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1   BEFORE THE WASHINGTON UTILITIES AND

2   TRANSPORTATION COMMISSION

3 In the Matter of the Continued)
   Costing and Pricing of   ) Docket No. UT-003013
4 Unbundled Network Elements and) Volume XXII
   Transport and Termination.   ) Pages 2539 to 2693
5 _____)

6

7   A hearing in the above matter was held on

8 April 2, 2001, at 9:30 a.m., at 1300 South Evergreen

9 Park Drive Southwest, Room 206, Olympia, Washington,

10 before Administrative Law Judge LAWRENCE BERG and

11 Chairwoman MARILYN SHOWALTER and Commissioner RICHARD

12 HEMSTAD and DR. DAVID GABEL.

13   The parties were present as follows:

14   COVAD COMMUNICATIONS COMPANY, by BROOKS E.
   HARLOW, Attorney at Law, Miller Nash, LLP, 601 Union
15 Street, Suite 4400, Seattle, Washington 98101, and by
   MEGAN DOBERNECK, Attorney at Law, 7901 Lowry Boulevard,
16 Denver, Colorado 80230.

17   THE WASHINGTON UTILITIES AND TRANSPORTATION
   COMMISSION, by GREGORY J. TRAUTMAN and MARY TENNYSON,
18 Assistant Attorneys General, 1400 South Evergreen Park
   Drive Southwest, Post Office Box 40128, Olympia,
19 Washington, 98504-0128.

20   QWEST CORPORATION, by LISA ANDERL, Attorney
   at Law, 1600 Seventh Avenue, Suite 3206, Seattle,
21 Washington 98191.

22   VERIZON NORTHWEST, INC., by JENNIFER L.
   MCCLELLAN and MEREDITH B. MILES and JEFF EDWARDS,
23 Attorneys at Law, Hunton and Williams, 951 East Byrd
   Street, Richmond, Virginia 23219.
24
   Joan E. Kinn, CCR, RPR
25 Court Reporter

1   ELECTRIC LIGHTWAVE INC.; ADVANCED TELECOM
   GROUP, INC.; AT&T COMMUNICATIONS OF THE PACIFIC
2 NORTHWEST, INC.; MCLEOD USA TELECOMMUNICATIONS SERVICES
   INC.; FOCAL COMMUNICATIONS CORPORATION OF WASHINGTON;
3 AND XO WASHINGTON, INC.; by GREGORY J. KOPTA, Attorney
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4 Avenue, Suite 2600, Seattle, Washington 98101.

5   WORLDCOM, INC., by ANN HOPFENBECK, Attorney
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8 BUTLER, Attorney at Law, Ater Wynne, LLP, 601 Union
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 2  T-1172                      2667             2669
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 1                P R O C E E D I N G S
 2              JUDGE BERG:  This is a continued hearing in
 3  Docket Number UT-003013.  Today's date is April 2, 2001.
 4  We will begin today's hearing with testimony and
 5  cross-examination of Verizon witness Mr. Richter.
 6              Before beginning that, I would ask that the
 7  reporter enter the exhibit number and exhibit
 8  description of Exhibits T-1150 through T-1151 and
 9  Exhibits 1160 through T-1167 from the updated exhibit
10  list dated 4-2-01 as if read in their entirety at this
11  time.
12
13              (The following exhibits were identified in
14  conjunction with the testimony of JOSEPH SCHROEDER.)
15              Exhibit T-1150 is Direct Testimony of
16  Schroeder Adopting Testimony of Bykerk (RAB-1T).
17  Exhibit T-1151 is Direct Testimony dated 11/13/00
18  (JS-1T).
19
20              (The following exhibits were identified in
21  conjunction with the testimony of LARRY RICHTER.)
22              Exhibit 1160 and C-1160 is Direct Exhibit
23  dated 8/4/00; two binders (LC-2C).  Exhibit E-1160 and
24  CE-1160 is Errata to LC-2C dated 11/13/00.  Exhibit
25  EE-1160 and CEE-1160 is Errata to LC-2C dated 3/30/01.
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 1 Exhibit T-1161 is Direct Testimony dated 12/22/00
 2 (LR-1T). Exhibit 1162 and C-1162 is Rev. Non-Recurring
 3 Cost Study for Loop Cond. (LR-2C). Exhibit T-1163 is
 4 Supplemental Direct Testimony dated 1/8/01 (LR-3T).
 5 Exhibit 1164 and C-1164 is Supplemental Direct Exhibit
 6 (LR-4C).   Exhibit 1165 and C-1165 is Supplmeental
 7 Direct Exhibit. Exhibit R-1165 and CR-1165 is Revised
 8 Supplemental Direct Exhibit (LR-5C). Exhibit T-1166 and
 9 CT-1166 is Rebuttal Testimony dated 2/7/01. Exhibit
10 T-1167 is Supplemental Rebuttal dated 2/28/01 (LR-7T).
11
12   JUDGE BERG: With that, Mr. Richter -- oh,
13 excuse me, Mr. Richter, one other matter.
14   Two exhibits previously identified as
15 Exhibits 1083 and 1084, Exhibit 1083 is redesignated
16 C-1083, and Exhibit 1084 is redesignated C-1084.
17   Commissioners, I have received those copies
18 this morning, and I will be distributing those to you,
19 but these relate to the testimony of Qwest witness
20 Albersheim which has already been completed.
21   And also, Ms. Anderl, I understand at this
22 time that you wish to offer C-1083 and C-1084 into the
23 record.
24   MS. ANDERL: That's correct, Your Honor.
25   JUDGE BERG: Any objections?

