you think that VGRIPS  
15 complies with the single technically feasible POI per  
16 LATA?

17 A. Yes, because VGRIPS actually addresses the  
18 financial responsibility of the transport, when  
19 Verizon delivers calls to the USLEC in this case  
20 outside of the local calling area.

21 Q. And to address the transport responsibility by  
22 establishing separate points that you're calling the  
23 interconnection point or IP; correct?

24 A. Correct.

25 Q. And you testified that USLEC, under VGRIPS, has

1 the option to chose its IP; is that correct?

2 A. There is language in the VGRIP proposal that  
3 address where the USLEC IP is. And depending on where  
4 it is, there is also language that states whether or  
5 not it's geographically relevant or not. So in answer  
6 to your question, yes, USLEC has options under  
7 Verizon's VGRIP proposal that impact their  
8 interconnection point.

9 Q. And as I understand it, the first such option as  
10 defined by Verizon's VGRIPS proposal is that USLEC may  
11 establish an IP via co-location at each Verizon tandem  
12 where USLEC assigns numbers?

13 A. Yes, that's Verizon's proposal. And the design  
14 of that was to address a central point where the  
15 parties could agree on the financial responsibility  
16 for the exchange of the traffic.

17 Q. And would you agree --- I can't remember which  
18 one testified, Mr. Hoffmann or Ms. Montano talked  
19 about the fact that Verizon has two access tandems in  
20 both the Philadelphia and the Pittsburgh LATAs?

21 A. I would --- I'm not sure. I'm sure that there's  
22 two in Pittsburgh, since that's where I'm from.  
23 Philadelphia, I believe, that's the case as well.

24 Q. Okay. Let's take Pittsburgh, since you're  
25 familiar with Pittsburgh. So you're saying that the

1 physical IP after two Verizon tandems is a north  
2 central location. Is that your testimony?

3 A. Yes.

4 Q. And you understand that today Verizon delivers  
5 its traffic to an IP at USLEC's switch?

6 A. Yes. That is the way I understand.

7 Q. And that is one location within the LATA;  
8 correct?

9 A. I believe it's in downtown Pittsburgh.

10 Q. So by central location, you're not saying to what  
11 point?

12 A. No, when I say central location, in looking at  
13 the LATA as a whole, there are numerous local calling  
14 areas. And a CLEC is able to have NXX codes or  
15 prefixes that have those rates assigned to them  
16 throughout the LATA. And so what VGRIP is trying to  
17 address is the situation where traffic would be coming  
18 in from all points within the LATA, that we would be  
19 billing or charging our end user a local haul. But  
20 yet we would be hauling it as though it were a toll  
21 call. And so the tandems are central locations where  
22 Verizon has facilities coming in and out of them that  
23 in our proposal we are willing to transport outside  
24 the calling area to that point.

25 Q. So you're talking about central locations on

1 Verizon?

2 A. Yes.

3 Q. And as part of preparing --- in your testimony,  
4 did you ever testify to the distance that USLEC switch  
5 is from the Verizon tandems?

6 A. I don't think so. I may have heard or read  
7 somewhere that it was fairly close. But I wasn't sure  
8 if that was Philly or the Pittsburgh scenario.

9 Q. So you didn't actually go and look at part of  
10 that structure and determine what the distance is that  
11 you're transporting traffic from the tandem to the  
12 USLEC switch today?

13 A. Again, the issue isn't the distance from the  
14 tandem. The issue is the distance from the  
15 originating local calling area into the USLEC switch.

16 Q. But your tandem is a central location, according  
17 to your testimony?

18 A. Our tandem is a central location, yes.

19 Q. And it's possible that USLEC switch can be  
20 located within a mile of your central location?

21 A. Sure. It could be further than that as well.

22 Q. And so that's the first option. Can we call that  
23 --- it's a co-location tandem; correct?

24 A. Yes.

25 Q. So can we call that a physical IP?

1 A. Sure.

2 Q. Okay. I want to call it physical IP because we  
3 also have this concept of a virtual IP. That's the  
4 second option, the virtual IP?

5 A. Somehow they've gotten numbered. But you know,  
6 we'll call them the second option.

7 Q. Let's call it the physical IP option versus the  
8 virtual IP option and then I won't screw up the  
9 numbers. How about that?

10 A. That's fine.

11 Q. So the physical IP option is a physical  
12 connection between type of networks; correct?

13 A. Yes.

14 Q. Now, I believe Mr. Panner discussed with Mr.  
15 Hoffmann USLEC has a number of methods of  
16 interconnection it can choose from under this  
17 contract?

18 A. Yes, I remember that.

19 Q. But you just testified that the physical IP has  
20 to be co-location; isn't that correct?

21 A. Again, that's part of the VGRIP proposal. One of  
22 the arrangements that a CLEC could enter into under  
23 this proposal is to have a physical co-location  
24 arrangement where Verizon would drop off the charge,  
25 yes.

1 Q. But in order to establish a physical IP under  
2 VGRIPS, USLEC cannot use an entrance facility?

3 A. I'm not sure what an entrance facility is. I  
4 mean, I know what an entrance facility is, but it  
5 means different things to different people. So could  
6 you clarify what you mean by entrance facilities?

7 ATTORNEY SHOR:

8 Was the contract Verizon ---?

9 ATTORNEY PANNER:

10 The interconnection is Verizon  
11 Three.

12 ATTORNEY FINN:

13 Would you mind sharing that with  
14 the witness?

15 BY ATTORNEY FINN:

16 Q. Could you please turn to page 52?

17 A. I'm there.

18 Q. Section 2.1.3.

19 A. Okay.

20 Q. USLEC may use any of the following methods for  
21 interconnection with Verizon. Do you see that?

22 A. Yes.

23 Q. And it lists three things there doesn't it?

24 A. No.

25 Q. Co-location facility established by USLEC?

1 A. Correct.

2 Q. Co-location or entrance facility established by a  
3 third party that is used by USLEC?

4 A. Correct.

5 Q. And the third option here is entrance facility  
6 and transport obtained by Verizon?

7 A. Okay.

8 Q. So those are the options I'm talking about.

9 A. Okay.

10 Q. So is it your testimony that USLEC can use  
11 co-location to establish the physical IP?

12 A. Use co-location, yes.

13 Q. And I understand from the discussion earlier that  
14 USLEC can also use third party co-location to  
15 establish in physical IP; correct?

16 A. Yes.

17 Q. But this third option, this entrance facility  
18 option, under the VGRIPS proposal, as you've written  
19 it in the contract, USLEC may not use this option to  
20 establish physical IP?

21 A. Not the way that this proposal is drafted at this  
22 point, correct.

23 Q. Okay. Now, are you familiar with the FCC rules  
24 that requires Verizon to offer CLEC any technically  
25 able method of interconnection?

1 A. Yeah, I've heard it.

2 Q. Okay. So in defining the physical IP under  
3 VGRIPS and limiting that physical IP to co-location,  
4 isn't it true that Verizon was not complying with this  
5 ---?

6 A. No. Again, the IP deals with the financial  
7 aspects of it. So either Verizon would physically  
8 take the traffic to USLEC's switch or point of  
9 interconnection and then you get into, well, how can  
10 Verizon be compensated for the transport when it hauls  
11 it outside of a calling area. As far as your question  
12 about, are there other ways that we could physically  
13 meet at the tandem, I suppose there are, we haven't  
14 drafted language that would address another physical  
15 IP at the tandem, other than the co-location regimen.

16 Q. But you've drafted language that addresses  
17 another method of interconnection in section 2.1.3?

18 A. Yes.

19 Q. Another physical method of interconnection?

20 A. Which address the point of interconnection, as  
21 opposed to the VGRIP section which addresses the  
22 financial aspect of the transport.

23 Q. Right, but didn't you also agree with me that the  
24 physical IP is also a physical demarcation between the  
25 networks? Isn't that what a POI is?

1 A. A POI is a physical point where the networks  
2 twist the wires. If you will.

3 Q. Okay. And is there a physical POI at a  
4 co-location cage where the networks twist the wires?

5 A. Sure. If that is where, in that example, the POI  
6 and the IP would be in the same location. You could  
7 also have a situation where the POI, a point of  
8 interconnection, and the IP, the interconnecting point  
9 are in two different locations.

10 Q. And did you hear USLEC's witness' testimony  
11 earlier today that they do not co-locate in Verizon in  
12 the State of Pennsylvania today?

13 A. Yes, I did hear that.

14 Q. So would it be safe to say that the current  
15 network architecture does not comply with the physical  
16 IP option of the VGRIPS; isn't that correct?

17 A. Correct.

18 Q. Can you turn to page six of your testimony,  
19 please?

20 A. Sure.

21 JUDGE:

22 I'm assuming the direct?

23 ATTORNEY FINN:

24 Direct, thank you.

25 BY ATTORNEY FINN:

1 Q. Starting around line 12, you discuss your  
2 interpretation of the Commission's ruling in the  
3 Verizon/Sprint arbitration; right?

4 A. Yes.

5 Q. Based on your testimony, isn't it your  
6 understanding that the Sprint IPs do not actually have  
7 to be at Verizon tandems?

8 A. Under the Sprint arbitration decision, no, they  
9 do not have to be tandem.

10 Q. So in fact, if they're not at the tandems, the  
11 Sprint IPs could be at the Sprint switch; correct?

12 A. Yes, based on this result.

13 Q. Move to the virtual IP option?

14 A. Okay.

15 Q. The virtual IP option can only be established at  
16 a Verizon end office; correct?

17 A. What would happen is when Verizon transports the  
18 traffic from a local calling area to a distant point,  
19 and the example that we like to use a lot, even though  
20 we're in Harrisburg is from Allentown to Philadelphia  
21 which is, I believe, 40 or 50 miles between the two.  
22 So in that case, Verizon would be carrying that  
23 traffic outside of a calling area to Philadelphia.  
24 And then the compensation arrangement would kick in, I  
25 guess.

1 Q. Mr. D'Amico, I think I asked you if the virtual  
2 IP is only the Verizon end office. Is the virtual IP  
3 at the Verizon end office?

4 A. Yes.

5 Q. It's not at the Verizon tandem?

6 A. No.

7 Q. So we could have a physical IP at the tandem but  
8 we can't have a virtual IP at the tandem?

9 A. Yes.

10 JUDGE:

11 I'm sorry. What was the question  
12 there? You can have a physical IP at the tandem but  
13 not a ---?

14 ATTORNEY FINN:

15 Virtual IP.

16 JUDGE:

17 All right.

18 BY ATTORNEY FINN:

19 Q. Can you turn to page ten of your testimony,  
20 direct, please?

21 A. Okay.

22 Q. This was actually your Philadelphia/Allentown  
23 example we're discussing here?

24 A. Here we go.

25 Q. So just walking through, you say here, if USLEC

1 agrees to pick up traffic at Verizon tandem, if it  
2 locates case its POI there --- well, let's stop there  
3 for a second. USLEC has a POI with Verizon tandem  
4 today; correct?

5 A. Which LATA? In Philly?

6 Q. In Philly. We'll use Philly.

7 A. It's my understanding that the POI is at USLEC  
8 switch. Verizon has built facilities all the way to  
9 the USLEC switch in Philadelphia. So I would say that  
10 the POI is at the USLEC switch.

11 Q. So that's the delivery of Verizon's originated  
12 traffic to USLEC?

13 A. Yes.

14 Q. But USLEC also has a POI at the Verizon tandem  
15 for the delivery of USLEC's originated traffic to  
16 Verizon?

17 A. Actually, I would say that the POI in that  
18 scenario is also the USLEC switch because USLEC is  
19 purchasing or leasing facilities from Verizon.

20 Q. So by leasing the facilities, USLEC doesn't  
21 become the owner of those facilities for purposes of  
22 network demarcation?

23 A. I'm not sure if you're getting into semantics on  
24 that. I would still look at it as the POI is at the  
25 switch, even though USLEC is paying for those

1 facilities or leasing those facilities, those are  
2 still Verizon --- part of Verizon's network.

3 Q. Okay. Turning back to your testimony here on  
4 the bottom of page ten?

5 A. Okay.

6 Q. If USLEC agrees to pick up traffic at Verizon  
7 tandems, by pick up here, do you mean financially  
8 pickup?

9 A. Can you help me with the line number?

10 Q. I'm sorry, line 20.

11 A. Okay. Yes.

12 Q. Now, starting the very last sentence, line 23.

13 A. Okay.

14 Q. If USLEC chose to place its POIs in places that  
15 were not at the VGRIP location, Verizon would deliver  
16 its traffic to USLEC's chosen POI location, but would  
17 recover the additional transport and other costs for  
18 delivering the traffic to that location. I read that  
19 correctly?

20 A. Yes, that was good.

21 Q. I'd like to focus on additional transport?

22 A. Okay.

23 Q. So on the prior page, you said if USLEC agrees to  
24 pick up financially traffic at Verizon tandems but now  
25 you're saying if they don't agree to pick them up at

1 the tandems, you're going to move the financial  
2 demarcation point and recover your additional  
3 transport costs?

4 A. Yeah. Again, it's part of the compromise  
5 proposal. Under the one scenario, Verizon is hauling  
6 traffic outside of local calling area. But it's  
7 willing to do that to meet at a central location, in  
8 particular the location arrangement at the tandem. If  
9 that doesn't occur, then Verizon is still hauling  
10 traffic from the originating point to the POI that is  
11 outside of the local calling area. And so the  
12 language then talks about, well, how can Verizon be  
13 compensated as far as costs? And that's where you get  
14 into that financial piece of it.

15 Q. But so you're willing to haul the traffic to the  
16 tandem, the central location only if USLEC is  
17 co-located there?

18 A. That is the proposal, yes.

19 Q. And if they refuse co-location, if they want to  
20 use an entrance facility as their physical method of  
21 interconnection, you are not willing to haul the  
22 traffic to the tandem?

23 A. Again, that option hasn't been, I guess, kicked  
24 around very much. It may have come up in a lot of  
25 talks. But at this point, this is our proposal.

1 Q. Okay. Understood. Under the physical IP,  
2 you've stated that you'll be paying for a portion of  
3 transport outside of the local calling area; correct?

4 A. Yes.

5 Q. Under the virtual IP, I think you've also stated  
6 that USLEC would be paying for a portion of the  
7 transport inside the local calling area; correct?

8 A. Right. Right now, the language states that that  
9 measurement, if you will, for the transport recovery  
10 is based on the than the originating end office.

11 Q. Okay. So can we turn back to page ten?

12 A. Sure.

13 Q. And look at the sentence that be begins on line  
14 13?

15 A. Okay.

16 Q. And can you just read that sentence, please, into  
17 the record?

18 A. It starts if the CLEC elects not to?

19 Q. Yes.

20 A. If the CLEC elects not to establish a POI at the  
21 VGRIP locations, then Verizon will deliver its traffic  
22 to another CLEC designated location and the CLEC will  
23 be financially responsible for the transport outside  
24 of the local calling area.

25 Q. So those last couple of words outside the local

1 calling area, that's not exactly correct; is it?

2 A. No. Well, I guess you're trying to break that  
3 apart to say that that's implied with only outside of  
4 the local calling area?

5 Q. Yes.

6 A. I think what I meant there was the measurement as  
7 defined in our proposal which would be between the  
8 originating end office and the and the USLEC point of  
9 interconnection.

10 Q. I'm sorry. Can you say that again?

11 A. If you read this in the purest sense, you may be  
12 inclined to think that it is from the border, the  
13 boundary the USLEC point of interconnection. And I  
14 apologize if that is what misleading. But in reality,  
15 the proposal in the language is from the originating  
16 end office, which may or may not be at the edge of  
17 that local calling area.

18 Q. Right, okay. I just wanted to clarify that.

19 Thank you.

20 A. Okay.

21 Q. And we talked about the central location earlier?

22 A. Yes.

23 Q. So you were asking for the opportunity under  
24 VGRIPS to kind of aggregate Verizon traffic and pick a  
25 central location on the Verizon network. And at that

1 Verizon network you'll deliver the traffic; correct?

2 A. Yes.

3 Q. And am I correct in stating that under VGRIPS,  
4 USLEC is not permitted to pick a central location on  
5 USLEC's network to aggregate traffic and ask Verizon  
6 to pick it up there?

7 A. Could you run that question by me? I got my ---.

8 Q. Under VGRIPS, if the USLEC customers are  
9 originating the call, is USLEC permitted to ask  
10 Verizon to come to a central location on USLEC's  
11 network to pick up USLEC's traffic?

12 A. So you're talking about traffic in the other  
13 direction.

14 Q. Correct.

15 A. Actually, VGRIP address the delivery of Verizon's  
16 traffic to a CLEC. So I kind of put that in a little  
17 box, if you will. However, in the other direction,  
18 Verizon has established its tandems and its end  
19 offices to serve that call party as its  
20 interconnection point throughout the LATA.

21 Q. So USLEC has to both pick up Verizon traffic on  
22 Verizon's network and deliver USLEC traffic to Verizon  
23 network; is that correct?

24 A. Well, they have to deliver it to Verizon's IP,  
25 yes, that is correct. USLEC doesn't have to pick up

1 the traffic. Again, Verizon would deliver it but then  
2 you get into the financial aspect of it.

3 Q. So financially, they have to pick it up?

4 A. Yes.

5 Q. They have to pickup the tab?

6 A. There is some financial obligation under certain  
7 arrangements.

8 Q. And the Verizon IPs where USLEC delivers its  
9 traffic, they are at the Verizon tandems?

10 A. For traffic that is tandem routed, if you will.  
11 There is two ways that traffic can be delivered on  
12 Verizon's network. One is if it goes to the tandem,  
13 Verizon will then take it from the tandem and deliver  
14 to the end office that subtandems that tandem. Just  
15 maybe to give a high level, in case people aren't  
16 familiar with tandems. Think of a tandem as a hub or  
17 the middle of the spoke and then the middle of the  
18 wheel. And all of these spokes go out with end  
19 offices around them?

20 A. So that would be one option where the traffic  
21 could get delivered to the tandem. The second option  
22 would be a direct end office trunk to that Verizon end  
23 office that serves the subscribers from that end  
24 office.

25 Q. So in that case --- in a direct trunking

1 environment, the Verizon IPs would be that end office  
2 serving those calling parties?

3 A. Yes.

4 Q. Okay. And today, is it your understanding that  
5 USLEC bears financial responsibility for delivering  
6 its originating traffic to the Verizon IP, whether it  
7 be located at the tandem or the end office?

8 A. Yes. That's the arrangement. And then they are  
9 charged the appropriate reciprocal compensation rate  
10 based on tandem or end office route.

11 Q. And it is also your understanding that USLEC  
12 bears that responsibility even if it's call originates  
13 --- if it switches in another local calling area?

