BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of QWEST CORPORATION To Initiate a Mass-Market Switching and Dedicated Transport Case Pursuant to the Triennial Review Order	)	DOCKET NO. UT-033044

DIRECT TESTIMONY OF

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FILED ON BEHALF OF

DIECA COMMUNICATIONS, INC., D/B/A COVAD COMMUNICATIONS COMPANY

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I. QUALIFICATIONS

Q. PLEASE IDENTIFY YOURSELF FOR THE COMMISSION.

A. My name is Michael Zulevic and I am employed by DIECA Communications, Inc., d/b/a Covad Communications Company ("Covad"), as the Director of External Affairs for the Qwest region. My business address is 7901 Lowry Boulevard, Denver, Colorado 80230.

Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR JOB RESPONSIBILITES AND EXPERIENCE.

A: As Director of External Affairs, I am responsible for resolving business issues between Covad and its vendor, Qwest. This responsibility includes driving resolution on operational, OSS, and billing problems, and negotiating with Qwest so that Covad can pursue meaningful business opportunities in this market. I work with Qwest to resolve operational, OSS and billing issues on a business to business level, in the change management process, at industry workshops, and in interconnection agreement negotiations. In working on these issues, I interface with internal Covad groups dedicated to provisioning Covad service, including services using stand-alone loops (2-wire analog and non-loaded loops and T-1 loops), line shared loops and line split loops.

In my position immediately preceding my current role, my responsibilities included the deployment of Covad's line sharing equipment across the country. I was responsible for the architecture negotiations over the first-ever line sharing agreement with U S WEST (or any ILEC, for that matter) in the country. During the architecture negotiations, I helped to design the network architecture that is

now in place. I have also been involved with the network design negotiations with other ILECs, including BellSouth, Verizon, Sprint, and SBC.

Prior to joining Covad, I was employed by U S WEST (now Qwest) for 30 years, most recently as Manager, Depreciation and Analysis for the last few years I was employed by US WEST. Prior to that, I worked in Network and Technology Services ("NTS") for several years, providing technical support to U S WEST interconnection negotiation and implementation teams. While working in these two capacities, I provided testimony on technical issues in support of arbitration cases and/or cost dockets in Minnesota, Iowa, Montana, Washington, Oregon, Arizona, New Mexico, Nebraska, Utah, Wyoming, and Idaho. Prior to joining the NTS group, I was responsible for providing technical support for the U S WEST capital recovery program in the areas of switching, transport, and loop. I also worked as a Central Office Technician and Central Office Supervisor at U S WEST.

In addition to the extensive experience described above, I have worked as a Switch and Transport Fundamental Planning Engineer, where I represented Fundamental Planning as a member of the ONA/Collocation Technical Team; Circuit Administration Trunk Engineer, specializing in switched access services; and Custom Network Design and Implementation Engineer working with the design and implementation of private networks for major customers.

II. INTRODUCTION: PURPOSE AND SUMMARY OF TESTIMONY

Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A: The purpose of this testimony is to describe the concerns Covad has with Qwest's batch hot cut ("BHC") proposal, and to enumerate the problems with that proposal. I will also detail why the defects and deficiencies in Qwest's BHC proposal make it both uneconomic and inefficient for competitors to use a UNE-L delivery mechanism in the local market. I also intend to outline the significant, ongoing operational obstacles Covad faces as it attempts to partner with UNE-P and UNE-L voice providers to offer a bundled voice and data product in light of the deficient BHC process. The operational impediments and issues I describe in this testimony are those that (1) must be taken into account when the Commission decides whether competitors really can provide service successfully to the mass market using a UNE-L strategy if consigned to the BHC process Qwest has proposed, and (2) must be corrected if a UNE-L delivery mechanism is to be used successfully to provide service.

Q. WHAT IS THE GENESIS OF YOUR TESTIMONY?

A. In its Triennial Review Order ("TRO"), the FCC made a national finding that CLECs are impaired without access to unbundled local switching ("UBS") when providing service to the mass market. (TRO, ¶ 419). The FCC's impairment determination was grounded in economic and operational factors – largely stemming from existing hot cut processes -- that demonstrated, to the FCC's satisfaction, that impairment exists without access to UBS. (TRO, ¶¶ 461-484). The FCC found that the current ILEC hot cut process raises competitors' costs, lowers their quality of service, and delays the provisioning of service, creating an insurmountable barrier to entry to carriers seeking to serve the mass market.