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 1              Hearing none, those exhibits are admitted as
 2  of today's date.
 3              Any matters that the parties want to address
 4  on the record before we begin with Mr. Richter?
 5              Mr. Richter, if you would please stand and
 6  raise your right hand.
 7
 8  Whereupon,
 9                   LARRY RICHTER,
10  having been first duly sworn, was called as a witness
11  herein and was examined and testified as follows:
12
13              JUDGE BERG:  Thank you, sir.
14              Ms. Miles.
15
16          D I R E C T   E X A M I N A T I O N
17  BY MS. MILES:
18      Q.    Good morning, Mr. Richter.
19      A.    Good morning.
20      Q.    Would you please state your name and business
21  address for the record.
22      A.    My name is Larry Richter.  My business
23  address is 600 Hidden Ridge, Irving, Texas 75038.
24      Q.    All right.  And did you file or cause to be
25  filed what have been marked as exhibits in this
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 1 proceeding starting with 1160 through 1167?
 2   A.   Yes.
 3   Q.   And do you have any changes or corrections to
 4 make to that testimony?
 5   A.   No.
 6   Q.   And then is that testimony or that testimony
 7 and those exhibits, are they true and correct to the
 8 best of your knowledge?
 9   A.   Yes.
10   MS. MILES: At this time, I would move
11 admission of Exhibits 1160 through T-1167 with the
12 exclusion of 1165, C-1165.
13   JUDGE BERG: Hearing no objections, exhibits
14 1160 through C-1164 and R-1165 through T-1167 are
15 admitted.
16   MS. MILES: Thank you, Your Honor. With
17 that, Mr. Richter is available for cross.
18   JUDGE BERG: Mr. Kopta.
19   MR. KOPTA: Thank you, Your Honor.
20
21   C R O S S - E X A M I N A T I O N
22 BY MR. KOPTA:
23   Q.   Good morning Mr. Richter.
24   A.   Good morning.
25   Q.   I'm Greg Kopta representing several CLECs in

 1 this matter. I believe we had a conversation in the
 2 last part of this docket, if you will recall.
 3   A.   Yes, we did.
 4   Q.   I wanted to ask you first about a portion of
 5 your direct testimony. It's a little hard to keep up
 6 with exhibit numbers when we've got different dates, but
 7 I believe it's T-1161, which is your direct testimony
 8 dated December 22nd.
 9   A.   Yes.
10   Q.   Specifically on page 3, and on that page I
11 would refer you to the sentence that begins on line 20.
12 Is my understanding correct that the costs -- well,
13 first let me say that the sentence that starts on this
14 line states, these costs should also be applicable to
15 local loops (DS1 and DS3) et cetera. Can you see where
16 my reference is?
17   A.   Yes.
18   Q.   Am I correct that this, the fact that you say
19 that the costs should be applicable, is equivalent to
20 these costs are applicable? In other words, are you --
21 is Verizon proposing to charge the same nonrecurring
22 charge for DS1 loops as they do for analog two wire
23 loops?
24   A.   Would you ask your question again?
25   Q.   Sure. The sentence refers to the costs that