14 A. Yes. What happens is USLEC decides --- first  
15 they decide where they want their switch to be and  
16 then they also decide where they want to deliver the  
17 traffic and how they want to deliver the traffic to  
18 Verizon.

19 Q. And today under the parties' current arrangement,  
20 Verizon delivers its originating traffic to USLEC's  
21 switch; correct?

22 A. I believe that is the case in Philadelphia. I'm  
23 not sure about the Pittsburgh, based on what Mr.  
24 Hoffmann said this morning. I know there are plans to  
25 install a direct facility into --- or there may be

1 plans to install a direct facility into the USLEC  
2 switch or we may be riding the USLEC facility, in  
3 which case I believe we may be getting billed for some  
4 transport charges.

5 Q. So maybe just to put it more simply, right now  
6 Verizon is financially responsible for delivering its  
7 originating traffic to USLEC's switch?

8 A. Yeah, because the current agreement doesn't  
9 really have any framework around where the USLEC IP  
10 is, designated as their switch.

11 Q. And today, Verizon bears that responsibility  
12 whether or not the switch is in the local calling area  
13 where the Verizon call originated?

14 A. Yeah, that's why we're here. That's been going  
15 on, not only with USLEC, but with other CLECs. And  
16 we're bringing it up as an issue and a concern and  
17 we're trying to come up with proposals such as VGRIP  
18 that can address how Verizon can recover its costs.

19 Q. And as I understand your testimony, the basis,  
20 the reason why you think you have the right to move  
21 the IP is that a single point per LATA is expensive?

22 A. It is expensive in situations where Verizon is  
23 hauling traffic from local calling areas outside of  
24 that location, yes.

25 Q. So your definition of expensive is as soon as it

1 leaves the local calling area?

2 A. I guess my definition of expensive is Verizon  
3 hauling traffic outside of the local calling area to a  
4 distant point of interconnection into the CLEC  
5 establishes as their interconnection point and yet  
6 we're charging our end users a local call. So there  
7 is kind of a disconnect there. It looks like it's one  
8 thing but in reality it's being called 50 or 60 miles  
9 away.

10 Q. Where in your testimony can I find an explanation  
11 of what costs your local rates cover?

12 A. I don't think I get into that depth, mainly  
13 because I'm not sure all of the ins and outs of how  
14 the local exchange tariffs are derived. But I do know  
15 that when Verizon customer A calls Verizon customer B  
16 in the local calling area, the call originates or  
17 terminates within that local calling area. When  
18 Verizon customer A calls Verizon customer B in, you  
19 know, Allentown to Philadelphia, then that would be an  
20 inter-LATA call.

21 Q. It would be an inter-LATA toll call if they're  
22 both Verizon customers?

23 A. Yes. Sure.

24 Q. Okay. But does the routing of the call, that  
25 doesn't necessarily change the jurisdiction of the

1 call; does it?

2 A. Well, again I wasn't trying to change the  
3 jurisdiction. I was just trying to point out that  
4 Verizon is charging this call, as though it's a local  
5 call, but hauling this call to a distant point. And  
6 that transport piece is a cost and Verizon is not  
7 recovering that cost.

8 Q. But you have nothing in your testimony that says  
9 --- strike that.

10 Isn't there a difference between a local rate and  
11 what it costs Verizon to provide that local service?

12 A. I'm not sure I know the answer to that, because I  
13 just don't know that much about local rates.

14 Q. Okay. But you submitted cost studies in this  
15 Docket?

16 A. No, we haven't submitted any cost studies. What  
17 we've tried to do is, in the situation where there is  
18 transport, we've pointed to the union tariff, the  
19 unbundled network element tariff in Pennsylvania. And  
20 we've looked at the interoffice costs for interoffice  
21 unbundled dedicated transport, I believe.

22 Q. But you don't have figures on the amount of  
23 traffic that's exchanged between USLEC and Verizon in  
24 your estimate; do you?

25 A. No, I don't.

1 Q. And you don't have figures on the amount of that  
2 traffic that's exchanged, that never leaves the local  
3 calling area; do you?

4 A. No, no. The language that we've tried to put  
5 together was designed to address the situation, both  
6 for USLEC and other carriers into this particular  
7 agreement. And if there isn't a problem, then there  
8 isn't anything that's needed to be done. So looking  
9 at specific, you know, minutes and other aspects,  
10 we're looking at this more at a higher level.

11 Q. But you've testified that you have an  
12 interconnection area where you're hauling your traffic  
13 outside the local calling area to USLEC?

14 A. Correct.

15 Q. And you've testified that that's a problem?

16 A. Correct.

17 Q. But you haven't quantified that problem; is that  
18 correct?

19 A. No, I have not.

20 Q. And Mr. D'Amico, in order for a form of  
21 interconnection to be expensive, doesn't there have to  
22 be a benchmark to which to compare it to measure what  
23 is expensive?

24 A. I'm not sure. I mean, I guess any point where  
25 Verizon is incurring these costs outside of the local

1 calling area, that is a situation that we're trying to  
2 address. There are some cases where the magnitude is  
3 very high with other CLECs are cumulative with all  
4 CLECs. And there may be situations where it's  
5 relatively low. So I'm not sure that I answered your  
6 question. But that was the best job I can.

7 Q. Just to make sure I understand, it's your  
8 testimony that as soon as it leaves the local calling  
9 area, it's is an expensive cost that you think Verizon  
10 should be able to recover?

11 A. Yes. And also, there is language that talks  
12 about, you know, USLEC can keep its existing  
13 interconnection points, however, Verizon can ask for  
14 blah, blah, blah. I understand USLEC saying, you  
15 know, I'm not sure I trust you because as soon as we  
16 sign this, you're going to ask for that. But I mean,  
17 there could be situations where we look at the  
18 existing IPs or the existing arrangements. And it  
19 stays the same. We've tried to draft this language so  
20 that, here are some guidelines and then the operation  
21 folks who look at the network workings can decide if  
22 the problem is there and if they need to correct it.

23 Q. So Mr. D'Amico, if you know what the typical  
24 Verizon local calling area distance is?

25 A. No. I would imagine it varies.

1 Q. Okay. But whether the calling area is ten miles  
2 wide or 50 miles wide, it's not expensive until it  
3 crosses that boundary; is that correct?

4 A. There could be other reasons where it's expensive  
5 within that local calling area. In other words, it  
6 still could be within this local calling area but you  
7 know, there is a mountain and we have to go to the top  
8 of the mountain or something odd. But looking  
9 specifically at this scenario without any extreme  
10 circumstances, VGRIP is designed to address that  
11 expense --- that expensive arrangement when it's  
12 hauled outside of a calling area.

13 Q. Did you just say that it might be more expensive  
14 to haul a local call inside of a local calling area  
15 because of terrain or distance or something maybe that  
16 it would be better to haul it long distance?

17 A. No. I think what I wanted to say was, you can't  
18 assume, just because the interconnection was within  
19 the local calling area, that there couldn't be other  
20 circumstances that would make it expensive as well.

21 Q. But Verizon is willing --- let me ask it this way  
22 under FCC rules, do you think Verizon has an  
23 obligation to bear the costs of delivering the traffic  
24 to a CLEC if that delivery point is within the local  
25 calling area?

1 A. I think you're asking me an interpretation of the  
2 FCC rules. And I kind of like to stay away from  
3 that. I mean, I'd like to --- it's my understanding  
4 that would satisfy the FCC rules. But again, that's  
5 me as a product manager as opposed to me as a fine  
6 attorney.

7 Q. Understood. Well, if Verizon bearing the  
8 transport cost within the local calling area, is  
9 consistent with FCC rules? Is it your testimony that  
10 Verizon can also refuse to bear those costs within the  
11 local calling area?

12 A. No.

13 Q. Actually, under the virtual IP option, aren't you  
14 shifting calls within the local calling to USLEC or  
15 are you refusing to ---?

16 ATTORNEY PANNER:

17 Asked and answered.

18 ATTORNEY FINN:

19 Okay. I'll withdraw.

20 BY ATTORNEY FINN:

21 Q. Mr. D'Amico, let's turn to rebuttal page eight,  
22 please?

23 A. Okay.

24 Q. On this page at the bottom, you're citing to the  
25 FCC Intercarrer Compensation rule making; correct?

1 A. Like line 18, starting there?

2 Q. Right.

3 A. Yes, I mentioned this NPRM thing.

4 Q. So you've read the NPRM?

5 A. Not the whole thing.

6 Q. So you've read the NPRM?

7 A. Not the whole thing. But I've dabbled on parts  
8 of it. It's been a while. I'm sure there's going to  
9 be a ruling on it soon.

10 ATTORNEY FINN:

11 Your Honor, I'd like to introduce  
12 USLEC Exhibit Number One.

13 JUDGE:

14 So marked.

15 (USLEC Exhibit One marked  
16 for identification.)

17 BY ATTORNEY FINN:

18 Q. Mr. D'Amico, does this document look familiar?

19 A. Yeah.

20 Q. Does it look like it's the NPRM that you cite on  
21 page eight of your testimony?

22 A. Yeah.

23 Q. I should have mentioned, these are just  
24 excerpts. Can you please turn to, I'm sorry,  
25 paragraph 114?

1 A. Okay.

2 Q. And you see about halfway through that paragraph  
3 where it starts, assuming?

4 A. Uh-huh (yes). Yes.

5 Q. Can you read from there to the end of the  
6 paragraph, please?

7 A. Assuming that the ILEC receives reciprocal  
8 compensation for transporting terminating traffic, how  
9 precisely does the distant POI unfairly burden the  
10 LEC? Is the efficiency concern limited to those  
11 instances in which traffic between two networks is  
12 unbalanced and/or where traffic is required beyond a  
13 certain distance? We seek comment on these questions  
14 and any other issues related to the interplay between  
15 our single POI rules and our reciprocal compensation  
16 rules.

17 Q. Mr. D'Amico, is it your understanding that these  
18 questions in this paragraph are part of the FCC's  
19 efforts to investigate allocation of transport  
20 responsible between.

21 ATTORNEY PANNER:

22 I object. I think it goes beyond  
23 the scope of his Direct.

24 ATTORNEY FINN:

25 Well, I think he's sitting this

1 NPRM as supports that Verizon can allocate the  
2 transport under its ----.

3 ATTORNEY PANNER:

4 I didn't understand your question  
5 maybe.

6 JUDGE:

7 Let me simply overrule your  
8 objection, okay.

9 ATTORNEY FINN:

10 I'm sorry. Can you read the  
11 question back.

12 COURT REPORTER READS BACK PREVIOUS QUESTION.

13 BY ATTORNEY FINN:

14 Q. Between LEC, interconnect LEC.

15 A. It appears that they are asking for questions ---  
16 they're asking for comments on some of these questions  
17 and other issues related to this.

18 Q. So the FCC has asked about the distance, traffic  
19 balance ---

20 A. Uh-huh (yes), yes.

21 Q. --- and other issues; correct?

22 A. In this paragraph, yes.

23 Q. Okay. And yet you've testified that it's  
24 Verizon's position that, as soon as it leaves the  
25 local calling area, Verizon shouldn't have to pay,

1 unless it agrees to pay if we establish a physical IP?

2 A. Yes. Again, we're trying to address the  
3 situation where Verizon is hauling traffic outside  
4 local calling area, to a point of interjection where  
5 the CLEC is determined.

6 Q. And so the FCC appears to be examing a number of  
7 factors to determine how to allocate transport  
8 responsibility; correct?

9 A. Yes, it looks like based on some of these  
10 questions, sure.

11 Q. So in other words the FCC is not examining solely  
12 the question of whether ILECs transporting the call  
13 outside of the local calling area?

14 A. In this paragraph, I don't see the match to that  
15 specific question, although again they say any other  
16 issues related to the interplay.

17 Q. So presumably this is an issue that Verizon  
18 raised before the FCC?

19 ATTORNEY PANNER:

20 Objection.

21 JUDGE:

22 And the basis is?

23 ATTORNEY PANNER:

24 Foundation.

25 JUDGE:

1 Thank you.

2 ATTORNEY FINN:

3 The foundation is he said any  
4 other issues that parties may want to raise before the  
5 FCC.

6 JUDGE:

7 I didn't hear him testify at all  
8 about what Verizon's position in front of the FCC was  
9 going to be on this. So I'm going to agree with Mr.  
10 Panner and sustain the objection.

11 ATTORNEY FINN:

12 Okay.

13 BY ATTORNEY FINN:

14 Q. Mr. D'Amico, are you aware what Verizon's  
15 position on this NPRM is?

16 A. I don't know all of the --- I wasn't part of the  
17 drafting for who our response was to this NPRM or if  
18 we're involved.

19 Q. Mr. D'Amico, would you expect Verizon to take  
20 inconsistent positions before a State Public utility  
21 Commission the FCC.

22 ATTORNEY PANNER:

23 Objection, argumentative.

24 ATTORNEY FINN:

25 I'm just asking what he thinks

1 Verizon might do. I don't think it was  
2 argumentative. I'm sorry.

3 JUDGE:

4 I don't think it's argumentative  
5 either. But there isn't too far you can go in this  
6 direction.

7 ATTORNEY FINN:

8 Understood.

9 JUDGE:

10 He can answer this if he knows the  
11 answer.

12 A. I would think that would raise questions. But I  
13 don't know how they set the policy, state versus  
14 regulatory FCC issues.

15 BY ATTORNEY FINN:

16 Q. Okay. Thank you. I'll stop. Mr. D'Amico, are  
17 you familiar with the FCC file reports?

18 A. Less than --- not very much, no.

19 Q. Are you familiar with the concept that the rates  
20 ILEC charge CLECs are subject to the '96 Act  
21 standards?

22 A. Again, it seems like there's a lot of activity.  
23 There has always been a lot of activity when I hear  
24 the word tolerate. And I don't know what the latest  
25 impact is on that. I believe I read somewhere, maybe

1 in our discovery or something, or somewhere else, that  
2 when Verizon files its union rates in, I guess,  
3 Pennsylvania and other states, I think it said they're  
4 telecompliant. But again, I'm not really the expert  
5 on that.

6 ATTORNEY FINN:

7 I'd like to mark another exhibit,  
8 USLEC Number Two.

9 (USLEC Exhibit Two marked  
10 for identification.)

11 JUDGE:

12 So marked. Tell us what it is.

13 ATTORNEY FINN:

14 Well, this is an excerpt of the  
15 FCC rules, 47 CFR.

16 JUDGE:

17 Let me make it perfectly clear  
18 that I only want an excerpt of the rules. I don't  
19 want all of them in the record.

20 BY ATTORNEY FINN:

21 Q. Mr. D'Amico, what I've handed you is an excerpt  
22 of the Federal Communications Commissions Rules, which  
23 are found in 47 CFR?

24 A. Okay.

25 Q. Are you familiar with these rules?

1 A. Yeah. It's been awhile since I've studied them  
2 but, yes, I've seen these before.

3 Q. Okay. Can you turn to subpart F, pricing of  
4 elements, please?

5 A. What does that mean?

6 Q. I'm sorry. It's at the top of the page, it says  
7 subpart F.

8 JUDGE:

9 It's about the second or third  
10 page back.

11 A. I got you.

12 BY ATTORNEY FINN:

13 Q. Okay. 51.501, scope A, can you read that,  
14 please.

15 ATTORNEY PANNER:

16 Your Honor, I'm going to object to  
17 this line. I'm not aware of anything in Mr. D'Amico's  
18 testimony that addresses the application of --- if I'm  
19 mistaken about that then I'll stand corrected, but I  
20 don't believe that he's testified to that application.

21 ATTORNEY FINN:

22 Well, I think he's testified to  
23 costs. He talked about Verizon's costs and how  
24 Verizon should be able to recover its transport  
25 costs. And in order for Verizon to recover its

1 transport costs, I think they have to comply with FCC  
2 rules in order to recover the costs. And so I wanted  
3 to explore whether or not Mr. D'Amico has adequately  
4 testified to costs in his testimony.

5 ATTORNEY PANNER:

6 I don't understand how his  
7 understanding of the FCC's telrate (phonetic) rules  
8 would be relevant to that.

9 JUDGE:

10 Do you want to explain how you  
11 think it's relevant.

12 ATTORNEY FINN:

13 Well, I think he's testified that  
14 it costs Verizon more to transport the costs of local  
15 calling air and they want to recover that.

16 JUDGE:

17 He certainly testified repeatedly  
18 that they want reimbursed for that cost.

19 A. I mentioned it a couple of times.

20 ATTORNEY FINN:

21 And he's also testified that  
22 additional transports cost more. I guess I'm looking  
23 for the cost basis and I'm trying to explore it  
24 through the FCC rules.

25 JUDGE:

1 Did he provide a cost basis that  
2 you were able to find in his testimony.

3 ATTORNEY FINN:

4 No, he did not.

5 JUDGE:

6 Well, if he didn't provide one,  
7 then the issue is the legal one; isn't it? If he  
8 provided no factual basis in your estimation as  
9 Counsel for USLEC, then didn't he reduce the issue to  
10 being a legal one, if at all?

11 ATTORNEY FINN:

12 Okay. I'll withdraw the  
13 question. Thank you.

14 JUDGE:

15 Thank you.

16 A. Do I still need this?

17 BY ATTORNEY FINN:

18 Q. No. Okay. Can we please turn to page two of  
19 your rebuttal testimony?

20 A. Yes.

21 Q. Beginning on line six, are you with me?

22 A. I'm with you. Line six, page two.

23 Q. You state, if, as is the case with many state  
24 LECs, these six customers are internet service  
25 providers, then it is likely that they have been

1 assigned numbers in all or nearly all of the NSX codes  
2 that USLEC has obtained; correct?

3 A. That's what it says, yes.

4 Q. Mr. D'Amico, what is the basis for that  
5 statement?

6 A. Well, it's been my experience as a product  
7 manager, that we have situations with CLECs that serve  
8 ISP providers. And that what they do is there will be  
9 40 or 50 NXS codes and then they'll have individual  
10 numbers within those 40 or 50 codes. And folks will  
11 dial into the internet and Verizon will transport that  
12 traffic to that point of interconnection and then  
13 they'll hand it off to the ISP that a lot of times is  
14 very close to where that U.S. --- where that CLEC is  
15 located.

16 Q. So as to USLEC, you do not have any facts to  
17 support this statement?

18 A. No, that's why I started with if, a little word.

19 Q. And are you aware that USLEC has submitted  
20 supplemental discovery responses to Verizon verifying  
21 that its six foreign exchange customers are not ISP?