In order to promote the ability of competitors to use their own switches to serve the mass market, the FCC stated that state commissions "must" approve and implement, within nine months, a batch hot cut process that will render the hot cut process more efficient and reduce per-line costs. (TRO, ¶ 487). The FCC ordered state commissions to establish a batch hot cut process that is more efficient and reduces per line costs or issue detailed findings explaining why such a process is unnecessary.

Here, Qwest is challenging the finding that CLECs are impaired without access to UBS. Consequently, the Commission "must" approve a batch hot cut process that is efficient and cost effective such that CLECs can actually use their own switches to serve the mass market. Accordingly, my testimony is designed to illuminate for the Commission the significant problems that still exist with Qwest's BHC process and which must be corrected if CLECs are actually going to be able to use their own switches.

III. BHC AND DATA SERVICES

Q. WHAT IS A "HOT CUT"?

A. A "hot cut" describes the cut-over of a working loop from one carrier's switch to another carrier's switch with little to no disruption of service. Today, hot cuts are ordered primarily by voice carriers. The FCC defined a "batch cut" process as a process by which Qwest or the ILECs, generally speaking, simultaneously migrate two or more loops from one carrier's local circuit switch to another carrier's local circuit switch. The FCC found, and correctly so, that the migration of numerous lines at the same time gives rise to operational and economic efficiencies that are not available when migrating loops from one switch to another switch on a line by

line basis. As a prerequisite to eliminating access to UBS (assuming, without conceding, that UBS access will be eliminated), therefore, the FCC required ILECs to implement "batch" hot cut processes that will efficiently and economically allow the mass migration of existing customers from one switch to another, the mass installation of new customers on a carrier's switch, and the associated daily churn volumes that are inevitable in any market. (TRO, ¶¶ 487-490.)

Q. DID THE FCC PROVIDE ANY GUIDANCE AS TO THE CHANGES THAT WOULD HAVE TO BE MADE AND IMPLEMENTED BEFORE AN ILEC'S BATCH HOT CUT PROCESS WOULD BE DEEMED ACCEPTABLE?

A. The FCC did not provide any strict standards against which an ILEC BHC process would be measured. It did, however, provide guidance as to the areas to which the individual state commissions should direct their attention when determining whether a BHC process is sufficient. The areas identified by the FCC include:

1. Determining the appropriate volume of loops that should be included in the batch (TRO, ¶¶ 488-489);

2. Adopting specific processes to be employed when performing a batch hot cut, taking into account the ILEC's particular network design and cut-over practices (TRO, ¶¶ 488-489);

3. Evaluating whether, for any requesting telecommunications carrier, the ILEC is capable of migrating multiple lines served using unbundled circuit switching to switches operated by a carrier other than the ILEC (TRO, ¶¶ 488-489);

4. Developing completion interval metrics for the cutting over of high volumes of loops to which the ILECs must comply (TRO, ¶¶ 487-489);

5. Adopting rates for the batch cut activities it approves in accordance with the FCC's TELRIC rules for UNEs, which rates shall reflect the efficiencies associated with batched migration of loops, either through a reduced per line rate or through volume discounts, as appropriate (TRO, ¶ 489); and

6. If the PUC concludes that the absence of a batch hot cut migration process is not impairing the ability of CLECS utilizing UBS to serve mass market customers, the PUC does not have to establish a BHC, but must issue detailed findings regarding the volume of unbundled loop migrations that could be expected if requesting carriers were no longer entitled to UBS, the ability of the ILEC to meet that demand in a timely and efficient manner using its existing hot cut process, and the non-recurring costs associated with that hot cut process (TRO, ¶ 490).

Q. DOES QWEST'S PROPOSED BHC PROCESS SATISFY THE FCC FACTORS?

A. You really can't answer this question with a simple yes or no. The reason is, the FCC provided guidance, not standards. While Qwest's BHC proposal may respond to the guidance provided by the FCC by, for example, defining the number of loops that are included in a "batch," that alone is not even close to being the same as a determination that Qwest is including a sufficient number of loops in its definition of a "batch," as some CLECs contended in the BHC Forum. Therefore, the Commission must take care not to stop its analysis at whether Qwest has responded to the guidance provided by the FCC, but should take the next step to make sure that the Qwest response will permit the successful use of the BHC process by any CLEC using a UNE-L delivery mechanism to provide voice and data service to the mass market.