 1 you are sponsoring here, the nonrecurring costs for
 2 ordering and provisioning unbundled network elements.
 3 And my question is, the nonrecurring charges and the
 4 costs that support those charges, which are essentially
 5 the same thing for Verizon, as I understand it, have
 6 been established for two wire local loops in an earlier
 7 docket.
 8   A.   Yes.
 9   Q.   Is that correct?
10   A.   Yes.
11   Q.   And my question is, are those same costs and
12 charges also applicable to orders for DS1 loops or DS3
13 loops?
14   A.   Now I think that's what the cost study does,
15 it takes and develops costs for DS1s and DS3s.
16   Q.   Right, so I guess, you know, the simplest
17 form of the question is because there are nonrecurring
18 charges already established for two wire loops, if a
19 CLEC wants to order a DS1 or a DS3 loop, those are the
20 same charges that will apply on a nonrecurring basis to
21 those orders; is that correct?
22   A.   Well, I think the DS1, DS3 nonrecurring costs
23 that would be represented in the cost study would be
24 different than regular analog loops for UNEs that were
25 established previously.

 1   Q.   Well --
 2   A.   I mean there would be different costs,
 3 there's different costs for DS1, DS3 versus a UNE analog
 4 loop.
 5   Q.   Well, I didn't see anything in your testimony
 6 or the exhibits that you have that discussed
 7 nonrecurring charges for DS1 and DS3 loops. Did I
 8 simply miss that? Would you reference where those costs
 9 are set out in your testimony?
10   A.   After reading this and thinking about your
11 question, the answer to your question would be yes.
12   Q.   Okay. So the nonrecurring charges for DS1
13 and DS3 loops are the same as for analog loops, so
14 that's not at issue in this phase of this docket?
15   A.   The way I understand it, yes.
16   Q.   Thanks, that's what I thought, so I -- you
17 kind of threw me a curve there.
18   A.   I'm sorry.
19   Q.   You know, you're supposed to ask questions
20 that you know the answer to, and you had me scared there
21 that I was violating a rule.
22   Would you turn to page 5 of your testimony,
23 and I wanted to ask you a couple of questions about the
24 nonrecurring costs for dark fiber. And specifically, I
25 will refer you to the testimony beginning with the

 1 question on line 11 which talks about the pre-ordering
 2 stage of the CLEC requesting access to dark fiber from
 3 Verizon. And am I correct that in this pre-ordering
 4 stage that the costs associated with that would apply
 5 regardless of whether there is dark fiber available or
 6 not?
 7   A.   Yes.
 8   Q.   So if a CLEC is interested in finding out
 9 about whether dark fiber exists in a particular location
10 of Verizon's network, it would need to essentially
11 preorder that dark fiber just to find out if there is
12 anything available?
13   A.   Yes, that's correct.
14   Q.   And on page 6 of your testimony beginning
15 with the question on line 11, you state that the
16 nonrecurring charges that you have estimated for this
17 particular activity are based on subject matter experts,
18 and I am assuming that this was -- these were
19 conversations with subject matter experts that led you
20 to the cost estimates that you have developed?
21   A.   Yes, the cost people who actually developed
22 the cost study would go to the SMEs and ask the
23 questions on what would need to be done or what would
24 occur if a CLEC requested dark fiber.
25   Q.   So this is not based on any study of actual

 1 times to do this activity. This is simply based on
 2 opinions of experts about how long they believe that it
 3 might take once that happens?
 4   A.   Yes, because we haven't -- we have not been
 5 in the business of offering dark fiber, so we -- I don't
 6 know if we have had any requests, or if we have had any
 7 requests, they would be very few in number. Therefore,
 8 to be able to have any information tracking what
 9 actually took place, we wouldn't have, so we have to
10 rely on the experts who normally do this type of
11 activity.
12   Q.   Verizon undertakes this kind of activity for
13 itself though when it's constructing or building out
14 part of its network or activating facilities for a
15 particular service, doesn't it?
16   A.   Yes.
17   Q.   Anything in the record that you have provided
18 in this case that uses actual records of the amount of
19 time that it's taken to do that as part of that process?
20   A.   Not as far as dark fiber goes.
21   Q.   Changing subjects to EELs, and this would be
22 beginning in your direct testimony, Exhibit T-1161,
23 beginning on page 14.
24   A.   I have that.
25   Q.   Does Verizon currently provide EELs in