22 A. Ask me that again.

23 Q. Are you aware that USLEC has submitted  
24 supplemental discovery responses to Verizon verifying  
25 that USLEC's six foreign exchange customers are not

1 ISPs?

2 A. I think I heard that, but I didn't store it  
3 because that gets more into the FX issue. The point  
4 here I was trying to make was about the situation.  
5 But subject to check, I would agree with that.

6 Q. Okay. But you were using this example to make a  
7 point on issues one and two; correct?

8 A. Sure. Yeah.

9 Q. And now, this example is false as to USLEC?

10 A. Again, assuming that that supplemental thing came  
11 in, yes, at this time that would not be the case for  
12 USLEC, however, that could change in the future, I  
13 guess.

14 Q. Okay. Let's see. The next sentence, moreover,  
15 it is likely that these six customers are located at  
16 or only a very short distance from USLEC switches and  
17 account for the vast majority of the traffic that  
18 Verizon sends to USLEC. Do you see that statement?

19 A. I see that.

20 Q. And again, that statement, because you're using  
21 it is likely, that was not based on facts about  
22 USLEC's network?

23 A. Correct.

24 Q. And, in fact, are you aware that as part of those  
25 supplemental discovery responses, USLEC has verified

1 that none of its customers are collocated at the  
2 switches in Pennsylvania?

3 A. Should I look at those responses or just say  
4 subject to check? Yes.

5 Q. Okay.

6 JUDGE COCHERE:

7 Take your time.

8 A. Thank you.

9 BY ATTORNEY FINN:

10 Q. So if that is the case then this statement with  
11 respect to USLEC is false?

12 A. At this time, yes.

13 Q. All right. Let's turn to page six of your  
14 rebuttal, please.

15 A. Okay.

16 Q. Line 12.

17 A. Line 12.

18 Q. Thus, it is clear that under USLEC's proposal  
19 Verizon would, and this is in quotes, incur specific  
20 costs for which it is not already compensated by the  
21 services it provides its customers that originate its  
22 traffic, closed quotes.

23 A. Yes.

24 Q. What is the basis for this statement?

25 A. The basis being an example or basis being how

1 many situations do I know of that this is occurring  
2 in?

3 Q. Well, you're talking about specific costs here?

4 A. Right. I think what I'm saying is that --- and  
5 it gets back to that --- it's a local call, we're  
6 getting local rates from our end user and the piece  
7 that's going outside is the piece that I'm addressing.

8 Q. But you have haven't addressed --- you haven't  
9 put a dollar figure on the records?

10 A. No. Gosh, no.

11 Q. And also --- I'm sorry if we discussed this  
12 earlier, but we discussed the relationship between  
13 your customers rates and Verizon's costs. And you're  
14 not clear what that relationship is?

15 A. Right.

16 ATTORNEY FINN:

17 Just a moment, Your Honor. I'm  
18 sorry.

19 JUDGE:

20 Certainly.

21 SHORT BREAK TAKEN

22 BY ATTORNEY FINN:

23 Q. Mr. D'Amico, on pages nine and ten of your  
24 rebuttal testimony you say TSR Wireless order?

25 A. Yes, but can I go back just to clear up the

1 record for a second on that previous question you just  
2 asked me?

3 Q. I think that's your Counsel's job on Redirect.

4 A. Okay. All right. Page ten?

5 Q. Page nine and ten, you said the TSR Wireless  
6 order; correct?

7 A. Okay.

8 Q. Are you generally familiar with that order?

9 A. Again, they all start to bleed together after a  
10 while, but, yes.

11 Q. So it's your testimony that in TSR the FCC held  
12 that the recip comp rules apply to traffic exchange  
13 between LEC and paging carriers?

14 A. Yeah, this particular one addressed TSR Wireless,  
15 which is, I believe, a pager carrier, or was. It  
16 probably still is.

17 Q. And you state that the FCC did not address the  
18 issue of whether CLEC must be financially responsible,  
19 but TSR is about a paging carrier, not a CLEC; right?

20 A. Right.

21 Q. And do you know if TSR addressed the issue of  
22 when a paging carrier must be financially responsible?

23 A. I can't recall the whole aspects of it.

24 Q. Do you know if the FCC's rules, reciprocal  
25 compensation rules apply to both CLEC and to paging

1 carriers?

2 A. Yes, but I believe they may have kind of carved  
3 them out a little differently with something about  
4 MTA.

5 Q. Right. Are you aware that in a LEC, the paging  
6 carrier scenario, that MTA is the equivalent of a  
7 local calling area?

8 ATTORNEY PANNER:

9 Objection, calls for a legal  
10 conclusion to which he hasn't testified.

11 ATTORNEY FINN:

12 Well, he testified about some  
13 differences and that difference being the MTA and so  
14 I'm trying to clarify the difference.

15 JUDGE:

16 You did open the door. Objection  
17 overruled.

18 A. Again, I know there is the term MTA in the MTC  
19 order and it applies to wireless. As far as all of  
20 the nuances about that and why the MTC stated what  
21 they stated, I'm not sure?

22 ATTORNEY FINN:

23 Can we have a moment?

24 JUDGE:

25 Certainly.

1 OFF RECORD DISCUSSION

2 BY ATTORNEY FINN:

3 Q. I'm sorry to jump around here. Can we go back to  
4 page eight of your Direct testimony?

5 A. As soon as I find it. Yes, page eight. Okay.

6 Q. Beginning at line four, you stated that under  
7 USLEC's suggested approach Verizon would be required  
8 to carry the call many miles through multiple switches  
9 on its way to USLEC's POI; correct?

10 A. Yes.

11 Q. And the reason Verizon has to carry the call  
12 through multiple switches because that is how Verizon  
13 designed its network; correct?

14 A. Actually when I say multiple switches, it could  
15 either mean switched, physically switched through the  
16 switch or is passing through that wire center. But,  
17 yes, based on Verizon's network, that's the way it  
18 would be run.

19 Q. And USLEC had nothing to do with Verizon's  
20 network design; correct?

21 A. Correct.

22 ATTORNEY FINN:

23 Okay. I'm done with Cross. Thank  
24 you.

25 JUDGE:

1 All right. Are you sure you're  
2 done now?

3 ATTORNEY FINN:

4 Nothing further, Your Honor.

5 JUDGE:

6 Thank you. I think Verizon should  
7 have a couple minutes to discuss its witness. And I  
8 need one or two minutes off the record with Ms. Finn  
9 and Ms. Smith.

10 OFF RECORD DISCUSSION

11 JUDGE:

12 Go back on the record. Before I  
13 let you do that, I actually have a question, if I can  
14 find it. Mr. D'Amico, would you turn to page two of  
15 your rebuttal testimony, please.

16 A. Okay.

17 JUDGE:

18 Looking at the bottom of the page,  
19 your question beginning on line 16 and your answer  
20 beginning on line 19, do you need a minute to take a  
21 look at that?

22 A. Hold on a second.

23 JUDGE:

24 I'll take that to be a yes.

25 A. Yes. Okay. I'm ready.

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JUDGE:

If I understand your point for that question and answer, it is to emphasize that USLEC is handing traffic to Verizon at more than one POI; is that right?

A. Yes.

JUDGE:

However, it is accepting Verizon originated traffic only at its switch in each LATA; is that right?

A. Yes.

JUDGE:

And my question for you then is sort of almost a double negative, but do I understand you correctly that you are not suggesting that it is not technically feasible for USLEC to receive Verizon originated traffic at those particular POIs?

A. Correct, it is technically feasible.

JUDGE:

Fine. That's all I needed to know. Thank you. Now, Counselor.

REDIRECT EXAMINATION

BY ATTORNEY PANNER:

Q. Mr. D'Amico, you'll recall that Ms. Finn asked you if a USLEC customer in Allentown called a Verizon

1 town customer in Allentown, who would bear the cost of  
2 transporting that call from Allentown to the Verizon  
3 POI connection?

4 A. Yes, I recall that.

5 Q. And you testified, did you not, that USLEC, if  
6 the USLEC customer originated the call, would carry  
7 the call to the Verizon tandem or the Verizon end  
8 offices, as the case may be?

9 A. Correct.

10 Q. Now, if a call is going from a USLEC customer in  
11 Allentown to a Verizon customer in Allentown, how far  
12 is that call going end to end?

13 A. What's happening is because USLEC has decided to  
14 locate their switch in Philadelphia, even though the  
15 parties may be across the street, USLEC has to carry  
16 that call to their switch in Philadelphia and then  
17 carry it back. So it's really --- you know, the  
18 reason that situation is occurring is because of the  
19 location of where USLEC has put its switch.

20 Q. So it's really the location of USLEC's switch  
21 that has caused those costs?

22 A. Yes.

23 Q. And did you understand Ms. Montano to testify  
24 this morning that if USLEC has higher costs for  
25 serving a customer far from its switch, that it's free

1 to charge more for that service?

2 A. Yes, I do remember that was the tariff thing.  
3 And my listening to that was that it sounds like if a  
4 USLEC customer --- you know, the distance that it's  
5 located from the USLEC switch impacts what they pay.

6 Q. And in the case of a Verizon customer, does  
7 Verizon receive greater compensation for carrying that  
8 call or if it has to go all the way to ---.

9 ATTORNEY FINN:

10 Objection.

11 JUDGE:

12 Let him finish the question.

13 ATTORNEY FINN:

14 Sorry.

15 ATTORNEY PANNER:

16 A little bird tells me what the  
17 objection is going to be.

18 BY ATTORNEY PANNER:

19 Q. Let me start the question over again.

20 A. Yeah. Start over.

21 Q. Can Verizon charge more for a call that must be  
22 transported to the USLEC switch than it does if the  
23 call is carried and delivered entirely on Verizon's  
24 network within the local calling area?

25 ATTORNEY FINN:

1                   Objection.

2                   JUDGE:

3                   Now, what's the ground?

4                   ATTORNEY FINN:

5                   Leading.

6                   ATTORNEY PANNER:

7                   Actually, Your Honor, I don't  
8 think it was leading. I posed a hypothetical question  
9 and I asked him whether there would be an additional  
10 charge posed. It's an open-ended question. He can  
11 answer yes or no. I understand how it's leading. I  
12 didn't suggest facts that are not in evidence or  
13 anything else.

14                   JUDGE:

15                   I agree. Objection overruled.

16 BY ATTORNEY PANNER:

17 Q. I'll say it again.

18 A. No, I got it.

19                   JUDGE:

20                   Please don't.

21 A. I was just trying to figure out if I should say  
22 something or not. I usually write one on my left hand  
23 and one on my right. Again, although I'm not a local  
24 exchange tariff whiz, I believe the way it works is if  
25 a Verizon customer calls a Verizon customer in that

1 local calling area, you know, that's the rate.

2 If the Verizon customer calls a USLEC customer,  
3 because the rates that are associated with USLEC NSX  
4 is Allentown, then the same rates would apply.

5 BY ATTORNEY PANNER:

6 Q. If Verizon agrees to a particular term with  
7 USLEC, as an interconnection product manager, are you  
8 familiar with whether other CLECs could adopt those  
9 same terms?

10 A. Yes. Without getting into all of the rules of  
11 what they call MFNing, they are opting into a  
12 contract, other carriers are able to opt into or take  
13 advantage of those same terms or conditions is my  
14 understanding.

15 Q. And in your experience as a product manager in  
16 Pennsylvania, are there CLECs who serve mostly or many  
17 ISP customers?

18 A. Yes.

19 Q. And then I want to also, just to clarify  
20 something that Ms. Finn was asking you about and my  
21 Co-Counsel helpfully handed to me and then I promptly  
22 turned away from it, on page two of your rebuttal  
23 testimony, okay, at line six, are you asserting there  
24 that USLEC does, in fact, have six customers who are  
25 internet service providers?

1 A. No. Again, the word if creates a hypothetical  
2 and, you know, it also addresses, where I say that is  
3 the case --- that is the case with many other LECs,  
4 that this situation based on my experience occurs and  
5 if it isn't occurring today with Picker (phonetic)  
6 CLEC, it could occur tomorrow just because of the way  
7 the contract language is written. It kind of opens up  
8 a loophole, if you will, or maybe encourages that type  
9 of activity.

10 Q. And also another CLEC could opt into that  
11 agreement, is that your understanding?

12 A. Yes, correct.

13 Q. Okay. And just to clarify also, when you say,  
14 moreover, it is likely that these six customers are  
15 located at USLEC switches, were you speaking there as  
16 a factual assertion or as a hypothetical?

17 A. That was tied to the first spot of the if. It  
18 was just a continuation.

19 ATTORNEY PANNER:

20 I have nothing further, Your  
21 Honor.

22 ATTORNEY FINN:

23 Can I have a moment, please?

24 JUDGE:

25 Certainly.

1 ATTORNEY FINN:

2 I think I have just one or two  
3 questions, Your Honor.

4 JUDGE:

5 I normally don't impose limits.

6 ATTORNEY FINN:

7 Understood.

8 RE CROSS EXAMINATION

9 BY ATTORNEY FINN:

10 Q. Mr. D'Amico, you and Mr. Panner were just talking  
11 about Verizon's rates and what Verizon can charge its  
12 customers; correct?

13 A. Yes.

14 Q. And I think you were talking about whether or not  
15 Verizon could vary that rate based on the distance it  
16 has to carry the traffic? Did I understand that  
17 correctly?

18 ATTORNEY PANNER:

19 I object on the basis it  
20 mischaracterizes prior testimony.

21 JUDGE:

22 I disagree. The objection is  
23 overruled.

24 A. Do you want to ask that again or do you want me  
25 to say something?

1 BY ATTORNEY FINN:

2 Q. Do you remember what the question was or do you  
3 want it read back?

4 A. Would you read it back?

5 COURT REPORTER READS BACK PREVIOUS QUESTION

6 A. What we were discussing was two scenarios, one  
7 Verizon's situation and that's governed by our local  
8 exchange tariff, and Verizon to USLEC situation and  
9 that too is governed by Verizon's local exchange  
10 tariff. So I think the point that I was trying to  
11 make was that I'm not sure of what the rates are and  
12 how they're developed and all of that, but they would  
13 treat that call the same way as far as billing the end  
14 user, the Verizon end user.

15 Q. Okay. So are you familiar with Verizon's rate  
16 structure, local calling rate structure?

17 A. No, other than to the billing system when it  
18 bills that end user, it looks at the --- that that  
19 call to Allentown looks like a call to Allentown. I  
20 guess it doesn't know that it's going to a USLEC,  
21 wherever it's going to.

22 Q. Are you familiar with Verizon's extended area  
23 service?

24 A. No.

25

ATTORNEY PANNER:



1 Can I please respond?

2 JUDGE:

3 Yes.

4 ATTORNEY SHOR:

5 The parties had various discovery  
6 disputes that we attempted to resolve and we  
7 ultimately didn't resolve that.

8 JUDGE:

9 Yes, and I appreciate that.

10 ATTORNEY SHOR:

11 And we did it in a way that  
12 provided more information for both of us. There have  
13 been questions that Mr. D'Amico has been asked and  
14 answered by both USX Counsel and his Counsel  
15 concerning virtual and foreign exchange customers, the  
16 location of those customers and the types of customers  
17 and that was followed up on Redirect. And in Recross  
18 we are simply introducing as an exhibit marking and  
19 showing, if he wants to say he's never seen it or  
20 whatever and we have to deal with it separately, we'll  
21 deal with it separately. But I think an appropriate  
22 foundation has been laid.

23 JUDGE:

24 Well, you may be right that an  
25 appropriate foundation has been laid, but more

1 importantly than that, you already have the  
2 information of record in this proceeding, because  
3 during Cross Examination by Ms. Finn, Mr. D'Amico  
4 accepted subject to check all of her representations  
5 about the contents of the supplemental discovery,  
6 therefore, it is on the record. I don't see that  
7 Verizon could have any grounds for disputing it unless  
8 they are about to examine that supplemental discovery  
9 and say, no, it doesn't say that. I somehow am  
10 inclined to believe that Ms. Finn had no reason to  
11 misrepresent her own discovery to the opposite side.

12 So with that in mind, I find that  
13 it is immaterial that you've offered that particular  
14 exhibit and it's not necessary to put it in the  
15 record. Is there anything else for this witness?

16 ATTORNEY FINN:

17 Nothing further.

18 JUDGE:

19 Fine. This witness having  
20 testified only on issues one and two is excused.

21 ATTORNEY PANNER:

22 Your Honor, is it all right if Mr.  
23 D'Amico now leaves and goes to the airport?

24 JUDGE:

25 Yes, certainly.

1 OFF RECORD DISCUSSION

2 ATTORNEY SHOR:

3 Your Honor, as a matter of  
4 cleanup, you had asked earlier regarding the numbering  
5 in Ms. Montano's testimony and I double checked and I  
6 think the item on page 31 that is identified as issue  
7 eight should now be remarked as issue nine.

8 JUDGE:

9 And that's in her Direct  
10 testimony?

11 ATTORNEY SHOR:

12 Yes. I think it's 31 at the  
13 bottom or it may be --- depending on how it got marked  
14 is the issue --- the identification of the issue at  
15 the very bottom.

16 JUDGE:

17 Yes, I had already marked it issue  
18 number nine.

19 ATTORNEY SHOR:

20 Are you ready for the next  
21 witness?

22 JUDGE:

23 No, actually we have one more bit  
24 of old business with Ms. Finn.

25 ATTORNEY FINN:

1 Yes. I can't find the one I wrote  
2 on, but I think I just found another one, so we'll  
3 write on it again.

4 JUDGE:

5 And now that you've written on it  
6 would you like to move it into evidence?

7 ATTORNEY FINN:

8 Yes, Your Honor. USLEC would like  
9 to move USLEC Exhibit One into evidence.

10 JUDGE:

11 Admitted without objection. Is  
12 USLEC Exhibit Number Two identified and withdrawn?

13 ATTORNEY FINN:

14 Yes, USLEC Exhibit Number Two is  
15 identified and withdrawn.

16 JUDGE:

17 Fine. All right. Now, I believe  
18 we are back to Ms. Montano, who by virtue of her prior  
19 appearance continues to be under oath and is now  
20 responsible for the remainder and numerical order of  
21 the issues that are left in this proceeding. And  
22 Mr. Shor, I find it hard to be believe you would need  
23 to do much introduction, but whatever you think is  
24 necessary.