Perhaps even more importantly, the Commission should keep in mind that simply identifying a process is not sufficient to ensure that the barriers to entry identified by the FCC are overcome. Qwest should be required to demonstrate that

its BHC process has been tested thoroughly, the technicians are trained adequately in performing BHCs, and that the BHC process has been implemented successfully through field trials.

Q. DOES QWEST'S BHC PROCESS MEET COVAD'S NEEDS?

A. Absolutely not. Qwest has adamantly refused to include data services in its BHC process, thus ensuring that CLECs will be placed at a permanent disadvantage to Qwest. Further, Qwest's BHC proposal is flawed and constitutes a barrier to entry as a result of interval, change management, and rate disputes. I will address each of these issues below. For convenience purposes, my testimony will be organized by issue, with the issues defined consistent with the protocol we used in the BHC Forum.

IV. BHC ISSUES

ISSUE P-6(a): INCLUSION OF DATA IN THE BHC PROCESS

Q. PLEASE DESCRIBE WHY QWEST'S REFUSAL TO INCLUDE DATA IN ITS BHC PROCESS RENDERS IT ANTI-COMPETITIVE AND INSUFFICIENT TO PERMIT OPERATIONALLY EFFICIENT AND ECONOMIC USE OF UNE-L TO DELIVER SERVICE TO MASS MARKET CUSTOMERS.

A: There are two reasons why the Qwest refusal to include data in the BHC process renders that process inefficient and anti-competitive and prohibits a CLEC from successfully using a UNE-L strategy. The first reason is that, in the absence of access to UBS, CLECs can not provide a "line split" DSL service in this state. Consequently, if the CLEC must cut over a line shared or a line split loop to a

UNE-L loop splitting arrangement, it cannot do so in a seamless, easy manner. That is, while the voice service migration may be seamless and virtually uninterrupted, the CLEC will not be able to do the same with the data service it wishes to provide to its customer. The data service will be taken down for at least a few days, and the necessary disruption and inconvenience to the customer very likely might result in a loss of the new CLEC customer (in the case of line sharing or line splitting to loop splitting) or the CLEC's existing customer (in the case of just line splitting to loop splitting). Needless to say, this places the CLEC at a competitive disadvantage when attempting to attract new customers or retain existing customers.

The second reason is that the Qwest BHC process will result in discriminatory treatment of CLECs. While CLEC customers will not have the seamless migration of voice and data, Qwest can and will make the same cut over to Qwest voice and data service in a seamless manner.

Q. WHAT IS THE DIFFERENCE BETWEEN A "LINE SPLIT" LOOP AND A "LOOP SPLIT" LOOP?

A. Line splitting is an arrangement in which a voice CLEC (e.g., AT&T or MCI) *using UNE-P* partners with a data CLEC (Covad) to provide the end user with a bundled voice and data service, using a single 2-wire loop to the customer premises. Loop splitting is similar to line splitting, with one minor difference. Loop splitting is an arrangement in which a voice CLEC (e.g., AT&T or MCI) *using UNE-L* partners with a data CLEC (Covad) to provide the end user with a bundled voice and data service, again using a single 2-wire loop to the customer premises with the dial tone, or voice service, coming from the CLEC switch.

Q: HOW DOES LINE SPLITTING RELATE TO THE ISSUE OF ACCESS TO UNBUNDLED SWITCHING IN THE MASS MARKET?

A: Line splitting, which is virtually technically identical to line sharing, involves the provision of voice service by a competitor over the UNE-P. If there is no UBS, there is no UNE-P and, hence, no line splitting. For two competitors to continue providing voice and data to that customer over one phone line, they would have to do so in a UNE-L loop splitting arrangement.

Q. HOW DOES THIS RELATE TO LINE SHARING?

A. Line sharing is the arrangement in which the ILEC (Qwest) provides the end user with Qwest retail voice service, and a data CLEC (Covad) provides the end user with DSL service, using a single 2-wire loop to the customer premises. In all three arrangements (line splitting, loop splitting, and line sharing), the voice is transmitted over the low frequency portion of the loop and data service is provisioned over the high frequency portion of the loop.