 1 Washington as opposed to special access circuits or
 2 private lines?
 3   A.   I don't know for sure in Washington if we
 4 have had any access services converted to EELs.
 5   Q.   Do you know if anyone has actually ordered an
 6 EEL as an EEL as opposed to as a special access circuit?
 7   A.   That I don't know.
 8   Q.   But it is my understanding that Verizon does
 9 propose to offer EELs at least in those areas where --
10 that are in the greater Seattle area as part of the
11 FCC's tradeoff on not being required to order switching
12 or provide switching in areas where you provide EELs; is
13 that correct?
14   A.   Yes, I believe that's in the top 50 MSAs.
15   Q.   You state in your testimony here in this
16 reference that I just made to your direct testimony on
17 page 14 that, well, actually, it's beginning on page 15,
18 the EEL requests are processed in the same manner as
19 dark fiber requests. That's beginning on line 4. Am I
20 correct then that because dark fiber is processed using
21 an ASR that EELs would also be processed using an ASR?
22   A.   Yes.
23   Q.   And that's an access service request as
24 opposed to a local service request?
25   A.   That's correct.

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 1      Q.     And special access circuits are also ordered
 2  using an ASR, are they not?
 3      A.     That's correct.
 4      Q.     Now are the cost estimates that you have for
 5  the nonrecurring charges for ordering an EEL, not
 6  converting, we're just talking about ordering at this
 7  point, are those the same as the nonrecurring charges
 8  for special access circuits?
 9      A.     I don't know.  I would have to go back and
10  check.
11             MR. KOPTA:  I would like to make a record
12  requisition for that information.  I think that might be
13  the easiest way to have it provided on the record.
14             JUDGE BERG:  All right, that would be Records
15  Requisition 102.  And if I understand it correctly,
16  Mr. Kopta, it's whether the nonrecurring charges for
17  provision of EELs is determined pursuant to the ASR
18  process.
19             MR. KOPTA:  No, I think what I'm asking for
20  here is the nonrecurring charges for special access
21  circuits.
22             JUDGE BERG:  All right, why don't you go
23  ahead and restate the question.
24             MR. KOPTA:  Okay.  Are the nonrecurring
25  charges that Verizon proposes for EELs the same as the
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 1 nonrecurring charges that Verizon currently imposes for
 2 special access circuits?
 3   MS. MILES: If I may, are you talking about
 4 the charges actually charged or the costs supporting
 5 those charges? Because if this is a charges question,
 6 that would be directed to Mr. Trimble.
 7   MR. KOPTA: As I understand it, the costs are
 8 the same as the charges for the nonrecurring charges for
 9 Verizon. If my assumption is incorrect that that also
10 carries through onto the retail side, then at this point
11 I'm not sure how best to compare it except that it makes
12 sense on a charges versus charges basis. I mean then if
13 Mr. Trimble knows, I can ask him, but I will leave that
14 up to Verizon to decide whether this is the appropriate
15 witness or whether Mr. Trimble is.
16   MS. MILES: I believe it would be
17 Mr. Trimble. We will have him prepared to answer that.
18   JUDGE BERG: All right.
19   MR. KOPTA: And just as a preparation, I
20 suppose I would ask the same thing about foreign
21 exchange service, which it's my understanding is
22 equivalent to an EEL on the DS0 level of EELs.
23   JUDGE BERG: All right, so will that also be
24 part of Records Requisition 102?
25   MR. KOPTA: Yes.

 1   JUDGE BERG: All right.
 2   MR. KOPTA: And just so it's clear what I'm
 3 asking for, it's to be able to contrast the proposed
 4 nonrecurring charges for EELs with the nonrecurring
 5 charges for the equivalent service when it's purchased
 6 out of a retail tariff, whether that's as a special
 7 access service or private line or foreign exchange
 8 service.
 9 BY MR. KOPTA:
10   Q.   Now I want to talk about conversions, and it
11 probably would be easiest to refer to, and I'm really
12 lost on an exhibit number at this point, but this is the
13 cost study that Verizon has provided, whatever the
14 latest version of it is for EEL conversions.
15   MR. KOPTA: Perhaps someone can help me with
16 an exhibit number on that.
17   MS. TENNYSON: I think that's 1160, but I
18 don't know what part of it.
19   MS. MILES: It's 1165.
20   MS. TENNYSON: That's the withdrawn one.
21   MS. MILES: Is it?
22   MS. TENNYSON: 1165 is withdrawn.
23   MS. MILES: 65, there's a revised 1165.
24   THE WITNESS: Yeah, the revised 1165 is the
25 UNE migration charge for EELs.