25 ATTORNEY SHOR:

1 Ms. Montano is available for Cross  
2 Examination on issues three, four, five, six, eight  
3 and nine.

4 JUDGE:

5 Yes. And I quite agree. Mr.  
6 Panner.

7 ATTORNEY PANNER:

8 Thank you.

9 WANDA MONTANO, PREVIOUSLY SWORN, RECALLED TO TESTIFY  
10 RECROSS EXAMINATION  
11 BY ATTORNEY PANNER:

12 Q. Ms. Montano, on issues three and four, you've  
13 testified that Voice Information Services traffic ---  
14 and this is your Direct testimony, on page --- I  
15 apologize. On page 12, line 22 and then going over to  
16 page 13, line one, you've testified that Voice  
17 Information Services traffic, as defined in the  
18 agreement, quote, cannot be characterized as  
19 interstate or intrastate exchange access, information  
20 access or exchange services for exchange access or  
21 information access, is that your testimony?

22 A. Yes, it is.

23 Q. Is that a legal conclusion?

24 A. It is my understanding of the issue.

25 Q. Is it a legal conclusion?

1 A. I think the legal conclusions are for the Judge  
2 to draw, not for me.

3 Q. Is it a legal conclusion?

4 ATTORNEY SHOR:

5 Asked and answered.

6 ATTORNEY PANNER:

7 I disagree. It hasn't been  
8 answered.

9 BY ATTORNEY PANNER:

10 Q. It's a simple yes or no. Is it a legal  
11 conclusion or is it not a legal conclusion?

12 ATTORNEY SHOR:

13 Asked and answered.

14 JUDGE:

15 I'm at the point in the day where  
16 I don't particularly care. If it's a legal  
17 conclusion, I'll deal with it any way I want. If it's  
18 not a legal conclusion, I'll regard it as factual  
19 text.

20 BY ATTORNEY PANNER:

21 Q. I'll pass on now to issue five. Ms. Montano, do  
22 you know what it means for USLEC to receive traffic  
23 from Verizon's network?

24 A. Are you talking about the testimony that begins  
25 on page 16?

1 Q. I'm simply asking the question, do you know what  
2 it means for USLEC to receive traffic from Verizon's  
3 network?

4 A. Based on the definition that you guys have  
5 proposed in the interconnection agreement?

6 Q. If I say to you that USLEC has received traffic  
7 from Verizon'S network, do you know what I mean?

8 A. No, because we don't use that word. We use  
9 originating and terminating.

10 Q. So your testimony is that you do not know what it  
11 means?

12 A. Not in terms of an industry standard term, in  
13 terms of how traffic flows.

14 Q. Okay. I'd like to go on to issue six. Does  
15 USLEC --- first of all, can you describe for me what a  
16 traditional FX service is?

17 A. My understanding of foreign exchange service is  
18 that a customer has a location in one calling area and  
19 would like for customers of their business in a  
20 calling area to be able to make a local call to them  
21 rather than a toll call.

22 Q. And do you know how Verizon provisions a  
23 traditional FX service?

24 A. No, I do not.

25 Q. Okay. Now, does USLEC offer FX service?

1 A. Yes, we do.

2 Q. Now, would you agree that it's possible to  
3 provision FX service by offering switching service out  
4 of an end office and then provisioning a dedicated  
5 line from that end office to a customer location in a  
6 different local exchange? Would that be possible?

7 A. Can you break that into smaller pieces?

8 Q. Sure. In a traditional --- have you read the  
9 testimony of Mr. Haynes?

10 A. Yes, I have.

11 Q. In that testimony, I believe he describes a  
12 traditional FX service as one in which --- and I'll  
13 try to break it down for you, one in which a customer  
14 purchases service in a foreign end office and then  
15 purchases transport from that end office to the  
16 customer location in a different exchange. Do you  
17 understand that?

18 A. Yes, I do.

19 Q. Okay. Does USLEC offer FX service in this  
20 fashion?

21 A. Yes, we do.

22 Q. So you offer service in a fashion where you have  
23 --- you have a customer who is located in --- okay.  
24 Let me break that down. When you offer FX service, is  
25 your switch --- do you require --- is your switch

1 always in the exchange area associated with the NXX  
2 code assigned to the customer?

3 A. No, it is not.

4 Q. So it might well be true that the switch is quite  
5 distant from the local exchange area associated with  
6 the assigned NXX code; is that correct?

7 A. Yes.

8 Q. And, in fact, you would offer FX service,  
9 offering NXX codes associated with any NXX code in the  
10 LATA where you have assigned numbers out of one switch  
11 in the LATA; is this correct?

12 A. That's correct.

13 Q. Now, compared to offering --- if you offer FX  
14 service, do you impose an additional charge?

15 A. Yes, we do.

16 Q. Do you know how much that charge is?

17 A. I believe it's \$1,000 a month, plus \$500  
18 non-referring charge, plus hunting fees. There are  
19 antilog trunk fees as well, I believe of \$12 a month.

20 Q. Okay. Now, what additional costs do you have  
21 when you're --- I'll withdraw that question.

22 I'm going to go to the board here and I'll try to  
23 ---.

24 OFF RECORD DISCUSSION

25 BY ATTORNEY PANNER:

1 Q. I'm going to draw a schematic here. I'm going to  
2 call this exchange area A. And I'm going to call this  
3 exchange area B. And we're going to have a customer  
4 here, we'll call him customer X. I'm going to have a  
5 customer here, we'll call her customer Y. Now, can  
6 you tell me is the call from X to Y a local call?

7 A. That would depend on what Verizon's tariff says  
8 is the calling area between A and B.

9 Q. But as I've described this, this is outside the  
10 exchange area for the subscriber X. So it's in a  
11 different exchange area, no EAS, nothing fancy. It's  
12 just there is a local exchange area here, a local  
13 exchange area here, a call connect, a call Y, is that  
14 a local call?

15 A. Could you define exchange area for me because  
16 we've talked about local calling areas and serving  
17 wire centers, that's a term that I don't understand.

18 Q. Okay. A local exchange area is an area in which  
19 calls between customer stations are considered local

20 ---

21 A. Okay.

22 Q. --- where the stations are located within the  
23 exchange area. Is the call from X to Y --- and I  
24 believe that's paraphrasing the way that's defined in  
25 the tariff subject to check. But is a call from X to

- 1 Y a local call?
- 2 A. As you've defined it, yes.
- 3 Q. X is in exchange area A?
- 4 A. Uh-huh (yes).
- 5 Q. Y is in exchange area B, a different exchange  
6 area?
- 7 A. Yes.
- 8 Q. Is a call from X to Y a local call?
- 9 A. I don't believe so.
- 10 Q. Okay. So the answer is no?
- 11 A. That's correct.
- 12 Q. Okay. Well, what if the NPA/NXX of the X  
13 customer and the Y customer are, in fact, associated  
14 with the same local calling area? In other words, you  
15 could have a customer here, Y, right, who has an NPA,  
16 an assigned NPA/NXX associated with the local calling  
17 area A, ---
- 18 A. Okay.
- 19 Q. --- would it still be an interexchanged call?
- 20 A. No, that would be a foreign exchange call.
- 21 Q. It can be a local call?
- 22 A. It would be a local call because the customer has  
23 purchased foreign exchange.
- 24 Q. So in your view that would be defined as a local  
25 call?

1 A. Yes.

2 Q. Would the reciprocal compensation apply to that  
3 call?

4 A. Yes.

5 Q. Okay. In fact, so X --- let me just clarify one  
6 thing. Even if USLEC's switch is here and Verizon is  
7 the one transporting the traffic all the way to here,  
8 not only in your view is Verizon not entitled to any  
9 compensation for this transport, Verizon must pay  
10 USLEC to deliver that call to Y; is that correct?

11 A. I believe that that pricing structure would apply  
12 regardless of whether your company is offering the  
13 foreign exchange or mine. The traffic flows in both  
14 directions, so, yes.

15 Q. Okay. So the answer is, yes, we would have to  
16 pay you in that circumstance?

17 A. Yes. And you would have to pay me in the  
18 opposite direction.

19 Q. Okay. That's fine.

20 A. I'm sorry. Let me correct that. I would have to  
21 pay you in the opposite direction.

22 Q. That's fine. That's what you think we're  
23 entitled to?

24 A. That is the way the networks work today and that  
25 is the way the rules are today.

1 Q. Okay. And you're charging an extra, you said I  
2 think it was, 500 ticks and \$1,000 a month or 1,000  
3 ticks, \$500 a month, to deliver the call from this  
4 customer Y for this FX service; is that correct?

5 A. The charges that we apply to the customer have to  
6 do with the facility that the customer purchases from  
7 us to get from one calling area to the other.

8 Q. But, in fact, the customer in my example is  
9 located right next to your switch, isn't he, or she?  
10 Y is she. So Y is located right next to your switch  
11 in my example; isn't she?

12 A. Yes.

13 Q. And yet you're charging her extra to provide this  
14 FX service; is that correct?

15 A. That's the nature of the service, yes.

16 Q. Thank you. Now, let me ask you one more  
17 question. You've testified, have you not, --- let me  
18 ask you one further question. You've testified, have  
19 you not, that the NPA/NXXs of these two customers is  
20 the same, that it's a local call but it's reciprocal  
21 compensation; is that correct?

22 A. I'm sorry. Could you restate that?

23 Q. You've testified that --- and I didn't really say  
24 that exactly right, so thanks. If the NPA/NXXs of the  
25 two customers are associated with the same local

1 calling area, that it's a local call but it's  
2 reciprocal compensation, is that your testimony?

3 A. Yes, it is.

4 Q. Now, suppose that I told you that customer Y was  
5 located in South Carolina and customer X was located  
6 in Pennsylvania, would your conclusion change that  
7 it's a local call?

8 A. Yes, my conclusion would change, but USLEC  
9 wouldn't offer that service to its subscribers.

10 ATTORNEY PANNER:

11 Your Honor, I'd like to mark  
12 Exhibit VZ-5.

13 JUDGE:

14 So marked.  
15 (Exhibit VZ-5 marked  
16 for identification.)

17 JUDGE:

18 What is it?

19 ATTORNEY PANNER:

20 It is a printout of a page from  
21 the USLEC website describing the long distance and  
22 toll free services that USLEC offers.

23 ATTORNEY SHOR:

24 Do you have one more?

25 ATTORNEY PANNER:

1 Sure.

2 ATTORNEY SHOR:

3 Thank you.

4 BY ATTORNEY PANNER:

5 Q. Okay. Can you turn to page two and go down to  
6 the third bolded heading. And I'm going to read  
7 that. It says, local toll free trademark service, is  
8 that correct, is that the heading?

9 A. Yes.

10 Q. It says local toll free service allows your  
11 customers in another city to make a local call to you,  
12 is that correctly read?

13 A. Yes.

14 Q. And it says USLEC's local toll free service lets  
15 you establish local phone number across the USLEC  
16 footprint, is that what it says?

17 A. Yes.

18 Q. What is the USLEC footprint?

19 A. I did not write this so I have no idea who the  
20 author is or what was meant. I can speculate that in  
21 --- when we, within the company talk about footprint,  
22 it's the 14 states that we provide service in.

23 Q. Then it says this unique inbound calling service  
24 allows anyone to place a, quote, free, end quote,  
25 local call to you from anywhere within USLEC's

1 territory with you picking up the charges at a lower  
2 cost; is that correct?

3 A. Yes.

4 ATTORNEY PANNER:

5 I have no further questions.

6 ATTORNEY SHOR:

7 Just a minute.

8 REDIRECT EXAMINATION

9 BY ATTORNEY SHOR:

10 Q. Just a couple of questions on Redirect,  
11 Ms. Montano. In the diagram that was drawn,  
12 Mr. Panner was asking you about the charges that USLEC  
13 assesses on to its FX customers for service; do you  
14 recall that?

15 A. Yes.

16 Q. And he propositied (phonetic) to you the situation  
17 where the FX customer is located, I think he put it,  
18 near the USLEC switch; do you recall that?

19 A. Yes, sir.

20 Q. Do you know whether any of USLEC's FX customers  
21 in Pennsylvania are located near the USLEC switch?

22 A. Yes, I believe they are.

23 Q. What's that distance?

24 A. I believe it is less than five miles.

25 Q. And are there others that are located at greater

1 distances?

2 A. Yes, there are.

3 Q. What are those distances?

4 A. I think there is one at 12 miles.

5 Q. And do you have any recollection what the average  
6 distance is?

7 A. No, I don't, but I believe it's in the discovery  
8 that we submitted.

9 Q. And with respect to the information from the  
10 website that you were just asked about, do you know  
11 how that service is provisioned?

12 A. I believe it is provisioned as an enhancement to  
13 our toll free service, inbound 800 service.

14 Q. So that it could, in fact, be a corollary to the  
15 800 service that USLEC also offers?

16 A. Yes.

17 Q. Are you aware of any customers in the  
18 Pennsylvania area who utilize this service to permit  
19 customers to call them outside of the State of  
20 Pennsylvania?

21 A. No, I'm not.

22 ATTORNEY SHOR:

23 I have nothing further.

24 ATTORNEY PANNER:

25 Just one thing.

1 RE CROSS EXAMINATION

2 BY ATTORNEY PANNER:

3 Q. You said it's a corollary to your 800 service?

4 A. Uh-huh (yes).

5 Q. But the switch would nonetheless recognize it ---  
6 Verizon's switch would nonetheless route it and rate  
7 it as a local call; is that correct?

8 A. From the ---.

9 ATTORNEY SHOR:

10 Objection, calls for speculation  
11 by the witness as to how Verizon's switch would read  
12 it. She says she is guessing as to how it's  
13 provisioned.

14 ATTORNEY PANNER:

15 Your Honor, she has testified  
16 extensively about how in the industry calls are rated  
17 and routed.

18 JUDGE:

19 Ms. Montano, try to answer the  
20 question to the best of your ability.

21 A. Yes, sir. My speculation on how we provide this  
22 service is that the customer would have an 800 number  
23 or an 8XX number. Your switch would see that, it  
24 would do the appropriate dip into the impact database  
25 and determine whether or not that call would get

1 routed either to the customer's interexchange pick or  
2 would get routed to us over USLEC Net, which is our  
3 long distance service.

4 BY ATTORNEY PANNER:

5 Q. When you hear the phrase local phone numbers, do  
6 you think that that phrase includes 800 numbers?

7 A. It could.

8 Q. Okay. And would you have to pay access charges  
9 on such calls?

10 A. It depends on how it's routed. If this  
11 particular customer --- because we also have a long  
12 distance product, if they were pic'd, P-I-C apostrophe  
13 D, they pic'd us to be their long distance service,  
14 then we would carry that traffic on our network  
15 because we have a backbone network that connects our  
16 switches and deliver it to the customer on the other  
17 end, in which case no access charges would apply  
18 because I would be the sole carrier of the call.

19 If the customer is pic'd to Verizon for a long  
20 distance service or AT&T or anyone else, then, yes,  
21 access charges would apply.

22 COURT REPORTER READS BACK PREVIOUS ANSWER

23 BY ATTORNEY PANNER:

24 Q. Just to clean up the record. Do you know if  
25 USLEC pic'd an interexchange carrier for a Verizon

1 local customer if USLEC has to pay access charges on  
2 long distance traffic that that customer originates?

3 A. Let me see if I can restate your question because  
4 I'm not sure I understand it. Are you asking whether  
5 a Verizon local customer could pick USLEC as their  
6 long distance carrier?

7 Q. Okay. Well, that's part of it.

8 JUDGE:

9 That's the first part.

10 A. The answer is yes.

11 BY ATTORNEY PANNER:

12 Q. Okay. And if that were the case, would USLEC  
13 have to pay access charges to Verizon on long distance  
14 calls made by that customer?

15 A. Yes.

16 Q. Okay. So, in fact, access charges --- whether  
17 access charges are due doesn't depend on whether USLEC  
18 is pic'd by XC or not?

19 A. It depends on the call routing.

20 ATTORNEY PANNER:

21 Okay. I have nothing further.

22 JUDGE:

23 Any Redirect on that basis?

24 ATTORNEY SHOR:

25 No.

1                   JUDGE:

2                   The witness is excused and thank  
3 you for coming.

4 OFF RECORD DISCUSSION

5                   JUDGE:

6                   And do you want to introduce this  
7 witness to us?

8                   ATTORNEY PANNER:

9                   Sure.

10 TERRY HAYNES, PREVIOUSLY SWORN, CALLED TO TESTIFY

11 DIRECT EXAMINATION

12 BY ATTORNEY PANNER:

13 Q.     Can you state your name and business address?

14 A.     Yes.   I'm Terry Haynes, 600 Hidden Ridge, Irving,  
15 Texas and the ZIP is 75038.

16 Q.     Who is your employer?

17 A.     I'm employed by Verizon as a manager and the  
18 regulator person.

19                   JUDGE:

20                   And Mr. Haynes, I want to welcome  
21 you to the hearing this morning and also remind you  
22 that early this morning you took your oath as a  
23 witness?

24 A.     Yes, sir.

25                   JUDGE:

1 And you continue to be in that  
2 position now.

3 A. I understand.

4 JUDGE:

5 Thank you. Could you give your  
6 title, please?

7 A. Manager of the state regulatory.

8 BY ATTORNEY PANNER:

9 Q. Did you cause to have prepare for this proceeding  
10 this 20 --- well, 20 pages of Direct testimony?

11 A. Yes, I did.

12 Q. Dated May 31st, 2002?

13 A. Yes.

14 Q. Do you have any corrections to make to that  
15 testimony?

16 A. No.

17 Q. If those same questions were asked of you today  
18 would you give the same answers?

19 A. Yes, I would.

20 Q. Did you cause to have prepared 14 pages of  
21 rebuttal testimony that was filed on July 9th, 2000?

22 A. Yes, I did.

23 Q. Do you have any corrections to make to that?

24 A. None to that.

25 Q. If you were asked the same questions today would

1 you give the same answers?

2 A. Yes, I would.

3 ATTORNEY PANNER:

4 I offer his testimony subject to  
5 Cross Examination.

6 JUDGE:

7 The Direct testimony of Mr. Haynes  
8 and the rebuttal testimony of Mr. Haynes are admitted  
9 subject to Cross Examination and any timely motion.  
10 And we have one small old business thing to clean up  
11 and that is VZ Exhibit Five.

12 ATTORNEY PANNER:

13 Thank you, Your Honor. I'd like  
14 to move admission of Verizon Exhibit Five.

15 JUDGE:

16 Admitted without objection.

17 Mr. Shor.

18 ATTORNEY SHOR:

19 Thank you, Your Honor.

20 CROSS EXAMINATION

21 BY ATTORNEY SHOR:

22 Q. Mr. Haynes, my name is Michael Shor. I'm here as  
23 Counsel for USLEC of Pennsylvania. I'd like to ask  
24 you a few questions this afternoon, please.  
25 Mr. Haynes, to your knowledge does Verizon offer a

1 service known as foreign exchange in Pennsylvania?