Q. WHEN YOU DISCUSS THE EXCLUSION OF DATA FROM THE BHC PROCESS, ARE YOU REFERRING JUST TO LINE AND LOOP SPLITTING?

A. No, I am not. I am referring to the fact that Qwest is excluding *all* data services from its BHC process – line sharing, line splitting, and loop splitting. This is significant for a number of reasons. First, to the extent the Commission is looking at the way CLECs may or can transition their *existing* customer base from a UNE platform to unbundled loops, Qwest's BHC proposal ensures that CLECs cannot migrate the data service with the voice service. Consequently, Qwest has built in to its BHC proposal a self-serving opportunity to win CLEC customers as a result

of a regulatory change and not any desire on the part of the customer. Second, and perhaps even more egregiously, Qwest's decision to exclude data from the BHC process ensures that new customers cannot easily migrate from CLEC to CLEC (via line or loop splitting to loop splitting arrangements) or from Qwest to CLEC (via a line sharing to loop splitting arrangement). Consequently, the exclusion of data services results not only in a competitive disadvantage to CLECs, but also will stymie the easy transition from and to service providers by consumers.

Q. SINCE THE BHC PROCESS IS SUPPOSED TO ADDRESS THE MIGRATION OF EXISTING CUSTOMERS, WHY ARE YOU LOOKING AT THE NEW CUSTOMER SCENARIO?

A. Qwest has represented that its BHC process will be used not only for the transition of CLEC customers from UNE-P to unbundled loops if UBS is eliminated, but also for CLECs that want to place orders for new customers and use the BHC process. Qwest's own decision has, of necessity, also made us consider the impacts on CLECs when attempting to attract and provide service to new customers.

Q: WHY SHOULD IT MATTER IF THE CUSTOMER'S DATA SERVICE CANNOT BE MIGRATED SEAMLESSLY, AS CAN THE VOICE SERVICE?

A. All customers will want a seamless migration of voice *and* data services should the need arise to convert from a UNE-P line splitting or line shared arrangement to a UNE-L loop splitting arrangement. Customer expectations with respect to

migrating data services are the same as customer expectations regarding migrating voice features or functionality. UNE-P line splitting or line sharing customers who find themselves involved with a conversion to UNE-L will demand, and rightfully so, to have both voice and data migrated with minimal interruption. As I stated above, a process that does not allow CLECs to easily add or transition their customers, or that prevents consumers from easily changing service providers, also does not overcome the significant barriers to entry that the FCC identified.

Q. PLEASE ELABORATE ON YOUR CONCERN ABOUT THE DISCRIMINATORY WAY IN WHICH QWEST CAN SEAMLESSLY PROVIDE A BUNDLED VOICE AND DATA OFFERING TO CUSTOMERS AND CLECS CANNOT.

A. Whenever Qwest can provide service with less disruption and delay than any other carrier, Qwest has a competitive advantage over all the other carriers seeking to win that customer. While such an advantage is permissible if it's a result of Qwest just being the more efficient carrier, it is not permissible if the advantage is derived from a process flaw rather than any ability of Qwest. Here, Qwest has afforded itself the opportunity to seamlessly transition voice and data services when it wins a customer, but has deprived CLECs of that same ability.

An efficient OSS and supporting processes allow customers to quickly and inexpensively change providers by allowing CLECs to submit a single order to migrate an end user from one voice and data arrangement to another. However, Qwest currently has no migration process in place for a single order UNE-P line splitting to UNE-L loop splitting conversion, much less for a batch of customers.

So, today, the only way to transfer one or more (i.e., a batch) customers from a UNE-P line splitting to UNE-L loop splitting arrangement is to first, submit an individual order for each customer to cancel the UNE-P line splitting arrangement and, second, resubmit a new order for each customer to install a new UNE-L line splitting arrangement. Other than the obvious issue of having to submit two orders, this scenario also causes extended interruptions to the end user's data services and it is doubtful that Qwest could handle the commercial volumes transacted in today's UNE-P environment. So, what we see is a "process" that is not in place, is not efficient, and certainly does not permit a "hot" conversion from UNE-P to UNE-L.

The same problem currently exists for the line sharing to line splitting migration. Currently, a customer cannot transition from Qwest to CLECs with a seamless migration of voice and data, although the reverse is true – a customer can transition seamlessly from CLECs to Qwest. While, potentially, this competitive disparity will be alleviated on a line by line basis as a result of the implementation of certain Change Management change requests, Qwest retains that advantage for itself when a CLEC wants a batch cut over for new or existing customers. Qwest simply cannot be allowed to create a customer win opportunity by disadvantaging competitors, rather than winning that customer fair and square.