 1   MR. KOPTA: All right, that seems to be the
 2 consensus, so we will go with that and hope that when we
 3 come back to brief it we don't get confused.
 4 BY MR. KOPTA:
 5   Q.   So on Revised 1165, if you would turn to
 6 Section 2, page 4, which has the ordering cost
 7 calculations. There's a description on the left, and
 8 then there are various columns on the right with
 9 numbers.
10   A.   I have that.
11   Q.   Okay. Does this represent the same order for
12 process and costs that apply to ordering an EEL fresh
13 without a conversion?
14   A.   I believe so, yes.
15   Q.   When Verizon is converting an existing
16 special access circuit to an EEL, am I not correct that
17 virtually all of the information necessary to process
18 that order is already part of the records that Verizon
19 has from ordering and provisioning a special access
20 circuit?
21   A.   Yes, with the exception of the additional new
22 information that's being submitted with the ASR.
23   Q.   And do I understand the process correctly
24 that what Verizon does is, as a technical matter, is
25 disconnect the special access circuit and then

 1 reconnect, if you will, the EEL without actually
 2 physically doing that? Is that a fair characterization
 3 of the process?
 4   A.   That is a fair characterization of the
 5 process. There is no physical disconnection or activity
 6 with the physical arrangements of the circuit, but from
 7 an administrative portion, that is correct. There is an
 8 order that actually removes from, as I said,
 9 administratively removes the previous circuit from the
10 records, and then the information is built back in as an
11 EEL, so there is a removal and an installation process
12 that is administrative.
13   Q.   Okay. But in contrast to ordering and
14 provisioning a new EEL, much of the same kind of
15 information that Verizon would need to gather, for
16 example, circuit ID's and engineering, any kind of
17 engineering work that would be required to decide how to
18 connect the transport to the loop, has already been
19 done. And so in processing the order, the order
20 processor would just be taking the information in one
21 location in Verizon and moving it over to another
22 location within Verizon?
23   A.   There would be the new order -- the removal
24 of the information would be transmitted throughout the
25 various departments administratively along with the new

 1 information as to the new designations on the circuit
 2 and so forth, so administratively there would be a
 3 change in all work groups that would be made to show
 4 that the circuit moves from the circuit information
 5 identified that it had previously to the new one.
 6   Q.   Well, I'm going to walk through some of these
 7 descriptions here, and we can talk about some issues in
 8 more detail, but first let me make sure that I'm -- that
 9 there is no problem with talking about the description
10 category. I can mention what those descriptions are
11 without going into obviously the minutes and that kind
12 of thing.
13   A.   Right, I believe the numbers are
14 confidential. The description label is not.
15   Q.   Great, thanks. The first entry under
16 migration is manual order receipt. Am I correct that
17 essentially this is Verizon retyping in the information
18 that a CLEC would have, for example, faxed over to
19 Verizon as its order?
20   A.   Right, the manual order receipt is for manual
21 orders only, and it's that information that was faxed
22 from the CLEC for us to input the information.
23   Q.   Does Verizon use the same order form for
24 conversion of EELs as it would for ordering a new EEL?
25   A.   Yes, the ASR form would be the same.

```
 1        Q.      And are the fields in the ASR form filled out
 2   the same whether you're ordering a new EEL or whether
 3   you're converting a special access circuit to an EEL?
 4        A.      The answer would be basically yes, but it
 5   would be a transformation from what was existing to the
 6   new EEL.  It would be, from an administrative
 7   perspective, it would be a removal and then an install
 8   of the new service from an administrative capacity,
 9   because we established previously there wouldn't be any
10   physical change to the circuitry.
11        Q.      Yeah, at this point I'm just trying to figure
12   out whether the process, the retyping of the order, if
13   you will, requires the same amount of work whether it's
14   a new EEL or whether it's a conversion?
15        A.      Well, on the install side, it would be the
16   same.  But you also have to go in and do the removal of
17   the old order portion of the existing circuit.
18        Q.      And that's all under the manual order receipt
19   category, that's all what's being done there?
20        A.      That what's being done there is the actual
21   receipt of the fax and going through the fax to make
22   sure it's all legible and discernible and doing the up
23   front edits, if you will, to make sure all the
24   information that's necessary to do what's being
25   requested is there.  The actual production order entry
```