2 A. Yes, they do.

3 Q. And how does that work?

4 A. It's my understanding that it is provisioned in a  
5 manner --- I'll try to use some examples. Let's use  
6 the Allentown, Philadelphia example. They seem  
7 popular today. If I had an Allentown customer that  
8 wanted to have a virtual or foreign exchange presence  
9 in the Philadelphia location, that customer would  
10 negotiate with Verizon for that service. As part of  
11 that service they would lease a loop (phonetic) that  
12 would connect the location in Allentown with the  
13 location in Philadelphia. And they would have a  
14 virtual presence, if you will, from the Philadelphia  
15 location back to Allentown or you could turn it around  
16 and use it the other way. So it would involve having  
17 a lease to loop plus a local service number type of  
18 service.

19 Q. So as I understand it, Verizon would assign a  
20 telephone number to a customer who is physically  
21 located in Allentown?

22 A. Yes.

23 Q. And has an NPA/NXX that is associated with the  
24 Philadelphia local calling area?

25 A. That's correct.

1 Q. Okay. And in essence, that gives that Allentown  
2 customer what we called a virtual presence in the  
3 Philadelphia calling area?

4 A. Yes. Their physical location would still be in  
5 Allentown, but the loop that they would pay for that  
6 connects the two towns together would be the  
7 compensation Verizon would get in lieu of what would  
8 normally be toll calls.

9 Q. And that arrangement allows customers in  
10 Philadelphia to call the Allentown customer without  
11 incurring a toll charge; is that correct?

12 A. That's correct. We get our compensation and that  
13 loss that we experience is recovery for the cost for  
14 that loop that's leased between the two points.

15 Q. Do you have any idea approximately how many  
16 customers in Pennsylvania utilize Verizon's foreign  
17 exchange service?

18 A. I don't know. We were trying to find an easy way  
19 to get that information in our system. I understood  
20 that was a data request. I don't think we got it, but  
21 we were looking for it.

22 Q. Do you generally have an idea across Verizon's  
23 footprint how many people utilize foreign exchange  
24 service?

25 A. Percentage-wise it's extremely small. I had a

1 chance to look into it awhile back for another  
2 situation and it turned out to be much less than one  
3 percent of our total customers.

4 Q. But that could still be a fairly substantial  
5 number of customers even though it's a small  
6 percentage of Verizon's total customer base?

7 A. Yes. If you have a base of 70 million  
8 nationally, it would be a big number. If you have a  
9 base of whatever it is locally --- I don't know the  
10 exact numbers.

11 Q. Do you have any idea what the Verizon customer  
12 base is in Pennsylvania?

13 A. I think I remember reading somewhere around six  
14 million customers. I don't know that to be --- I  
15 wouldn't swear to that, but it's just a rough number.

16 Q. Math has never been one of my strong points, but  
17 one percent of six million is 1,000.

18 ATTORNEY PANNER:

19 It would be something with a six  
20 in it.

21 BY ATTORNEY SHOR:

22 Q. So it's something less than 6,000?

23 A. I would probably agree it's something less than  
24 6,000.

25 Q. So it's within the range of maybe 4,000 to 6,000

1 customer utilize it?

2 A. Again, I just remember the number in Florida  
3 being much less than one percent. I don't remember if  
4 it's .8, .5. I don't recall.

5 Q. Now, to your knowledge, is Verizon's foreign  
6 exchange legal in Pennsylvania?

7 A. It's my understanding that it's a tariff service  
8 that we express to the Commission and the Commission  
9 approved it.

10 Q. Okay. And as I understand it, Verizon has been  
11 billing and collecting reciprocal compensation from  
12 CLEC whose customer have been calling Verizon's FX  
13 customers?

14 A. That is an understanding that I would agree with  
15 and I want to elaborate on that understanding. The  
16 system that we have in place was built --- and I'd  
17 have to get some information, historical information  
18 to confirm how it is here in Pennsylvania, but I know  
19 from my experience, which is more former GT than  
20 former Bell Atlantic, we have had a system in place  
21 for a very long time that was built from the idea that  
22 a call that originated at one NPA/NXX and terminated  
23 another NPA/NXX compared those two to determine if it  
24 was going to be treated as a local or if it was going  
25 to be treated as an access call. And that was based

1 on the premise that we didn't have other providers  
2 like CLEC. We had us, then ILEC, another ILEC which  
3 we principally exchanged traffic with and that was  
4 generally balanced, roughly 50 percent one way, 50  
5 percent the other so there wasn't an issue, concerned  
6 on our part.

7       So our billing system wasn't built to take into  
8 consideration the possibility that we might have a lot  
9 of traffic going one way. And elaborating on that, I  
10 guess what I'm trying to say is that if we had a  
11 literal comparison of the termination and origination  
12 point, by our definition a call that originates in one  
13 place and terminates in another that's not local at  
14 that point should be entitled to access.

15       So I believe I expressed in my testimony that has  
16 been submitted that we would be willing to work with a  
17 CLEC. And we, in fact, offered to do that, as an  
18 example. We said we realized we have traffic that's  
19 coming from you to us and vice versa. In those  
20 situations where we've been treating that as recip  
21 comp, we'd be willing to work to get a measurement  
22 established to put in a tool that would allow us to  
23 compensate with access rather than recip comp.

24 Q.     Thanks. But I just want to see if I can do a  
25 short form summary. The answer is that, yes, Verizon

1 has been billing and collecting recip comp from CLEC  
2 for calls to Verizon's FX customers?

3 A. Yeah, just based on the fact that the system  
4 doesn't have a way to differentiate at this point.

5 Q. And, in fact, because the billing system and the  
6 routing system can't distinguish?

7 A. It doesn't have a tool built into it, that's  
8 correct.

9 Q. Okay. It looks at the NPA/NXXs and if they're  
10 associated with the same local calling area it's rated  
11 to the originating caller as a local call?

12 A. That's correct.

13 Q. And if the NPA/NXX is assigned in one instance to  
14 --- if the NPA/NXX as the calling party is associated  
15 with the CLEC and the NPA/NXX of the call party is  
16 associated with Verizon foreign exchange customer,  
17 Verizon will bill that CLEC recip comp?

18 A. Right. Once again, because the system has no  
19 intelligence to do otherwise.

20 Q. Now, does Verizon offer a service known as  
21 Enhanced Intellilink, PRI hub service in Pennsylvania?

22 A. Yes, they do, that's my understanding.

23 Q. Can you tell me how that service works?

24 A. I can give a broad description. I'm not a  
25 literal expert but I've had the experts tell me a

1 little bit about it. As I understand, we have two  
2 services that are very similar in terms of --- not  
3 only that and something else called IPRS. So you've  
4 got the service you just described and another one.  
5 In both cases, as I understand, the service is a local  
6 customer is trying to reach lease services by the ISP  
7 termination. So they try to get ahold of the internet  
8 service provider.

9 So we have an end user that dials into the switch  
10 and that switch recognizes the number being dialed as  
11 one that's part of the service that an ISP has paid  
12 for. And it routes that call or that communication to  
13 a hub and the hub then hands off via the dedicated  
14 loop that the ISP pays for, the traffic that's destine  
15 for the internet. And the compensation we receive in  
16 that case, I know there is a state tariff for the  
17 service you described and there is a federal tariff  
18 for the other services, but both services we receive  
19 compensation. The transport portion of that based on  
20 the monthly rates that the customer for the service  
21 would pay --- so we got a rate that's including that  
22 transport ---.

23 Q. Now, to your knowledge, does the customer who  
24 purchased the service, are they given NPA/NXXs that  
25 are associated with local calling areas?

1 A. Yes, they are.

2 Q. So it's not a 1-800 or a 1-500 type service ---

3 A. As I understand ---.

4 Q. --- in this particular one?

5 A. In the example I just described, I believe it has  
6 an add-on if they want to use it, that being the  
7 customer, of having 1-500 options, it's my  
8 understanding generally they chose the local numbers,  
9 but it does have an option.

10 Q. And to your knowledge, do any of the ISPs that  
11 that service is sold to, co-locate with Verizon in any  
12 of its switches?

13 A. Honest to goodness, my understanding of the  
14 general arrangement of it, I don't know. I know we  
15 have the hubs, but I'm not sure how far they are  
16 located away from those hubs, where it passes off. I  
17 do know they have a link, but I don't know how far  
18 those links run before it reaches the ISP. I don't  
19 know.

20 Q. Is it possible that some of those customers are  
21 co-located with ---?

22 A. It's certainly possible, yes.

23 Q. Let me finish the question.

24 A. I'm sorry.

25 Q. It's possible that some of those customers are

1 co-located within Verizon switches?

2 A. It's certainly possible. If they've leased space  
3 from us I would think it's an arrangement they can  
4 secure.

5 Q. To your knowledge, is it possible for the ISP  
6 customer, the end user customer, to be located outside  
7 of the LATA within which the local calling numbers are  
8 assigned?

9 A. As I understand the infrastructure that's in  
10 place, let me use Pennsylvania since it's what we're  
11 addressing, for the structure here we have 30 some  
12 hubs deployed across the state and they have links in  
13 from the various local central offices to those hubs.  
14 Once it reaches those hubs, I believe the ISP provider  
15 can order its dedicated loop and it can be any length  
16 it wants to be at that point because they're buying a  
17 loop, not necessarily from us. They can buy it from  
18 anybody. And we simply took it to that loop and sent  
19 it to wherever it terminated.

20 Q. So you don't necessarily know where it  
21 terminates?

22 A. No, I don't, honestly. Somebody that's a product  
23 expert may have some idea, but I don't.

24 Q. So to your knowledge could it possibly terminate  
25 outside of the LATA where the local calling numbers

1 are assigned?

2 A. In my understanding of it, theoretically it  
3 could. I don't have the precise knowledge about any  
4 perimeters that might have been established to prevent  
5 that. I just don't know the details.

6 Q. Thank you. And like Verizon's foreign exchange  
7 service, in essence, this gives the Enhanced  
8 Intellilink customer a virtual presence in a calling  
9 area where it has no physical locations?

10 A. Well, the similitudes between the two that I  
11 find significant to me is that in both cases Verizon  
12 is compensated for the transport that it's provided  
13 across the distance because our concern has been  
14 around the issue of whether or not transports are  
15 going to be provided free of charge and several CLECs  
16 have asked us to provide it versus being compensated  
17 to be transported to go some distance.

18 Q. But focusing on the service that's provided to  
19 the ISPs --- and let's stick with our Allentown and  
20 Philadelphia example. We can have an ISP that's  
21 located in this instance in Philadelphia.

22 A. Right.

23 Q. And maybe they're located in Allentown because  
24 the real estate costs are cheaper. But let's put them  
25 in Allentown and they want a Philadelphia number and

1 they choose, for whatever reason, to utilize this  
2 service, it gives that ISP in Allentown a virtual  
3 presence, if you will, in Philadelphia?

4 A. Yeah. Physically speaking, the way I'd  
5 understand that example, we have a hub somewhere close  
6 to Allentown. It may not be in Philadelphia. It may  
7 be fairly close to Allentown. It's based on quantity  
8 of hauls coming into the hub. And they would have an  
9 arrangement where the end user that's using an ISP  
10 would call into our switch and the switch would then  
11 hand off to the hub, however close it might be, it  
12 could be as far away as Philadelphia but my guess is  
13 based on having, I think 38 hubs in the state, it  
14 would be fairly close to Allentown.

15 Q. But the question is it gives the ISP located in  
16 Allentown a virtual presence in Philadelphia? People  
17 can call that number in Philadelphia and think that  
18 the ISP is located there?

19 A. Let me back up and be sure I'm understanding  
20 you. Because maybe what you just said and what I'm  
21 saying are at odds with each other. If we have an  
22 Allentown end user trying to reach somebody  
23 subscribing to this service, they're going to have a  
24 number that appears to be local to Allentown. And  
25 when it connects it's going to hand off to hub fairly

1 close to Allentown based on the number of products we  
2 have in the state. And then from that hub it will go  
3 over to a dedicated loop somewhere. It may go to  
4 Philadelphia if that's where your device is located.  
5 It may stay in Allentown as you indicated if they have  
6 cheap real estate.

7 Q. We're not necessarily looking at how it's routed  
8 or routed rather, but it gives --- the end user, in  
9 essence, gets a presence in a calling area where it  
10 does not have a physical facility?

11 A. Well, it would have a one-way presence there,  
12 that would be similar --- one way when you compare it  
13 to FX. FX that we provide, forces two ways, it works  
14 both directions and it's voice service where this is  
15 focused on ISP only.

16 Q. And it's a data service?

17 A. Yes, strictly focused on data service.

18 Q. And it allows customers in Philadelphia to call  
19 an ISP located in Allentown without incurring the cost  
20 of a toll charge?

21 A. Yes, if you turn the situation around it would be  
22 possible to do that.

23 Q. To your knowledge, is Verizon's Enhanced  
24 Intellilink PRI hub service legal in Pennsylvania?

25 A. It's my understanding it's a service that's been

1 approved.

2 Q. And without getting into numbers, is it your  
3 understanding that there are some customers in  
4 Pennsylvania who utilize that service?

5 A. I think we did some discovery on that and I  
6 understood that we got data from Pittsburgh, which was  
7 like five or six customers and there is just a handful  
8 around Philadelphia.

9 ATTORNEY SHOR:

10 Would you mind marking that  
11 portion of that answer as confidential? I did not ask  
12 for ---.

13 JUDGE:

14 Go off the record.

15 OFF RECORD DISCUSSION

16 JUDGE:

17 Our off the record discussion  
18 reflected that Counsel for USLEC was trying earnestly  
19 to honor his commitment to treat confidential  
20 information as confidential, however, Verizon has  
21 kindly waived it for that brief answer.

22 ATTORNEY SHOR:

23 Thank you.

24 BY ATTORNEY SHOR:

25 Q. And as I understand it, Mr. Haynes, Verizon has

1 billed and collected reciprocal compensation from CLEC  
2 whose customers may have called Enhanced Intellilink  
3 customers served by Verizon?

4 A. To the degree that it's occurred, I have to deal  
5 in theory rather than practices, I don't know if there  
6 have been any actual costs terminated. But in theory,  
7 it could have been.

8 Q. Were you involved in the preparation of Verizon's  
9 supplemental responses to USLEC's discovery?

10 A. I reviewed the answers, in some cases I  
11 contributed.

12 ATTORNEY SHOR:

13 Okay. Let me mark as USLEC --- we  
14 marked Two and withdrew it, so USLEC Three. And I  
15 regret to tell you that I'm not competent enough to  
16 have the proper number of copies. So if we could  
17 share some. This is one for you.

18 BY ATTORNEY SHOR:

19 Q. Have you had a chance to look at this document  
20 before?

21 A. Yes, I have. In fact, I brought a copy with me.  
22 I think I've got one if we need an extra.

23 Q. If you would turn to page 12, please.

24 A. Yes.

25 Q. Interrogatory Number 74, do you see that?

1 A. Yes, I do.

2 Q. Let me just read this into the record and let you  
3 tell me if I did it correctly. Have you ever billed  
4 or received reciprocal compensation for calls received  
5 from customers of CLEC or other LEC for termination to  
6 your customers who have purchased or subscribed to  
7 FX-like services, do you see that, please explain your  
8 answer?

9 A. Yes, I do.

10 Q. And I will represent to you subject to reviewing  
11 the document, that Enhanced Intellilink was identified  
12 as an FX-like service.

13 A. Yes.

14 Q. Do you see the Answers to see response to  
15 Interrogatory Number 59?

16 A. Yes, I do.

17 Q. If you go back to page ten, do you see the  
18 response to Interrogatory 59?

19 A. Yes.

20 Q. Let me read that into the record, please. If a  
21 CLEC customer originated a call to a Verizon FX  
22 customer with an assigned NXX code associated with the  
23 same local calling area as the NXX code of the  
24 originating CLEC customer, Verizon would ordinarily  
25 bill, paren, and therefore, also receive, closed

1 paren, reciprocal compensation on such a call, do you  
2 see that?

3 A. Yes.

4 Q. Now, that answer has been incorporated into the  
5 Answer to Interrogatory Number 74.

6 A. Yes.

7 Q. So would you agree with me then that Verizon has  
8 billed and received reciprocal compensation for calls  
9 from CLEC to Enhanced Intellilink customers?

10 A. I think we're both saying the same thing, meaning  
11 that actually if it's happened --- I would agree that  
12 if that would have been billed --- but I don't know if  
13 it has happened.

14 Q. I was interpreting this as saying that it has  
15 happened?

16 A. No. In this case, I think the way this is  
17 worded, I think I had a hand in wording it, because  
18 none of us knew for sure if it had taken place. So if  
19 it occurred this way, then it would be handled that  
20 way.

21 Q. That's fair. Now, I think you mentioned this  
22 earlier, does Verizon offer internet protocol routing  
23 service in Pennsylvania?

24 A. It's my understanding they do.

25 Q. And for simplicity sake we will refer to that as

1 IPRS?

2 A. Yes.

3 Q. And how does that service work?

4 A. In essence, what we've just described is very  
5 similar, the differences with IPRS is that it has  
6 additional functionality built into the service. It's  
7 a federally tariffed rather than state tariffed  
8 product. And they actually do management of the  
9 system. As a contrast to the other service, it's my  
10 understanding talking to the product manager, that if  
11 --- IPRS not only get this inactivity into the hub,  
12 they also do network managing in the process. So they  
13 get a higher level of access to their internet service  
14 provider and internet service provider benefit from  
15 that enhanced management. They have somebody watching  
16 the network at all times to make sure if there is an  
17 outage or a blockage starting to occur that they can  
18 take care of that. The other service, that's not the  
19 case. They have the delivery, but they don't have  
20 this other enhancement management of the process.

21 JUDGE:

22 Excuse me. Just for my neophyte  
23 understanding, enhanced management is the watching the  
24 line?

25 A. Yes. That's the part that I understand about.

1 There may be more features that I'm not an expert on,  
2 but that was a significant feature, the product  
3 manager ---.

4 JUDGE:

5 Your level of expertise is far  
6 above mine, please continue, Counsel.

7 ATTORNEY SHOR:

8 Thank you.

9 BY ATTORNEY SHOR:

10 Q. And with IPRS, again, Verizon assigns a telephone  
11 number to a customer in Allentown, ---

12 A. Yes.

13 Q. --- who may be physically located in  
14 Philadelphia?

15 A. Yes.

16 Q. And allows individuals in Philadelphia to call  
17 that number, ---

18 A. Yes.

19 Q. --- as if it was a local call?

20 A. That is correct.

21 Q. Okay. And to your knowledge, is that service  
22 legal in Pennsylvania?

23 A. To my understanding, it's a federally tariffed  
24 product, but I'm not aware of any issues that have  
25 grown up in Pennsylvania.

