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April 21, 2005

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Docket Control
Arizona Corporation Commission
Hearings Division
1200 West Washington Street
Phoenix, AZ 85007

Arizona Corporation Commission
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AZ CORP COMMISSION
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RE: Utilities Division Staff v. Eschelon Telecom of Arizona, Inc.
Docket No. T-03406A-03-0888

Dear Docket Control Administrator:

Enclosed for filing is an original and 13 copies of the testimony of Dennis D. Ahlers of Eschelon Telecom of Arizona, Inc. in connection with the above-referenced matter.

Sincerely,

Kim K. Wagner
Senior Legal Secretary
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Enclosures

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Q. Please state your name and business address.

A: My name is Dennis D. Ahlers. My business address is Eschelon Telecom, Inc.,
730 Second Avenue South, Suite 900, Minneapolis, MN. 55402

Q. What is your position with Eschelon Telecom?

A: My title is Senior Attorney-Director.

Q. What are your duties and responsibilities at Eschelon Telecom?

A: I provide legal advice to Eschelon management on a range of issues and represent
Eschelon in regulatory and other legal proceedings.

Q. Please summarize your professional experience.

A: After graduating from Kansas University Law School in 1977, I spent three years at the
Wichita Legal Aid Society. In 1980, I accepted a position as Assistant General Counsel
to the Kansas Corporation Commission. In 1983, I accepted a position at the Minnesota
Attorney General's Office. At various times during my sixteen years at that office I
represented the Minnesota Public Utilities Commission, the Residential Utilities Division
and the Minnesota Department of Public Service. In 1999, I accepted my current
position at Eschelon Telecom, Inc.

**Q. Are you familiar with the Settlement Agreement between Eschelon Telecom of
Arizona, Inc. ("Eschelon") and the Arizona Corporation Commission Staff in this
Docket?**

A: Yes.

1 **Q. As stated in Section 1 of the Settlement Agreement, does Eschelon agree that “for the**
2 **purposes of this Settlement Agreement only” the agreements listed constitute**
3 **Interconnection Agreements under current Federal Communications Commission and**
4 **Arizona Corporation Commission rules and orders?**

5 A: Yes. While Eschelon has contested the characterization of some of these documents as
6 Interconnection Agreements in this proceeding and in other states, for purposes of this
7 settlement Eschelon has stipulated that these documents constitute Interconnection
8 Agreements under current Federal Communications Commission and Arizona
9 Corporation Commission rules and orders.

10 **Q. Under Section 2 of the Settlement Agreement, does Eschelon agree that all future**
11 **Interconnection Agreements shall be filed with the Arizona Corporation Commission**
12 **by Eschelon?**

13 A: Yes. While the parties agree that there is no definitive federal rule on the subject of
14 CLEC filing requirements for Interconnection Agreements, we disagree on what
15 inferences can be drawn from existing federal statutes and rules. However, as a part of
16 this Settlement Agreement Eschelon accepts that the Arizona Corporation Commission
17 requires it to file and to seek Commission approval for all Interconnection Agreements
18 and Eschelon agrees to file all such agreements with the Commission.

19 **Q. Is this requirement also embodied in Section 3 of the Settlement Agreement?**

20 A: Yes. In Section 3 of the Settlement Agreement, Eschelon agrees to file all Interconnection
21 Agreements with the Commission within thirty days of execution.

1 **Q. In Section 6 of the Settlement Agreement, Eschelon agrees to pay an administrative**
2 **penalty of \$80,000, comprised of two (2) \$40,000 payments. Please explain the basis**
3 **for the amount of the payment.**

4 A: This payment is comparable to that imposed upon Qwest for similar actions based upon
5 the comparable revenues of the two companies, the number of agreements involved and
6 the number of alleged violations. In fact, Eschelon believes that the penalty is
7 proportionally larger than that imposed upon Qwest. It is also much higher than the
8 \$25,000 payment made in settlement of a similar proceeding at the Washington
9 Commission. In light of the potential time, effort and cost of a contested proceeding the
10 parties agreed that this amount is appropriate.

11 **Q. In Section 8 of the Settlement Agreement, is Eschelon also agreeing to file future**
12 **“commercial agreements” with Staff?**

13 A: Yes. Eschelon has agreed to file all future “wholesale or commercial agreements,
14 whether written or oral” with Staff for its review. This includes any agreement between
15 Eschelon and an ILEC that relate to resale, interconnection or the purchase of unbundled
16 network elements in Arizona. Eschelon agrees to do so within 30 days of execution of
17 any such agreement. It should be noted that consistent with the Agreement, Eschelon
18 recently submitted to Staff a settlement agreement that it had reached with Qwest in a
19 lawsuit in Federal Court in the state of Washington. While Eschelon does not believe
20 that that settlement agreement constitutes an Interconnection Agreement, Eschelon filed
21 it with the Commission so that Staff could review it and make its own determination.

1 Q. What action are you requesting from the Commission regarding the Settlement
2 Agreement?

3 A. Eschelon requests that the Settlement Agreement be approved by the Commission and
4 that the Docket be closed.

5 Q. Does this conclude your testimony in this matter?

6 A: Yes, it does.

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