 1 would be the actual entry of the old order to remove the
 2 current circuit and the I order to put in the new
 3 circuit.
 4   Q.   And that moves us into that description. We
 5 talked earlier about the lack of any need to get
 6 additional information, or let me rephrase that, that's
 7 a little confusing, and refer you to your rebuttal
 8 testimony, which is I believe Exhibit T-1166, page 3.
 9   A.   Okay, I have page 3.
10   Q.   Okay. And it would be beginning on line 16,
11 and I believe at this point in your testimony you are
12 discussing this description, this aspect of the
13 nonrecurring costs for in this case providing an EEL, a
14 new EEL, as opposed to converting an existing circuit to
15 an EEL. And you state here that:
16   A service representative may begin the
17   process of order production, then
18   distribute the shell order to other
19   departments within Verizon that must
20   provide critical information for the
21   order, e.g., reservation of facilities.
22   When you are converting an EEL or converting
23 a special access service to an EEL, that isn't
24 necessary, is it?
25   A.   Not for the reservation of facilities, but

 1 there would be order numbers, ID identifiers, and so
 2 forth that would need to be provided, because it would
 3 be a new circuit.
 4   Q.   You would change the number of the circuit
 5 even though it's -- the circuit still stays the same?
 6   A.   Yes, the ID number, the circuit ID number
 7 would change.
 8   Q.   And how do you determine what those numbers
 9 are?
10   A.   Those -- I believe those circuit ID numbers
11 depend on various things, that being the type of
12 circuit. They have certain designations and numbers and
13 so forth, so it would depend on the type of circuit that
14 it is that you would -- that would determine the circuit
15 ID number. Now each one of them has a different number,
16 but there are certain things that are in the circuit
17 identifier that tells you the type of circuit it is and
18 various other types of information.
19   Q.   And is this the same sort of process that
20 Verizon goes through when converting a resold service,
21 for example, a resold basic 1FB service over to a UNE-P?
22   A.   Yes.
23   Q.   The next category, switching back to Section
24 2, page 4, of 1165, is error correction. Would you
25 explain to me what error correction is?

 1   A.   Error correction is pretty much as it says.
 2 There's an error, and that is the time spent researching
 3 that error in order to correct it. And in this
 4 particular case, what would be requested from the CLEC
 5 would be all of the information for the new side of the
 6 order. If in this particular case, if there happened to
 7 be a difference, then research would need to be done to
 8 make sure that's exactly what the requester would like
 9 to have.
10   Q.   And is this correcting errors of both the
11 CLEC and Verizon; it's just whatever error happens to
12 be?
13   A.   I'm not sure why it would be a correction
14 from Verizon, because the information that we would be
15 using to input the order for the ASR or the migration of
16 the EEL from an AS -- special access now to an EEL, all
17 of that information would be coming from the CLEC.
18   Q.   So this category would be to correct errors
19 or problems based on the information that the CLEC
20 provides; is that correct?
21   A.   That's correct.
22   Q.   I notice elsewhere that you have a table that
23 talks about the percentage of time that something like
24 this happens, and it's, without obviously disclosing
25 what that percentage is, it's a significant percentage

 1 of the time that there is a need for correction. Would
 2 you agree with that?
 3   A.   I wouldn't say it's a high percentage of
 4 time, but any time orders of access type, special type
 5 access orders, which are more complex than your normal
 6 everyday LSR, there is more of an opportunity for errors
 7 to be there or questions, or because of their
 8 complexity, the opportunity is there for more questions
 9 to be asked or for the opportunity for errors to be
10 made.
11   Q.   But if we're talking about conversions here,
12 I guess I'm a little bit at a lack to understand what
13 kind of errors would be made when you're simply saying,
14 instead of a special access circuit, we now want to call
15 this an EEL and pay the associated prices. What are the
16 errors that would arise in that kind of a situation that
17 would be equivalent to the errors that would arise in
18 circumstances when a new EEL is being ordered?
19   A.   Well, to us from a -- from our perspective,
20 the CLEC would be providing us basically with a new
21 order to migrate this EEL to -- to migrate this access
22 order to access service to an EEL. So what we would see
23 from the CLEC would be an actual I order coming to us as
24 if it were a new order. I mean we wouldn't get an order
25 that would just say convert this order to an EEL. There