1 Q. Okay. And to your knowledge, are there some  
2 customers in Pennsylvania who utilize that service?

3 A. Once again, this is probably the secret number we  
4 had awhile ago, but there is a small number of  
5 customers, I understand, in the Pennsylvania area.

6 Q. And again, Verizon has billed and collected  
7 reciprocal compensation for calls from CLEC customers  
8 to Verizon's IPRS customer?

9 A. And this would be the same theoretical answer I  
10 gave a minute ago. To the degree that it's occurred,  
11 the system would have handled it that way. There are  
12 many sections I believe it would have been held with a  
13 recip comp type charge applied to it, because that's  
14 how the system is designed.

15 Q. Now, with your FX service, foreign exchange, your  
16 Enhanced Intellilink, your IPRS service, in each of  
17 those services you have Verizon assigning --- and  
18 telephone numbers with NPA/NXXs that are not  
19 physically --- that do not correspond with the  
20 location where the customer is located?

21 A. That is correct.

22 Q. Now, I'd appreciate if you could clarify an  
23 aspect of your testimony, if you would, please.

24 A. Yes.

25 Q. And let me direct you to some statements that you

1 made. First on page 15 of your Direct testimony, and  
2 I'm hoping I've got this right, at lines one to three,  
3 you state, in essence, that USLEC will remain free to  
4 market its virtual NXX service?

5 A. I'm sorry. Bear with me. Apparently I picked  
6 the wrong one or I printed out something different  
7 than yours. Page 15, lines one through three?

8 Q. Where it says at the end USLEC will remain free  
9 to market its virtual NXX service and receive whatever  
10 compensation for that service its end users are  
11 willing to pay, do you see that?

12 A. Yes, I do.

13 Q. And now on that same page at lines 10 to 12, you  
14 state that USLEC could offer the service, referring to  
15 the foreign exchange service, and it will continue to  
16 provide the same benefits to USLEC's customers, do you  
17 see that?

18 A. Yes, I do.

19 Q. Now, on page seven of your Direct testimony, at  
20 lines 12 to 13, you state that, quote, such virtual  
21 NXX assignments are not permitted in Pennsylvania, but  
22 they do occur in other states, do you see that?

23 A. Yes, I do.

24 Q. And on page ten of your Direct testimony, at line  
25 15, you state that it is improper for USLEC to assign

1 virtual NXX codes --- is it ten.

2 ATTORNEY SHOR:

3 I'm reading the question.

4 BY ATTORNEY SHOR:

5 Q. You were asked whether it is improper for USLEC  
6 to assign virtual NXX codes to its customers and you  
7 say yes?

8 A. Based on my understanding of an order ---.

9 Q. And then finally, on page ten of your rebuttal,  
10 at lines nine to ten, you state that if virtual FX  
11 arrangements are consistent with other regulatory  
12 requirements, and you note parenthetically, in  
13 Pennsylvania they are not, do you see that?

14 A. Yes, I do.

15 Q. Okay. Now, please clarify for me your  
16 understanding, can USLEC market an FX service similar  
17 to the services that we've just described that are  
18 offered by Verizon and assign telephone numbers to a  
19 customer who is physically located in a calling area  
20 that is different than the calling area where the  
21 NPA/NXX is assigned?

22 A. My understanding, based on the Focal order  
23 (phonetic) decision is that, in the Focal decision the  
24 company was instructed not to assign numbers that were  
25 not geographically relevant to the customers.

1                   ATTORNEY SHOR:

2                   Now, Your Honor, Mr. Haynes has  
3 referred to the MFS-2 order and the Focal order in his  
4 testimony and we would like to refer to the transcript  
5 of that in our briefing. I believe that the  
6 Commission's rules typically require me to submit a  
7 certified copy, which we are happy to do. I believe  
8 Verizon probably already has a copy. If you would  
9 like me to submit a certified copy I will do that. If  
10 there is one available already, that's fine. If not,  
11 we'll submit it in accordance with our briefing.

12                   JUDGE:

13                   Tell me what you mean by is there  
14 one available.

15                   ATTORNEY SHOR:

16                   I believe the Commission probably  
17 already has one in its files.

18                   JUDGE:

19                   Yes.

20                   ATTORNEY SHOR:

21                   Your Honor, we will provide a  
22 certified copy for you. It's amazing how I pick these  
23 things up.

24                   JUDGE:

25                   I might add that if it is

1 available in the files, and it normally is, it may  
2 well be on microfiche by now and I'm not going to the  
3 movies.

4 ATTORNEY SHOR:

5 I'd be happy to get it for you.

6 JUDGE:

7 Thank you.

8 BY ATTORNEY SHOR:

9 Q. You refer to the Focal decision?

10 A. Yes.

11 Q. And you also note that that cites the MFS-2  
12 order?

13 A. Right. I think the MFS-2 order kind of started  
14 with --- and my reading, very quickly, a few weeks  
15 back, and then updating, there were three different  
16 orders that I understood, the Focal One and Two and  
17 the MFS-2. And I understand the MFS-2 kind of brought  
18 the issue up and the Focal One and Two orders actually  
19 clarified some of the intentions of the MFS-2 order,  
20 as I understood them already.

21 Q. Did you participate in the Focal proceeding?

22 A. Not at all, had nothing to do with it. All I did  
23 was read the orders very quickly.

24 Q. And did you participate in the MFS-2 proceeding?

25 A. No, I did not.

1 Q. Did you read the transcript of the Focal  
2 proceeding?

3 A. No, all I read was the order.

4 Q. Did you read the transcript of the MFS-2  
5 proceeding?

6 A. No, I did not.

7 Q. Did you read any of the pleadings that were filed  
8 in connection with either of those two proceedings?

9 A. No, I did not. All I read were the orders.

10 Q. So you have no idea how the issues in those  
11 proceedings were actually framed; do you?

12 A. No, I do not.

13 Q. Okay. Now, is it your understanding the MFS-2  
14 order applies to all carriers?

15 A. My understanding is very limited in that regard.  
16 I'd have to go back and refresh myself to the order as  
17 far as the details of it.

18 Q. Well, the question I have is that you've said to  
19 me that you believe that your foreign exchange service  
20 and your Enhanced Intellilink service and IPRS  
21 service, which are all similar FX services, which  
22 involve the assignment of NXX codes, are legal in  
23 Pennsylvania, but I'm getting the sense from you that  
24 it is not legal for USLEC to do the same thing, is  
25 that your testimony?

1 A. I think we're probably distinguishing something  
2 that maybe we haven't clearly distinguished. What I  
3 described in my written testimony and verbally now,  
4 has to do with virtual FX assignment. If there were  
5 what I would call an equivalent FX assignment provided  
6 by any CLEC, which means they would come to the  
7 environment or the loop that connects point A to  
8 point B, from a Verizon perspective, subject to the  
9 agreement by the State Commission, because the  
10 Commission's order relative to the Focal decision, I'm  
11 sure would supersede anything I would suggest, but our  
12 concern has been over the compensation, not over the  
13 assignment of the numbers themselves.

14 Q. Well, that's what I'm not sure on, because I get  
15 the sense from you that it's your testimony that USLEC  
16 is doing something improper?

17 A. That's my understanding reading the orders.

18 Q. Please let me finish the question.

19 A. I'm sorry.

20 Q. It's my understanding that on the one hand you  
21 believe that USLEC is doing something improper,  
22 although when Verizon does the same thing it is  
23 proper. And at the same time you're saying USLEC can  
24 continue to offer the service and I don't quite  
25 understand that contrast.

1 A. And I'm not equating them to be exactly identical  
2 based on how I define them.

3 Q. Are you saying that only if USLEC provisions of  
4 foreign exchange service in precisely the same way  
5 that Verizon does then USLEC is entitled to do it?

6 A. I'm saying that if they provision in a similar  
7 manner, where identical would suggest they use the  
8 same facilities. But if they're provisioning in a  
9 similar manner, I would submit that they would have an  
10 equivalent FX service being provided.

11 Q. So in bottom, you don't really know whether the  
12 way USLEC provisions its service is improper or not;  
13 do you?

14 A. I applied my comments to virtual FX or the way it  
15 was defined in the Focal orders. So if your company  
16 that you're representing is not provisioned in that  
17 manner, then I would withdraw the comments. If  
18 they're provisioned in that matter then that could  
19 still apply.

20 Q. When you say in that manner, what does that mean?

21 A. Meaning virtual NXX assignment, where there is no  
22 facility actually leased or obtaining point A to  
23 point B.

24 Q. So if USLEC has customers, not necessarily FX  
25 customers, but has customers in every rate center

1 where it has been assigned an NXX code, okay, ---

2 A. I'm following.

3 Q. --- and is serving physical customers all of  
4 those rate centers, ---

5 A. Yes.

6 Q. --- then if by chance USLEC has a customer, an FX  
7 customer who is assigned an NXX code in one of those  
8 rate centers, this provisioning of service is in your  
9 mind proper?

10 A. If it goes over a lease arrangement, either that  
11 we provided or a third party provides, I would see  
12 that as equivalent. Let me add to that, too. The  
13 concern I'm expressing was not directed specifically  
14 to just the environment we're discussing with USLEC.  
15 I'm concerned about the broader application of this,  
16 as Mr. D'Amico mentioned a minute ago, to the degree  
17 that a certain decision is made in this proceeding,  
18 even if USLEC is using legitimate facilities they're  
19 leasing or purchasing from somebody, the way the  
20 current write-up is written in my mind opens the door  
21 for somebody else to come in and use it, in what I  
22 would determine to be an improper manner, more like  
23 the Focal decision alluded to.

24 Q. Now, this arbitration, though, is between Verizon  
25 and USLEC; is it not?

1 A. Yes, but the concern I share with Mr. D'Amico is  
2 that it could be adopted by somebody else depending on  
3 the outcome.

4 Q. But this proceeding is not between Verizon and  
5 all other CLECs; is it? .

6 A. It's not between Verizon and all other CLECs.  
7 But the decisions made can be adopted by any other  
8 CLEC.

9 Q. And if Verizon believes that a CLEC adopts an  
10 agreement from USLEC is doing something improper it  
11 has appropriate legal remedies to deal with that;  
12 doesn't it?

13 A. I would think they could approach it.

14 Q. Let's talk about intercarrier compensation for FX  
15 services in general.

16 A. Yes.

17 Q. As a general proposition would you agree with me  
18 that when it comes to intercarrier compensation there  
19 should be some relationship between the compensation a  
20 carrier charges and the services, functions or  
21 facilities that it actually provides?

22 A. Maybe we can have some specifics and I'll either  
23 agree or disagree. Generally speaking it sounds okay,  
24 but I would like to see clearer examples.

25 Q. We'll go through there, but as a general

1 proposition, there should be a relationship between  
2 ---?

3 A. I would think there would be generally, yes. But  
4 the exception I would probably identify is, from a  
5 Verizon perspective, we have local rates that  
6 generally, from my experience nationally, are below  
7 costs. So sometimes we make above cost margins and  
8 things that we have to offset that.

9 Q. Now, we may cover some ground here that we talked  
10 about at the very beginning, if we do, I'm sorry. I  
11 just want to try to move quickly. The services at  
12 issue here today, when --- as I understand your  
13 testimony, when a Verizon customer today calls another  
14 Verizon customer today, Verizon's billing systems  
15 compare the NPA/NXXs of the originating and  
16 terminating callers to determine whether the call will  
17 be rated as local or toll?

18 A. That is correct.

19 Q. And so in the retail environment, Verizon  
20 classifies a call as local or toll based upon the  
21 originating and terminating NXX ---?

22 ATTORNEY PANNER:

23 Objection, mischaracterizes prior  
24 testimony.

25 ATTORNEY SHOR:

1 I'm asking a separate question,  
2 not based on prior testimony.

3 ATTORNEY PANNER:

4 I withdraw the objection.

5 JUDGE:

6 Fine.

7 BY ATTORNEY SHOR:

8 Q. Would you like the question repeated?

9 A. Yes.

10 Q. In the retail environment, Verizon classifies a  
11 call as local or toll based upon the originating and  
12 terminating NXX codes; is that right?

13 A. That's my understanding of the retail  
14 environment. That's my understanding how the system  
15 works.

16 Q. And as we said earlier, I think, when the NPA/NXX  
17 code of the calling party is associated with the ---  
18 and the NPA/NXX code of the call party are associated  
19 with the same local calling area, Verizon rates and  
20 bills that call as if it was local?

21 A. From the local user perspective, yes, they could  
22 look at that as a local call for the person initiating  
23 the call.

24 Q. Let's kind of get into some of the specifics  
25 here. And I tend to like to use the example of a

1 Verizon customer in Allentown, the Allentown calling  
2 area, who is calling a customer in Philadelphia, and  
3 the FX customer in Philadelphia is a florist?

4 A. So we've got a Verizon end user in Allentown  
5 calling a Philadelphia florist.

6 Q. And the Philadelphia florist has an FX number  
7 assigned to Allentown; okay?

8 A. Okay.

9 Q. And so a Verizon customer in Allentown is  
10 attempting to reach the other Verizon customer, the  
11 florist, who has been assigned the telephone number  
12 used in the FX service that is local to the Allentown  
13 calling area; okay?

14 A. I understand the example.

15 Q. And as I understand it, Verizon provides a  
16 dedicated connection to the FX customer?

17 A. Yes, they charge the person receiving that  
18 service and actually charge for that transport.

19 Q. Okay. So in this situation, the Verizon customer  
20 who calls the florist in Philadelphia is rated and  
21 billed for a local call ---

22 A. That's correct.

23 Q. --- as if the florist was actually located in  
24 Allentown?

25 A. That's correct.

1 Q. And if USLEC's customer in Allentown called  
2 Verizon's FX customer, the florist in Philadelphia,  
3 using the Allentown NPA/NXX, then Verizon billed and  
4 received reciprocal compensation for the calls?

5 ATTORNEY PANNER:

6 Objection, foundation. You asked  
7 if an USLEC customer made the call.

8 ATTORNEY SHOR:

9 I'm sorry. Yes, that's correct,  
10 Verizon would bill and receive reciprocal compensation  
11 for the call.

12 ATTORNEY PANNER:

13 I'm sorry. Withdraw.

14 OFF RECORD DISCUSSION

15 ATTORNEY PANNER:

16 I did resolve it. I understood  
17 his question and I believe the witness did, too.  
18 Please respond.

19 A. My response would be that the system that we have  
20 in place today would treat that as a recip comp call.  
21 But I think in my written testimony that has been  
22 provided, that Verizon would agree that that --- from  
23 our perspective if the USLEC or another CLEC initiated  
24 that call to the florist, assuming that Verizon is  
25 involved in that process, would be willing to change

1 that to an access arrangement rather than recip comp,  
2 it's simply a function of our billing system. It  
3 doesn't have a way to distinguish.

4 BY ATTORNEY SHOR:

5 Q. And I appreciate your explanation. We're just  
6 focusing on what happens today, not --- we'll get to  
7 the future, I promise you.

8 A. I just wanted to clarify.

9 Q. Okay. Now, let's turn to the FX service that  
10 USLEC offers and let's stick with the florist  
11 example. Now, we have a USLEC florist in Philadelphia  
12 who is assigned a telephone number with an NXX code  
13 associated with Allentown; okay?

14 A. Okay.

15 Q. And that foreign exchange service offered by  
16 USLEC allows the florist physically located in  
17 Philadelphia to have a presence in the Allentown  
18 calling area, just the same as Verizon's FX service,  
19 foreign exchange service does; is that right?

20 A. From the customer perspective of it, Verizon or  
21 other persons located in Allentown, they would have  
22 the same functionality. The concern that I  
23 continually express is how it gets from Allentown to  
24 Philadelphia and that's the part that I'm exploring  
25 and distinguishing potentially.

1 Q. I appreciate that. And like Verizon's FX  
2 service, USLEC's FX service, the florist in  
3 Philadelphia, can receive calls from customers in the  
4 Allentown local calling area without those customers  
5 incurring local charges?

6 A. That's right, because the customer in  
7 Philadelphia that's USLEC'S FX customer in the  
8 example, is paying a differential of that service.

9 Q. And just like Verizon's FX service, USLEC's FX  
10 service permits the florist in Philadelphia to reach a  
11 broader customer base without having to put a  
12 greenhouse in the store in Allentown; is that right?

13 A. Let me be careful. You used the term reach a  
14 broader customer base. Do you mean that they can  
15 reach out and touch on the other end, meaning they  
16 have a two-way connection?

17 Q. They have the ability with a local number in  
18 Allentown, the whole Allentown population now has the  
19 ability to call the florist in Philadelphia without  
20 incurring --- without the florist having to put a  
21 facility and whatever else he would do in Allentown?

22 A. Well, here is where --- once again, I'm  
23 distinguishing potentially between what you're  
24 describing as FX and what I'm describing as FX. The  
25 FX service we provided in all instances, and I am

1 aware of a two-way service, if the florist in  
2 Philadelphia that we're using as an example, wanted to  
3 call an Allentown customer they could pick up the FX  
4 line and reach through that connection over to  
5 Allentown and reach one of those customers as a local  
6 call. The experience that I've had with other CLECs,  
7 I don't know how USLEC provisions, because other CLECs  
8 I found that that's not possible. It's not an  
9 equivalent FX service.

10 Q. Now, if you assume with me for these purposes ---  
11 I'm not saying USLEC does or doesn't.

12 A. I'm just stating that distinction.

13 Q. And I'm just saying assume with me that it does.

14 A. Assuming.

15 Q. For these purposes, the florist in Philadelphia  
16 has the ability to be called by all of Allentown  
17 within that local calling area for a local call.

18 A. We're still not agreeing with the distinction I  
19 just made. I'm understanding you to say there's one  
20 way that people in Allentown can call the florist.

21 Q. That's all I'm focusing on right now.

22 A. But you're using the same term and I'm trying to  
23 be very, very careful to distinguish what you're  
24 calling FX and saying it's equivalent to what I'm  
25 calling FX. I'm not saying that it's equivalent.

1 Q. I'm asking you to assume that it is.

2 A. Well, I'm saying it's part of the assumption.

3 And I have to assume that the florist in Philadelphia  
4 can call back to that same connection and reach out on  
5 a local basis to people in Allentown.

6 Q. I'm asking you to make that assumption.

7 A. Okay. Under that assumption then I would  
8 describe those as being local.

9 Q. And in both instances with two-way ability, the  
10 florist in Philadelphia now has the ability --- when I  
11 say reach, have a larger --- have the population of  
12 Allentown call him or her without incurring toll  
13 charges?

14 A. That's correct. I would agree to that.

15 Q. I think you would agree that that service  
16 benefits the florist, whether it's offered by USLEC or  
17 Verizon, by permitting that florist a larger customer  
18 base to sell his products to?