Q. WHY DO YOU FOCUS ON THE COMBINATION OF VOICE AND DATA SO MUCH?

A: The future of competition in the Washington mass market hinges upon the ability of competitors to provide a bundled voice and data product—via line splitting or loop splitting —in competition with the voice and data bundles currently being

provided by Qwest. Currently, Qwest's discriminatory line and loop splitting ordering and migration operations and OSS in Washington constitute a barrier to entry. Ensuring that Qwest's line and loop splitting operations and OSS are both adequate and nondiscriminatory is an essential predicate to Washingtonians receiving the benefits of competition in the growing market for bundled voice and data products. Because Qwest does not currently have operations and OSS to adequately support (1) UNE-P line splitting to UNE-P line splitting ordering and migrations, (2) UNE-P line splitting to UNE-L loop splitting ordering and migrations, or (3) line sharing to UNE-L loop splitting ordering and migrations, its BHC process must be deemed insufficient to overcome the barriers to entry identified by the FCC.

Q. WHAT IS IT ABOUT BUNDLED OFFERINGS THAT MAKE THEM SO COMPETITIVELY SIGNIFICANT THAT DATA MUST BE INCLUDED IN THE BHC PROCESS?

A. The rapid transition from separate, standalone voice and data services to one, singled bundled voice and data service cannot be seriously disputed. Newspaper articles, analyst reports, and carrier advertisements regularly tout voice and data bundles as the "next wave." For example, J.P. Morgan Securities, Inc., reports that "By 2006, we expect that half of all consumers will be taking a bundle in some form or another from an ILEC or an IXC [CLEC]," and that "over 50% of customer[s] [will] purchase[s] bundled services from a single carrier by 2006." *See* Exhibit MZ-10 at pp. 4 and 1.

Moreover, J.P. Morgan further reports that:

> The market for broadband Internet access is expected to balloon over the next several years, as customers continue

> to migrate from dial-up service and first-time users sign up for Internet service. We estimate that current penetration, at 10% of households, is expected to rise to roughly 30% by 2006, with DSL capturing roughly a third of this growing market.

Id., p. 2. Thus, J.P. Morgan reports that "while most DSL customers are currently on standalone service plans, over the next several years, we expect to see penetration of bundled offerings for DSL customers to rise significantly." *Id.*, p. 5. Accordingly, J.P. Morgan predicts that by 2006, 55% of all DSL will be bundled with voice offerings. *Id.* at Table 3.

Q. ARE THE ILECS BUNDLING VOICE AND DATA SERVICES?

A. Yes. In a section of the report entitled, "ILECs Bundle to Defend Their Crown Jewels – Local Voice," J.P. Morgan reports that "ILECs are reciprocating by bundling their local and long distance services together with DSL and wireless in an effort to both drive greater penetration of these services, but more importantly, defend their market share of the large and highly profitable local voice segment of the industry." *Id.*, p. 3.

Q. WHAT BENEFITS HAVE BEEN IDENTIFIED BY CARRIERS WITH RESPECT TO PROVIDING CONSUMERS WITH VOICE AND DATA BUNDLES?

A. SBC has been the most open about the advantages entailed by providing a bundled offering. During its 2003 Analyst Conference presentation, SBC noted the increased revenue derived from voice and data bundling. *See* Exhibit MZ-11. In addition, SBC noted that DSL "drives even lower access-line churn and higher ARPU as share increases." *Id.*, p. 4. Most importantly, particularly when we consider the impediments facing CLECs on the churn front, SBC reported that

churn is reduced by 61% if the customer obtains local voice and DSL from SBC, and that churn is reduced by 73% if the customer obtains local voice, long distance voice, and DSL from SBC. *Id.*, p. 6.

Q. IS THE DEMAND FOR DATA THAT SIGNIFICANT?

A. Absolutely. The demand for data services, and particularly DSL service, has skyrocketed. For instance, in the FCC's broadband report of June 10, 2003, the FCC reported that ADSL high speed lines grew by 27% in the second half of 2002, with the full year's increase being 64%. ADSL advanced service lines grew by 52% during the last half of 2002, with the full year's increase being 105%. From a total numbers perspective, the number of ADSL lines increased in 2002 from 3.9 million lines to 6.5 million lines. *See* Exhibit MZ-12, pp. 1-2. And in the state of Washington, 42% of consumers who have high speed internet access have that access as a result of a line shared DSL service. *Id.* at Table 7. Clearly, therefore, hot cut processes that are so specifically designed to undercut competitors' ability to provide service to an aggressively growing customer base is outright anti-competitive and nothing more than a thinly veiled attempt to knee-cap competitors attempting to provide comparable service offerings.