 1 would be an I order or a request, ASR request, that
 2 would come in requesting all the information that would
 3 need to be moved.
 4   Q.   So essentially Verizon is requiring the CLEC
 5 to re-fill out the order form for this circuit as if
 6 they were ordering a new EEL?
 7   A.   Yes.
 8   Q.   Is that correct?
 9   A.   Yes.
10   Q.   And is there a reason why that process is
11 required as opposed to the CLEC simply saying, here's
12 the circuit ID for my special access circuit, please
13 convert it to an EEL?
14   A.   To my -- it would be that we want to make
15 sure that we're providing the CLEC the circuit that they
16 want to have for that particular customer.
17   Q.   But they already have it.
18   A.   That's true.
19   Q.   And all they're asking for is just that it be
20 an EEL now instead of a special access circuit.
21   A.   But if there happened to be some requested
22 changes, we would need to make sure that those were
23 included.
24   Q.   Well, I understand changes sort of throw
25 things off a little bit, but I'm just talking about a

 1 situation when it's just, here's the circuit, instead of
 2 a special access circuit, we now want it to be an EEL.
 3 That seems to me to be a fairly straightforward
 4 transaction that Verizon is making unnecessarily
 5 complex, and I'm sure you disagree with me, but I'm
 6 giving you an opportunity to explain why.
 7   A.   There would be billing information. I mean
 8 there's quite a bit of information that goes in. It's
 9 not just the physical characteristics of the circuit, as
10 I explained earlier. But the biggest item that's here
11 in this migration is the administrative expense where we
12 actually go in and take the order out and then put it in
13 under the new circuit ID with all the billing
14 information and basically changes the circuit from where
15 it is now to a new location within the system with the
16 new, not physically moving, but administratively you
17 have to remove what's there, turn right around and put
18 it back in.
19   Q.   And I guess the concern that I have is that's
20 all of the same information, circuit, billing,
21 everything is the same, you're just making the
22 conversion, that you're talking about a lot of expense
23 for just making what amounts to a billing records
24 change.
25   A.   I would disagree on the billing, because

 1 previously Verizon would have been billing the end user.
 2 Now Verizon is going to be billing the CLEC and
 3 providing the CLEC with the information in order for
 4 them to bill the customer.
 5   Q.   Well, although in this case, you're talking
 6 about the same customer. The special access circuit is
 7 being provided to the CLEC. That's the customer under
 8 the tariff, and it will be the customer when it's a UNE
 9 combination of an EEL, isn't it?
10   A.   I'm sorry?
11   Q.   From Verizon's perspective, the CLEC is the
12 customer regardless of whether it's a special access
13 circuit or an EEL; isn't that correct?
14   A.   Yes.
15   Q.   There's also a description here for
16 jeopardies, and again, I think you discuss what sorts of
17 things that are involved in jeopardy situations when an
18 EEL is being ordered as a new circuit as opposed to a
19 conversion. But again, there really isn't any situation
20 for jeopardy for conversion from an existing circuit
21 over to an EEL, is there?
22   A.   Jeopardies deal with the dates that they're
23 due. The CLEC may have requested a date to have all of
24 this done that may not be able to be met through one or
25 more reasons.