19 A. I think that's consistent with my testimony. I  
20 suggested that somebody being offered FX services is  
21 getting a valuable service from the company offering  
22 that service.

23 Q. Okay. And then also the other people who benefit  
24 are the people in Allentown who now have another  
25 florist they can call?

1 A. Right. They have a chance to make local calls.

2 Q. Now, assume with me that USLEC provides local  
3 service in Allentown, ---

4 A. Okay.

5 Q. --- okay, and has customers in Allentown, so that  
6 in that circumstance when a Verizon customer in  
7 Allentown calls a USLEC customer physically located in  
8 Allentown, okay, the call is transported, as we  
9 discussed earlier, by Verizon to the USLEC IP switch  
10 and USLEC takes the call back and terminates it to its  
11 customer; is that right?

12 A. That's my understanding of call routing, yes.

13 Q. Okay. And in this scenario, USLEC has been  
14 billing Verizon reciprocal compensation for the  
15 services it renders in terminating that call; is that  
16 right?

17 A. That would be my understanding of how --- with  
18 respect to it. But I don't know for sure that that's  
19 what's taking place, but that that would be normal.

20 Q. Now, going back to the example of the florist in  
21 Philadelphia with the NPA/NXX, when the Verizon  
22 customer calls that Philadelphia customer with the  
23 Allentown NPA/NXX Verizon still takes the call to the  
24 USLEC IP and hands it off to USLEC, who then  
25 terminates it to the FX customer; correct?

1 A. Based on it being the florist using FX provided  
2 to USLEC, yes.

3 Q. And I believe that's the case that USLEC --- that  
4 USLEC billed Verizon for reciprocal compensation for  
5 this call and Verizon has been paying reciprocal of  
6 these amounts, is that your understanding?

7 A. Well, the second part I don't know what we have  
8 or have not been paying. And I actually don't know  
9 exactly what's been billed either. So you're in areas  
10 that I haven't been exposed to the details. I can't  
11 affirm or deny them.

12 Q. Okay. Subject to check, and I think we could do  
13 that, USLEC has billed Verizon for that call and since  
14 there is no ISP involved, subject to check I believe  
15 that Verizon has been paying those reciprocal  
16 compensation invoices; okay?

17 A. Subject to check, you accept that that's what  
18 happened.

19 Q. Now, in both scenarios where the USLEC customer  
20 is physically located in Allentown as is the Verizon  
21 customer and where the USLEC customer is in  
22 Philadelphia with the Allentown NPA/NXX, Verizon has  
23 performed exactly the same functions; has it not?

24 A. From a network routing perspective, yes, it is  
25 deposited, they call it the same on the USLEC network.

1 Q. That's right. It has taken the call and  
2 delivered it to the USLEC IP?

3 A. Yes, that's what I understand.

4 Q. And as we discussed, Verizon's responsibilities  
5 don't change depending on the physical location of  
6 USLEC's customers; do they?

7 A. The distinction I make is related to the  
8 origination and termination of the call. My  
9 understanding of our arrangements in the State of  
10 Pennsylvania is if a call originates in one local  
11 calling area and terminates in another, unless there  
12 are special circumstances that's a toll call, where  
13 inter-LATA toll ---.

14 Q. I'm asking you to focus on the services that  
15 Verizon performs in both of those situations.

16 A. Well, I'm focusing on the service, but I'm trying  
17 to distinguish that the functionality versus the  
18 handling of it from an income versus outflow of  
19 revenue is different.

20 Q. From a simple engineering technical perspective,  
21 network perspective, the call is handled in exactly  
22 the same manner?

23 A. Exactly the same manner from a functionality  
24 perspective, yes.

25 Q. Okay. Thank you. But as I understand your

1 testimony, Verizon now believes that it should not pay  
2 USLEC reciprocal compensation for the call because, as  
3 you're indicating you believe the call originates in  
4 one local calling area and terminates in another local  
5 calling area?

6 A. That's correct.

7 Q. Have I accurately stated your position?

8 A. That is correct.

9 Q. Okay, Verizon now believes that in this situation  
10 it is no longer appropriate to determine whether the  
11 call is local or toll for intercarrier compensation  
12 purposes by referring to the NPA/NXXs of the numbers;  
13 is that right?

14 A. I need to be careful how I answer that because  
15 truthfully, to the best of my understanding of our  
16 processes, we've never depended on the numbers to make  
17 that determination. We simply found in years gone by  
18 that the numbers accurately reflected the physical  
19 location. So it was a good type of approach from a  
20 billing system perspective. If you understand that  
21 the numbers and the people go together, you can build  
22 it to the billing system and assessment that said if  
23 this number and this number appear to be local to one  
24 another, bill it that way. But that doesn't mean that  
25 we assumed in all cases that that was the right way to

1 bill it simply based on the numbers. It's based on  
2 the physical termination point all along.

3 Q. But from the advent of local competition in  
4 Pennsylvania and the advent of FX services by  
5 competing carriers up until some point in time,  
6 Verizon did, in fact, --- Verizon's billing system  
7 did, in fact, continue to look at the NPA/NXXs of the  
8 calling and called parties to determine whether a call  
9 should be rated as local or toll?

10 A. That is certainly true.

11 Q. And when it came to intercarrier compensation, up  
12 until some point in time, Verizon had still ---  
13 Verizon's billing system had still looked to the  
14 NPA/NXXs of the originating and terminating number to  
15 determine whether reciprocal compensation or access  
16 charges were due; is that correct?

17 A. That's my understanding.

18 Q. And to the extent that a CLEC was utilizing  
19 foreign exchange service, Verizon's billing system  
20 looked at the call, looked at the NPA/NXX of the  
21 originating and terminating party and if it was  
22 associated with the same local calling area where the  
23 Verizon customer originated the call, Verizon would  
24 pay reciprocal compensation and where Verizon  
25 terminated the call, Verizon would be paid reciprocal

1 compensation for that call?

2 A. Based on the existing system that's in place,  
3 that's correct.

4 Q. That is correct. I'm not asking you whether you  
5 think it's right or not, that's what was done?

6 A. Yes, I agree that that is what physically took  
7 place.

8 Q. But now Verizon is saying, in the context of this  
9 agreement, that they don't want to do that anymore,  
10 that Verizon, in the context of an FX environment, no  
11 longer wants to just simply rely on the originating  
12 and terminating NPA/NXXs to determine whether a call  
13 is eligible for reciprocal compensation or access  
14 charges; is that correct?

15 A. The answer I provide is a little broader. I  
16 would reaffirm what I said a minute ago. We have  
17 learned that the assumption that we made here dealing  
18 with the billing system, meaning that the number and  
19 the physical location of the customer coincide 100  
20 percent of the time, for the most part. That was our  
21 experience. We built a billing system around that.  
22 We're finding with more recent experience with CLECs,  
23 that that's oftentimes not the case. So we can't  
24 assume that the number that we're comparing it to is  
25 actually physically in the same local calling area.

1 So we're having to adopt our debt to that situation.

2 Q. Are you going to be changing your billing systems  
3 to pull out traffic that is going to FX customers?

4 ATTORNEY PANNER:

5 Objection, foundation. I  
6 withdraw. Go ahead.

7 A. I have a response to it. We have offered ---.

8 BY ATTORNEY SHOR:

9 Q. Sometimes that doesn't matter.

10 A. We have offered on a special study basis the  
11 study, the results --- we've done that recently. I  
12 keep using Florida as an example because I've recently  
13 been down this path. In Florida we offered to study  
14 on a periodic basis the traffic by which we can do ---  
15 and then settle up with the CLECs involved, saying  
16 this much traffic is here, we've measured it, we've  
17 got a study that produces it and reimburse them for  
18 that traffic.

19 Q. So it would not be done based on the specific  
20 telephone numbers, but it would be based on ---  
21 estimates based on some statistical survey of traffic?

22 A. No. In the case of Florida, we actually  
23 identified all of our FX numbers and were able to  
24 identify all of the traffic originated by CLECs to  
25 those FX numbers.

1 Q. Would you expect CLEC to develop that same  
2 database in terms of how they would bill you?

3 A. In terms of my understanding, ---.

4 ATTORNEY PANNER:

5 Objection. Has he testified to  
6 what a CLEC would do about its billing system?

7 ATTORNEY SHOR:

8 That's what I'm asking. It's  
9 Cross Examination.

10 ATTORNEY PANNER:

11 I object. You haven't established  
12 he has any foundation how the CLEC billing systems are  
13 set up.

14 ATTORNEY SHOR:

15 We have established that  
16 reciprocal compensation will not be based on --- will  
17 not be paid based on NPA/NXXs. And he has said that  
18 Verizon has changed his billing system to pull it out  
19 and I'm asking him whether he now believes that CLEC  
20 will have to do the same thing. That's the  
21 foundation.

22 A. Well, I can provide a ---.

23 ATTORNEY SHOR:

24 You have to wait for the Judge.

25 A. I'm sorry. Excuse me.

1                   JUDGE:

2                   The objection is overruled. Now  
3 you can answer.

4    A.    I can provide a partial answer. I don't think I  
5 can address what system requirements, if any, will be  
6 required by CLEC. But for us to accurately handle it  
7 from our perspective, in other words, if we were  
8 delivering traffic to USLEC'S FX number, as an  
9 example, we would need to have a data dump, saying  
10 here are the numbers that are FX numbers, so we would  
11 know when traffic delivered to them were FX or outside  
12 of the local calling area. We'd have to have that  
13 information provided to us so we would know at that  
14 time that's what's happening.

15   Q.    Do you intend to charge your originating callers,  
16 callers who call CLEC FX numbers, originating for toll  
17 calls?

18   A.    In my understanding of how the service would be  
19 offered, and this is my speculation and I'm going to  
20 classify it as speculation, if USLEC, for example, in  
21 the Philadelphia, Allentown example, the florist ---  
22 is receiving \$1,000 a month from the florist to  
23 terminate that service, that FX service, then I would  
24 understand that to be the compensation they're getting  
25 for the service and I would expect them to pay us

1 access for originating the call through the process  
2 and terminating it.

3 Q. Are you going to charge your customers toll  
4 charges?

5 A. No, it would not make sense because the access  
6 charge would be our compensation.

7 Q. Would you be willing at the same time to pay  
8 access charges to CLEC, to the extent that CLEC  
9 customers call Verizon FX customers?

10 A. Yes. To build on that, that's exactly what we  
11 offered to do recently.

12 Q. Do you know when the decision was made to stop  
13 paying reciprocal compensation for FX service calls?

14 A. I don't know, no. As far as if you're asking, do  
15 I know when Verizon made the decision to stop?

16 Q. Yes.

17 A. No, I don't know.

18 Q. Do you know who made the decision?

19 A. No, I don't.

20 Q. Do you know why they made it?

21 A. I don't know the history behind it. I know it  
22 was stopped, I've heard that, but I wasn't involved in  
23 the discussion that built up to that decision so I  
24 really don't know.

25 Q. Did you know who was involved in making that

1 determination.

2 ATTORNEY PANNER:

3 Objection. It's been asked and  
4 answered.

5 ATTORNEY SHOR:

6 I asked him who was involved.

7 A. No, and I don't ---.

8 ATTORNEY PANNER:

9 Wait. There is an objection  
10 pending.

11 JUDGE:

12 And this one is sustained and you  
13 don't have to answer that question.

14 BY ATTORNEY SHOR:

15 Q. If I already asked it, I'm not trying to be  
16 difficult. So your plan relies on developing a  
17 database of FX customers that you can utilize to pull  
18 traffic out as it's going through the switch; is that  
19 right?

20 A. If we had a list of all of the FX numbers that  
21 all of the CLEC had, or what I call virtual FX numbers  
22 because it's really more of what I've seen rather than  
23 true FX service, but if I had a list of that I could  
24 bill that into our billing system and have it  
25 accommodate that.

1 Q. But you have to develop a database of your own FX  
2 customers; don't you?

3 A. Yes, and that's easy to do truthfully. And we  
4 have to go in and do a data dump, which normally  
5 involves an assist. You can't just pick a number up  
6 and call somebody and say I need it in 30 seconds,  
7 it's a little more involved than that. But it's not a  
8 lengthy process. We did it with a few weeks notice in  
9 Florida.

10 Q. But you have to update it, too; don't you?

11 A. Oh, yes, it would have to be kept current.

12 Q. Do you have any idea how much it costs to  
13 establish such a system?

14 A. We checked in Florida and doing the data assist  
15 like I'm describing, which is more or less an ad hoc  
16 system, it's not a full system enhancement, it's  
17 fairly inexpensive.

18 Q. You're going to have to update it regularly;  
19 right?

20 A. What we proposed in Florida is to do annual  
21 look-up of the situation once a year and pay based on  
22 that.

23 Q. And you also have to change your billing system  
24 to accommodate, not just the switch data system, but  
25 also the billing system itself to account for that;

1 don't you?

2 A. I don't think we do in the case of what I  
3 understood took place in Florida. I think all we did  
4 was offered to do an annual assist, which means pull  
5 all of the data out, look at it, figure what the  
6 dollar then is and then offer to pay the CLECs for  
7 that.

8 Q. So you're only talking about doing an annual  
9 true-up (phonetic), not reflecting it the monthly  
10 billings?

11 A. Well, we said that we'd be willing in that  
12 situation once we did an annual assessment, to pay out  
13 a prorated amount per month based on the look-up.

14 Q. And when you say fairly inexpensive to do it,  
15 what does that mean?

16 A. Well, in the case of Florida, it was in the  
17 thousands of dollars range. It wasn't hundreds of  
18 thousands or ---.

19 Q. For the entire state?

20 A. Yes.

21 Q. But what's the customer database in Florida?

22 A. In Florida the customer amount is around \$3  
23 million as I recall.

24 Q. So it's conceivable that it would be double the  
25 amount in Pennsylvania or more ---?

1 A. It probably won't be depending on how the system  
2 is it prepared because when you do a data system, the  
3 data system runs ---.

4 Q. So is it your understanding that if the  
5 Commission adopts your proposal, a CLEC like USLEC  
6 would have to implement some kind of system as well to  
7 identify that database of customers?

8 A. Well, going down the path of what I'm proposing  
9 is adopted, then what I would expect to happen is ---  
10 true FX numbers are assigned by USLEC or other CLEC,  
11 that we would be provided a list of those numbers,  
12 just the physical numbers so we could properly adjust  
13 our billing system.

14 Q. And you would supply the CLEC with your list of  
15 numbers?

16 A. We provide a --- if we needed to, I guess we  
17 could. What we also do in the case of Florida is  
18 simply to do the assist for them.

19 Q. So in essence, it adds another step to the  
20 billing process because you have to identify customers  
21 to pull out traffic that are directed to them; is that  
22 right?

23 A. Well, once again, in the case of how we often do  
24 it, we do an annual assessment so it doesn't involve a  
25 moment-by-moment and day-by-day kind of thing. We

1 accumulate the records and run a ---.

2 Q. And the other part of your proposed language is  
3 that to the extent the FX calls cross local calling  
4 areas, they would be classified as inter-LATA toll  
5 calls and you would claim an entitlement to impose  
6 originating access charges when a Verizon customer  
7 calls an USLEC FX customer; is that right?

8 A. That's correct.

9 Q. Now, you don't actually provide access service in  
10 the traditional sense in that situation; do you?

11 A. Help elaborate on that.

12 Q. How is access service typically provided  
13 inter-LATA?

14 A. Inter-LATA using Allentown and Philadelphia  
15 example, the Allentown customer calls Philadelphia,  
16 they incur a toll charge for that call if it's a  
17 typical inter-LATA toll call. And depending on who  
18 carries the call, let's say it's all Verizon just for  
19 the sake of discussion, the Allentown customer would  
20 pay the toll charge. Verizon would get compensation  
21 for the transport determination from the toll charge  
22 inter-LATA.

23 Q. How is it routed?

24 A. It would route --- I'm guessing because I'm not  
25 an infrastructure expert in this area, but I would

1 imagine it would go to a tandem located somewhere  
2 close to the Allentown area, depending how many ---  
3 they may transport to another tandem close to  
4 Philadelphia that would ---.

5 Q. But it goes across Verizon's access network, not  
6 its local network; is that right?

7 A. Right. It would pass through the access network,  
8 yes.

9 Q. But in the FX scenario, the calls are passed  
10 through the local network; is that right?

11 A. Well, actually they're passed --- in our FX  
12 decision they're passed through dedicated facilities  
13 so they bypass the normal access arrangement through a  
14 dedicated facility.

15 Q. They are on the local network until they reach  
16 the end office where the network with a dedicated  
17 facility is --- I don't think honed is the word?

18 A. Yeah. I think we're not quite saying the same  
19 thing. Using the FX example between Allentown and  
20 Philadelphia, the customer would initiate what appears  
21 to be a local call to the customer that's actually  
22 physically located in Philadelphia. It could go to  
23 the switch and from the switch it would actually be  
24 going over a dedicated facility all the way up to  
25 Philadelphia.

1 Q. But it has to get to the switch that serves that  
2 first local calling area; doesn't it?

3 A. What I'm saying is it doesn't go to the tandem  
4 environment. It goes for a dedicated loop. It has to  
5 go to the tandem to get there.

6 Q. But in the FX environment that CLECs typically  
7 utilize, the calls are all handled over the local  
8 network; aren't they?

9 A. Well, what I think happens, and I'm not familiar  
10 with the USLEC example, but I've seen other providers,  
11 CLEC equivalent providers, they normally give us a  
12 switch location in the local exchange. That's  
13 physically close to their FX customers, what we've  
14 seen time and time again. I'm not saying that USLEC's  
15 situation, but that's what I've seen with other CLEC  
16 providers frequently.

17 Q. But the call goes from the Verizon customer to  
18 the end office, is handled by Verizon, perhaps through  
19 a tandem, delivered to USLEC switch?

20 A. That's I think more typical, yes.

21 Q. Okay. And again, that routing is the same  
22 whether the USLEC customer is in Philadelphia or is  
23 physically located back in Allentown?

24 ATTORNEY PANNER:

25 Asked and answered.

1                   ATTORNEY SHOR:

2                   We have summarized the testimony  
3 that witnesses give in the context of helping them ask  
4 questions. If he's answered it once before, fine. If  
5 not, a simple yes or no is not going to hurt.

6                   JUDGE:

7                   Frankly, I have forgotten whether  
8 it's been asked or answered. You may answer. Please  
9 answer it.

10 A. I was going to answer yes.

11 BY ATTORNEY SHOR:

12 Q. Okay. So even though you technically are not  
13 providing access service for an inter-LATA toll call,  
14 the way you typically route an inter-LATA toll call,  
15 you still contend you were entitled to charge  
16 originating access?