Q. WHY IS QWEST'S EXCLUSION OF DATA FROM THE BATCH HOT CUT PROCESS SO VERY UNREASONABLE?

A. In addition to the competitive impacts I discussed above, it is unreasonable because it just does not involve that much more work. Qwest claims that significant efficiencies would be lost if data services were included, thus resulting in a more expensive process and associated higher rates. In reality, the inclusion

of data really only means that Qwest would have to make one additional cross-connect in the central office, as you can see from the Qwest diagram, which was marked as Exhibit 4 during the BHC Forum and is attached hereto as Exhibit MZ-13. The Qwest pre-wire team would install two new cross-connects on the ICDF instead of only one that would be required for a UNE-P only circuit. One additional cross-connect installation, which would be done at the same time the voice cross-connect is installed and by the same two team members, would require an additional 2 or 3 minutes worth of work at the ICDF. No additional work would be required at the COSMIC Frame.

This additional work, and any cost associated with it, is more than outweighed by the economies of scale and reduction in costs associated with a batch hot cut process. More importantly, when evaluating whether there is any merit to Qwest's claim about increased costs, it is important to keep in mind that the additional activity required to include data is the direct result of a Qwest decision that is out of step with what the other ILECs have done. That is, had Qwest made the decision to use the same OSS for the provisioning of UNE-P as for UNE-L, as most other ILECs have done, the migration from line sharing or line splitting to loop splitting could be accomplished by removing and replacing a single cross-connect.

In any event, the inclusion of data in the batch hot cut process would require a minimal amount of additional work. One additional cross-connect would need to be placed and a data continuity test would have to be performed (this test confirms for the Qwest tech that they have properly wired the circuit) -- all of which would take place in the central office by one or two technicians. These are

not significant work functions and should not be used as an excuse for the exclusion of data migrations.

ISSUES P-8 and S-2: INTERVAL FOR BATCH HOT CUTS

Q. WHERE DOES COVAD STAND ON THE INTERVAL THAT SHOULD BE ESTABLISHED FOR BATCH HOT CUTS?

A. There is no doubt that an interval must be established for batch hot cuts and that such interval should be included in the PIDs (whether existing PIDs or new PIDs designed specifically to address BHCs) and PAPs. However, it is difficult at this point to state what the appropriate interval should be since we don't know the cost structure or final rate Qwest is proposing for batch hot cuts.

Clearly, the length of the interval is a function of the cost of the hot cut. In other words, if Qwest is doing more work for the BHCs, the interval will be longer and the rate will be higher. The converse, of course, is also true – a shorter interval means less time for tasks associated with BHCs as well as a lower cost. At a minimum, however, based on my several years of central office experience, a seven (7) day interval is much too long. The interval should be no longer than six (6) days, which is ample time to do any and all pre-wiring, testing, technician dispatch, and cut over work required for a successful batch hot cut. Importantly, whether you look at a six or a seven-day interval, such an interval allows for all the time necessary to include data in the BHC process, which work includes running just one additional jumper in order to newly provision or migrate customers with line shared or line split arrangements to loop split arrangements.

ISSUE P-12/P-29: CHANGE MANAGEMENT CRS

Q. WHAT ARE THE CHANGE MANAGEMENT ISSUES ASSOCIATED WITH THE QWEST BHC PROPOSAL?

A. Essentially, there are two change management (CMP) issues that are raised by the Qwest BHC proposal. The first CMP issue, issue P-12, relates to a pending MCI change request to allow the migration of customers from UNE-P to UNE-L by telephone number. According to MCI, this functionality is absolutely critical if any migration from a UNE-P delivery platform to a UNE-L delivery platform is required. The second CMP issue, issue P-29, is the high level CMP issue, and raises the question of, to the extent change requests are submitted in order to modify the Qwest BHC process to satisfy the FCC and the state commissions, how will Qwest ensure that such mandated CRs are timely implemented to accommodate the TRO transition guidelines.

I don't intend at this point to address the merits or the substance of any particular change request. But, it is imperative that the Commission consider and address the question of how any changes that flow from decisions rendered in the TRO dockets are integrated into the regular change management process.