17 A. Based on the fact that it originates and  
18 terminates to distinct non-local areas, yes.

19 Q. Is part of your rationale for this approach that  
20 you feel that you're losing inter-LATA toll revenue  
21 for these calls?

22 A. In terms of the other CLECs that I've worked  
23 with, yes.

24 Q. But here you've got a situation where USLEC has  
25 six customers, using FX services, none of them are

1 ISPs, okay, you believe you're losing inter-LATA toll  
2 revenue based on USLEC service and that's one reason  
3 why you want to do this?

4 A. Well, it gets back to our discussion a little bit  
5 earlier. If I were of the understanding that USLEC is  
6 only going to have six customers and none of those are  
7 going to use the approach I've seen other providers  
8 use, then I would be less concerned about the  
9 environment. But the fact that if the approach as  
10 I've see it offered is adopted and other providers opt  
11 into that provision, it would open up the door for  
12 providers basically to have a funnel of traffic that  
13 would route from the Allentown example from Allentown  
14 to Philadelphia, it would be --- it could tend to  
15 encourage that type of construction of traffic.

16 Q. And the concern is a loss of inter-LATA toll  
17 revenue?

18 A. It's a loss of inter-LATA toll revenue and an  
19 over-utilization of a route. It artificially, from  
20 what I've observed builds up use for a route that  
21 currently wasn't being used at that level. It was  
22 actually cost increase, building a facility to  
23 accommodate an arrangement whereby we're transporting  
24 under other suggestions free of charge from point A to  
25 point B, and we also have to pay recip comp has been

1 the approach that was suggested.

2 Q. But for the loss revenue argument to have any  
3 significant impact, doesn't it assume that the caller  
4 in Allentown will call the florist in Philadelphia if  
5 she knew it was going to be a toll call, even if she  
6 knew it was going to be a toll call?

7 A. The loss revenue has a degree --- if it was a  
8 situation, for example, where it's going to always go  
9 to an ISP, I would suggest to myself, if it were me I  
10 probably wouldn't make the call. But if it's going to  
11 another type of entity, for example, let's say it's  
12 going to an insurance company that would have  
13 purchased a 1-800 number but instead they decide to  
14 use one of these arrangements, we would lose out on  
15 the access that would have been associated with the  
16 1-800 number.

17 Q. So just let me summarize, and it may have been  
18 asked and answered ---.

19 ATTORNEY SHOR:

20 I have no further questions.

21 ATTORNEY PANNER:

22 Can you just give me one minute?

23 I'll try not to have a full break.

24 SHORT BREAK TAKEN

25 ATTORNEY PANNER:

1 I'd like to introduce Verizon  
2 Exhibit Six, VZ-6, which is also a printout from the  
3 USLEC website describing USLEC's local services  
4 products.

5 JUDGE:

6 So marked.

7 (Exhibit VZ-6 marked  
8 for identification.)

9 REDIRECT EXAMINATION

10 BY ATTORNEY PANNER:

11 Q. Do you recognize this as a printout of a website?

12 A. That's what it appears to be, yes.

13 Q. Do you see at the bottom left it says,  
14 [http://www.uslec.com/local\\_service.htm](http://www.uslec.com/local_service.htm)?

15 A. Yes, I do.

16 Q. Can you turn to page two of this exhibit?

17 A. Yes.

18 Q. Can you go down under the bold where it says  
19 enhanced local services?

20 A. I see that part.

21 Q. And do you see the fourth bullet point, it says,  
22 foreign exchange?

23 A. Yes, I do.

24 Q. Can you read that?

25 A. Foreign exchange service involves the inbound

1 only call toll free to the calling party, which is  
2 paid for by the calling party. It desired --- the  
3 service includes a listing of the foreign white and  
4 yellow pages of the ILEC directory.

5 Q. So just to emphasize, it says, it's an inbound  
6 only service from USLEC; is that right?

7 A. That's what I understand this offering describes,  
8 yes.

9 Q. So in this arrangement, as described here on  
10 USLEC's website, they would only receive traffic but  
11 they wouldn't allow their customers to make any call?

12 A. That's what it indicates to me.

13 Q. And they say it's toll free to the calling party,  
14 what does that mean to you?

15 A. They means that if I were --- using the Allentown  
16 example, if the Allentown customer would call one of  
17 these numbers it would be toll free to the Allentown  
18 customer.

19 Q. But toll free, does that suggest --- what does  
20 that suggest, in the absence of this service would be  
21 imposed on the party?

22 A. Well, when I see the words toll free I think of  
23 1-800 like services is what I normally associate with  
24 it. So I was going to simply say, that that would to  
25 say to me that if I was getting a service like this, I

1 would expect it to be handled very much like a 1-800  
2 service, so the person originating the call would not  
3 pay a toll. The person receiving the call would pay  
4 for that extra service being provided because they  
5 would be getting a benefit from it.

6 Q. Okay. And in those times of toll free  
7 arrangements, how is the originating carrier usually  
8 compensated?

9 A. The originating carrier generally gets access  
10 payments for being the party that starts the call.

11 Q. And, in fact, USLEC has --- we've seen evidence  
12 here today that USLEC gets a great deal of additional  
13 revenue from USLEC FX customers for providing internet  
14 service; is that correct.

15 ATTORNEY SHOR:

16 Objection to the to the  
17 characterization great deal.

18 JUDGE:

19 The numbers are on the record and  
20 they speak for themselves, Counsel.

21 ATTORNEY PANNER:

22 I'll rephrase, so it will make my  
23 opposing Counsel more comfortable.

24 BY ATTORNEY PANNER:

25 Q. There has been introduced today that USLEC is

1 receiving hundreds of dollars a month for providing  
2 FX service in Pennsylvania?

3 A. That was my understanding of the testimony.

4 Q. Okay. And yet USLEC's position is that they  
5 should nonetheless be paid by Verizon for sending this  
6 traffic to USLEC; is that correct?

7 A. That was my understanding.

8 Q. And indeed, USLEC --- is it correct that --- that  
9 Ms. Montano testified that many of USLEC's FX  
10 customers are located close to USLEC's switch?

11 ATTORNEY SHOR:

12 Objection, mischaracterizes her  
13 testimony.

14 BY ATTORNEY PANNER:

15 Q. Did she testify that some of them are located  
16 close to the switch?

17 A. That was my understanding of the testimony.

18 Q. Less than five miles she said?

19 A. Yes.

20 Q. So it might be --- let me ask you, if I can, do  
21 you know whether --- now, let me strike that last ---.

22 The loop that would be connecting the switch to  
23 the USLEC customer in that circumstance would actually  
24 be --- sure, it would be less than five miles, if the  
25 customer would have been less than five miles of the

1 USLEC switch; is that correct?

2 A. Based on the testimony, that would have to be  
3 less than five miles, yes.

4 Q. Okay. But if USLEC had a customer in Allentown,  
5 there would be a whole lot more transport from ---  
6 back to Allentown; is that correct?

7 A. I need to be sure I understand what you mean.  
8 I'm not sure I understand.

9 Q. If USLEC were serving --- I interrupted you and I  
10 apologize.

11 A. I'm just saying I didn't understand the example  
12 clearly, so I want to make sure I understand it  
13 clearly.

14 Q. Actually, I'll withdraw the question.

15 ATTORNEY PANNER:

16 I have nothing further for this  
17 witness, Your Honor.

18 ATTORNEY SHOR:

19 Just a very short few.

20 RE-CROSS EXAMINATION

21 BY ATTORNEY SHOR:

22 Q. Does Verizon charge its FX customers an  
23 additional for the FX service they buy?

24 A. Yes, that's my understanding. They charge for  
25 the carrying of the call from point A to point B that

1 transport ---.

2 Q. And for the facility itself?

3 A. Right.

4 Q. And how much do they charge?

5 A. I don't know the local rates, but it's a mileage  
6 based charge, I don't know what the rate is per mile.

7 Q. Is there a non-return charge for the facility?

8 A. I'm not an expert on this part, so I don't know  
9 all of the things --- I can't tell you without going  
10 back to the tariff.

11 Q. Do you know if there are monthly charges for the  
12 facility?

13 A. It's my understanding that they are monthly  
14 charges, yes.

15 Q. And they're also mileage sensitive?

16 A. That's my understanding.

17 Q. Do you have any understanding whether any of  
18 Verizon's FX customers are located within five miles  
19 of the serving switch?

20 A. I don't know the makeup of the FX customers. I  
21 know generally how they approach the request but I  
22 don't know physically how they're located with respect  
23 to the switch.

24 Q. Would you agree with me that it would be possible  
25 for a Verizon FX customer to be located within five

1 miles of the end office it serves in?

2 A. I would agree that theoretically it's possible,  
3 but practically speaking what I'm seeing has been that  
4 the customer in practical terms is in a community some  
5 distance from the community they want to have a  
6 presence in. So it's usually whatever the distance  
7 between those two local calling areas is is the  
8 distance to the switch.

9 Q. So it would be five miles?

10 A. It could theoretically be. I'd say generally  
11 it's probably further than that.

12 Q. It could be ten miles?

13 A. Ten, 15, 20.

14 Q. And Verizon has been collecting reciprocal  
15 compensation from CLECs for calls that CLEC customers  
16 make to Verizon's FX customers?

17 A. That's my testimony, that we've been doing it ---  
18 basically the system doesn't have a way to  
19 differentiate.

20 ATTORNEY SHOR:

21 I have nothing further. I'd like  
22 to move the admission of USLEC Exhibit Three into the  
23 record.

24 JUDGE:

25 Admitted, without objection.

1                   ATTORNEY PANNER:

2                   And, Your Honor, I'd like to move  
3 the admission of Exhibit VZ-6.

4                   JUDGE:

5                   Admitted without objection. Have  
6 we finished with this witness?

7                   ATTORNEY SHOR:

8                   We have.

9                   ATTORNEY PANNER:

10                  I have, Your Honor. Thank you.

11                  JUDGE:

12                  Then fine, the witness is excused  
13 and thank you for coming, sir. Now, is there anything  
14 else that the parties need to present to me? Good.

15                  ATTORNEY SHOR:

16                  You had asked to go through the  
17 agreement, would it be at all possible for Counsel to  
18 do that another time and place and come back and tell  
19 you instead of doing it now?

20                  JUDGE:

21                  Well, that is about what I was ---  
22 I was about to launch into that. I do have some  
23 procedural issues to go through with the parties with  
24 respect to the briefing schedule and the final and  
25 best offer and I was going to launch into the

1 questions I had about the agreement. Let's go off the  
2 record for a few minutes.

3 OFF RECORD DISCUSSION

4 JUDGE:

5 Let's go back on the record. In  
6 the interest of your personal schedules, I'll try to  
7 make this as brief as possible. First of all, my  
8 prehearing order number two sets forth the briefing  
9 schedule, that your final and best offers are due July  
10 25th, that the main briefs are due August 1st and the  
11 reply briefs are due August 9th. And when I say due,  
12 I mean due in hand on or before four o'clock in the  
13 afternoon.

14 Now, during the course of your  
15 witnesses' testimony they have referred and you as  
16 lawyers have referred to a variety of Commission  
17 precedents and FCC precedents and FCC regulations and  
18 court decisions. And my access --- it is my  
19 understanding, that I am to expedite these proceeding  
20 even though the parties have graciously waived the  
21 statutory deadlines. So that I must inform you that  
22 my access to finding some of these decisions is  
23 limited.

24 ATTORNEY SHOR:

25 We'll make copies.

1                   JUDGE:

2                   Right. I don't need court  
3 decisions. I'm sure there are court reporters that  
4 are published that I can find without a problem. When  
5 it comes to finding historic Pennsylvania Public  
6 Utility Commission information, I do have some  
7 difficulties. I have the global order as it's called  
8 and I have the implementation order readily available  
9 in my own office. But beyond that, for example, the  
10 MFS-2 and 3 decisions are not readily available. And  
11 the same thing is true --- I'm sure somewhere in the  
12 building I can find FCC regulations, full text of FCC  
13 decisions, which tend to be extremely lengthy. I  
14 would prefer that you two agree on the excerpts that  
15 you need to provide to me. I don't want to put  
16 anybody to the expense of killing all of those trees  
17 just to make copies of material that I'm not going to  
18 use.

19                   I have reserved as per the request  
20 of USLEC, the opportunity to file a late filed  
21 exhibit, that USLEC Exhibit Number Four, which is to  
22 be a certified copy of the MFS phase two transcript.  
23 And, again, I would urge you to agree with Mr. Panner  
24 on what excerpts you need to identify. I remember  
25 that proceeding went on for quite awhile. While I

1 probably don't and cannot get easily access to the  
2 orders, the Commission may --- the transcripts would  
3 even be worse. And I'm not encouraging you to do give  
4 me that.

5 All right. I would like you and  
6 Mr. Panner to review the agreement that was filed as  
7 part of the petition, which is the only copy of the  
8 agreement that I have. And I will tell you, for your  
9 ease of your operation, where I found things and look  
10 at page 25, look at page 31, 33, 35, 43, 52, 61, 64,  
11 65, 66, 71, 115. On all of those identified pages,  
12 you have identified disagreements and disputed issues.

13 I have a variety of questions,  
14 some of them very simple, some of them very stupid.  
15 For example, on page 114, it appears that there is a  
16 typographical error in one of the rates quoted by  
17 Verizon. Oh, I beg your pardon, I've got the wrong  
18 page number. On page 134, if you look there at  
19 engineering quarry is listed at \$122.34. On the  
20 immediately proceeding and the immediately following  
21 pages the same engineering quarry is listed as  
22 \$123.24. There has been a transposition, I believe,  
23 with numbers. It's just one of those crazy things I  
24 picked up while I was reading through this thing and  
25 thought, well, gee, those numbers are different and

1 sure enough, they were.

2                   Decide what you want is right,  
3 because I'm supposed to take a look at this agreement  
4 and approve the whole thing, what's settled and what's  
5 not. I have questions on pages one, which is that  
6 term of how long this agreement is supposed to last.  
7 Thirty-seven (37), 38, 57, 58, and there is nothing on  
8 page 114 but my own written question. And I'm sure  
9 it's an easy one to answer. I will tell you what the  
10 question is because it's a blank page, otherwise  
11 you'll think I'm really crazy and maybe I am. But my  
12 question is are all of the prices quoted for USLEC and  
13 for Verizon on the following pages tariff rates as set  
14 forth and a currently approved Pennsylvania Public  
15 Utility Commission or FCC final order.

16                   And the reason I ask that question  
17 is that I was the Judge who handled Verizon's first  
18 uni-rate case, but not the second. And I know that  
19 the loose ends from the first one may not yet be  
20 cleared up.

21                   Now, I will --- it currently  
22 appears on my schedule that I have an open day  
23 tomorrow and that I have a consumer complaint-type  
24 case on Friday and a prehearing conference that should  
25 not last very long on Monday. And Tuesday is also

1 completely open. I would appreciate it if you,  
2 meaning Mr. Panner and Mr. Shor, would contact me to  
3 set up a conference call, given the availability so  
4 that we can go through some of the things that I'm not  
5 discussing now. All right? And the reason I suggest  
6 in the immediate future is that will get us under the  
7 window of the availability of the transcript so that  
8 you will not be of two minds as to whether to  
9 telephone right ---. I urge both parties to continue  
10 negotiating, to notify me promptly if you're able to  
11 reach settlement. I had promised today that I would  
12 give you an overview of my view of how I would decide  
13 issues. I will substantially abbreviate that for you  
14 right now. My first question will be, what does the  
15 Act say. Does it require the result that a party is  
16 asking about and then in no secret fashion --- I  
17 worked backwards to, does FCC require it, does my  
18 Commission require it, do the court cases require it.

19                   The other thing is is that when we  
20 started this case you informed me that you were  
21 essentially litigating on a multiple front basis  
22 throughout the Verizon footprint. It sure would be  
23 nice to be told that some other state had decided some  
24 of these issues ahead of me. But at the time you told  
25 me I was out there on the bleeding edge. There is a

1 possibility because you have not talked to me since  
2 then that that may have changed.

3 ATTORNEY PANNER:

4 The edge is only bleeding all the  
5 harder.

6 ATTORNEY SHOR:

7 You were the first.

8 JUDGE:

9 Some people get all of the luck.  
10 Okay. It will be up to you, Mr. Shor, to supply the  
11 copies, the appropriate number of copies to the Court  
12 Reporter, as well as me. What is a reasonable amount  
13 of time for you to accomplish the certified copy of  
14 the transcript?

15 ATTORNEY SHOR:

16 I have no idea. My local Counsel  
17 is not here. I just don't know.

18 JUDGE:

19 Well, let me put it ---.

20 ATTORNEY SHOR:

21 Excuse me. Since we're not going  
22 to do the whole thing, I need to work with Mr. Panner  
23 so I just don't know.

24 JUDGE:

25 Okay. Since the Court Reporter is

1 under the obligation to provide the transcript in  
2 three business days, I'm going to assume that that's  
3 too short a time period for you. And we can discuss a  
4 conference call much longer than those three days you  
5 need, that will require you to be --- to take the  
6 Court Reporter out of the loop and deal with me in  
7 terms of sending it to me and/or to the secretary's  
8 office. I will require you to agree on a matrix for  
9 the brief in terms of issues. In other words, make  
10 sure that each of you has a matching issue number one,  
11 a matching issue number two. If you want to combine  
12 them, that's fine. I understand that. But you have  
13 about eight issues total. Make your numbers match so  
14 that your briefs are head to head on the same number  
15 all the way through. My decision will be written that  
16 way and the Commission will understand it that way.

17 We will discuss later the format  
18 for providing the finalized language that you have but  
19 I haven't seen yet. Does anybody else have anything  
20 else that we're aware that I need to deal with,  
21 because this is --- as far as I'm concerned this is  
22 the last opportunity to put something on the Court  
23 Reporter's record. The conference call will not be  
24 reported unless you specifically request it and then  
25 we will jump through hoops to make that happen. And I

1 have no problem with doing that. I just have to know  
2 about it in advance.

3 ATTORNEY SHOR:

4 I think we're set.

5 JUDGE:

6 Okay. In this case, I want to  
7 thank you, both sides for their cooperation. It's  
8 very easy to slip into a litigated unprofessional  
9 posture. I did not see that today and I always  
10 appreciate that in my courtroom. I don't tell  
11 everybody in my courtroom that, unless it actually  
12 occurs. And I really do appreciate the cooperation  
13 that you've shown so far. I think we've made pretty  
14 good progress today. I wish you all a safe trip  
15 home.

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17 HEARING CONCLUDED AT 6:00 P.M.

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