Q. WHY IS THIS A CONCERN FOR YOU?

A. Qwest allocates a certain number of hours to each IMA release for the purpose of implementing systems change requests. Currently, "regulatory" CRs[1] are placed "above the line," are not prioritized and are automatically rolled into the next available release(s). To the extent that there are any hours left in a particular release, non-regulatory CRs are then implemented. Plainly, if there are systems changes that are required as a result of the TRO proceedings, my concern is that

[1] There must be a unanimous vote by all CMP participants that a particular CR is a regulatory CR.

Qwest will use all of the hours allocated to the April and October 2004 IMA releases (and potentially additional subsequent releases) to implement those changes. That means that all other systems changes will be delayed to the detriment of other CLECs. It is neither fair nor appropriate for all CLECs to be disadvantaged because massive regulatory proceedings may necessitate significant or time consuming systems changes.

Q. AREN'T YOU TRYING TO UNDO THE STANDARDS FOR THE CHANGE MANAGEMENT PROCESS?

A. No. I think the structure that is in place to address the general issue of regulatory CRs should remain because I believe that it works very well when you are talking about the episodic and generally onesie-twosie changes that are required as a result of regulatory proceedings. However, my concern is that, when you are talking about a unique situation that may necessitate significant systems changes by a specific date, we need to have a unique solution. Already, Qwest has identified a number of OSS changes that will be necessary to implement the BHC process as proposed. *See* Exhibit MZ-14 (BHC Forum Exhibit 9.3). If you also factor in other OSS changes that might be necessary, like the MCI migration CR I touched upon above, it is easy to see that "non TRO" systems CRs will dominate the 2004 IMA releases.

My concerns in this regard are only exacerbated by the fact that Qwest reduced by 40% the hours it will dedicate to the 2004 IMA releases, and has eliminated one of the 2004 major IMA releases, so that there will only be two, instead of three, IMA releases. Consequently, when you consider the scope of changes that might be necessary to implement TRO changes, in tandem with the

significant reduction in hours Qwest is willing to dedicate to the 2004 IMA releases, it is entirely possible that systems CRs that are critical to some CLECs will not be implemented for some time.

Q. DO YOU HAVE A PROPOSED SOLUTION?

A. Yes. I think the Commission should order Qwest to use a "separate pot" of hours to implement systems changes that flow from the TRO proceedings. Qwest further should be ordered that it cannot reduce the number of hours or releases currently dedicated to the 2004 IMA releases in order to accommodate any TRO changes.

ISSUES R-1 AND R-2: DEVELOPMENT AND TIMING OF COST STRUCTURE AND ASSOCIATED RATES FOR BHCs

Q. DO YOU ADDRESS THE COSTING AND PRICING OF THE BHCs?

A. No, not really, although there is one point I would like to make with respect to the cost structure for, and rate associated with, BHCs. This point is that, you cannot develop a cost structure and associated rate when you don't know what the final BHC product will be and what work or services it will or will not include. This, of course, will all be determined during this proceeding. Consequently, while a rate needs to be set, that rate should be an interim rate to be used by Qwest until a permanent cost-based, TELRIC-compliant rate is approved by the Commission.

V. CONCLUSION

Q. WHAT CONCLUSIONS SHOULD THE COMMISSION DRAW FROM YOUR TESTIMONY?

A: The ultimate goal of competition is to give customers choices of providers, innovative services, and competitive prices. Qwest's current "process" for installing new batches of loop splitting customers, and migrating line shared or UNE-P line splitting customers to UNE-L loop splitting arrangements ensures a

difficult, if not horrific, customer service experience. Unless Qwest develops, tests, and implements successfully a process to perform efficient and economic hot cuts to (1) install new loops splitting customers, and/or (2) migrate efficiently and economically UNE-P line splitting or line sharing arrangements to UNE-L loop splitting arrangements, Covad and its voice partners will be at a significant competitive disadvantage. Accordingly, until this Commission approves a batch hot process for voice plus data loops that is sufficient to eliminate these anti-competitive roadblocks, unbundled local switching for the mass market customers cannot be eliminated as a UNE. Indeed, if the Commission were to eliminate CLEC UNE access to UBS before resolving all the provisioning and hot cut problems described in my testimony, CLECs' ability to provide Washington consumers with competitive voice and data services would cease.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. This concludes my Direct Testimony, however, I anticipate filing all responsive testimony permitted by the Commission, and being presented for cross examination at the hearing on the merits.