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 1      Q.     So if Verizon isn't able to meet the due
 2  date, then the CLEC has to pay for the fact that Verizon
 3  can't meet the due date?
 4      A.     No.
 5      Q.     Plus they get a delayed order; is that what
 6  I'm hearing you say?
 7      A.     No.  What Verizon has in this particular item
 8  for calculating the nonrecurring costs has used the
 9  criteria that we have for processing a new ASR, and we
10  have duplicated that here for the migration of an EEL.
11  Because the way that this will be worked in the office
12  is to physically remove administratively the circuit and
13  then reinstall it on an I order.  So what we have done
14  is we have utilized the same criteria that we use for an
15  ASR, and that's where all of the descriptions here are
16  the same.  So we have used that as the model to
17  determine the cost associated with that EEL migration.
18      Q.     Okay.  Well, thank you, I won't argue with
19  you now, we'll argue with you in the brief.
20             Another area though that I did want to talk
21  about here was meet point, and I believe you describe
22  that as a requirement that Verizon has to coordinate
23  essentially with another ILEC that may be provisioning
24  part of the facilities; is that accurate?
25      A.     That's correct.
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 1   Q.   And I guess I'm a little unclear on that
 2 particular concept, because my understanding of an EEL
 3 is that it is interoffice transport which is between
 4 Verizon offices plus a loop, and I don't know where from
 5 end to end of that particular circuit Verizon would be
 6 using somebody other than Verizon to provide those
 7 facilities. Could you explain to me what other ILEC is
 8 involved in providing any facilities that comprise an
 9 EEL?
10   A.   This may be one area that Verizon needs to
11 relook at and make sure that the meet point is a viable
12 entry in the calculation here of the nonrecurring costs.
13   MR. KOPTA: So just to formalize that, might
14 I make that a record request, which would I guess be
15 Number 103, which is the applicability of meet point in
16 the nonrecurring charges for EELs.
17 BY MR. KOPTA:
18   Q.   And this is a purely informational question,
19 Mr. Richter, but what is included in project, which is
20 the next item?
21   A.   Projects are time that if a CLEC is moving a
22 large quantity of circuits maybe from a point of
23 interconnection to another connection, then that's what
24 projects are. Projects are time spent with a CLEC on
25 moving circuits or addressing points of connections with

 1 that specific ILEC. Like if we had a conversion we
 2 wanted -- the CLEC wanted to move connections from one
 3 module or block or to another, maybe they wanted to free
 4 up some cable or in a particular route or something and
 5 wanted to move those connections, that's what that would
 6 be. It would be special projects working with the CLEC
 7 to move a quantity of circuits.
 8   Q.   But again, that would not be something that
 9 arises if it's a simple conversion from a special access
10 circuit to an EEL, would it?
11   A.   In that particular incidence, no. But if you
12 will look, all of the items that are here, as I said
13 earlier, are based on a new ASR, and they have -- all
14 have probabilities built in as to their occurrence.
15   Q.   But on a conversion, the probability of this
16 happening is zero, isn't it?
17   A.   Ask your question again, please.
18   Q.   With a conversion from an existing special
19 access circuit to an EEL, the probability of anything
20 happening under this description is zero, is it not?
21   A.   Not for that particular order, no. But as I
22 said, these are the activities associated with a new ASR
23 that we use to calculate the nonrecurring costs for the
24 migration of an EEL.
25   Q.   And if a CLEC in addition to a conversion

 1 says, gee, in addition to converting this, we want to
 2 move this particular circuit off of one multiplexer onto
 3 another multiplexer, would the nonrecurring charge that
 4 Verizon has proposed for EEL conversion apply to that
 5 type of an order, or would some different charge apply?
 6   A.   There would be some additional different
 7 charges, but more than one circuit or activity can be
 8 included in an ASR.
 9   Q.   So if a CLEC happens to just be converting
10 from an existing circuit to an EEL, there's going to be
11 a charge or a cost as part of that charge that's
12 associated with projects even though there are no
13 projects going on with that conversion?
14   A.   With that specific order, yes. Because as I
15 said earlier, in the calculation for the nonrecurring
16 costs, all of the activities that may occur with a new
17 ASR are calculated here utilizing probabilities of their
18 occurrence.
19   Q.   You also have an item here that's called
20 quality check. Would you describe for me what's
21 involved in that?
22   A.   Yes, quality check is basically what it says.
23 It's a check of the order with ASR type orders to ensure
24 that they are correct, that the billing is correct. And
25 with the major companies that we do business with that

 1 request ASRs, we make sure that we have all the
 2 information correct, and we check every one of their
 3 orders to make sure all of the information is correct.
 4 So it's a quality check just to make sure everything is
 5 correct.
 6   Q.   Your last statement kind of surprised me.
 7 Again, the percentage of the occasion that this happens
 8 is less than 100%. It's significantly less. Is that
 9 because you don't do a quality check on every order, you
10 just do it on selected orders, or why is it different?
11   A.   A quality check is not made on 100% of every
12 order that comes through the ASR process.
13   Q.   Also on this list of descriptions you have
14 two more items that I wanted to talk about. The first
15 is termination liability calculation. Am I correct that
16 any termination liability would be associated with a
17 tariff or contract special access or private line
18 circuit that the CLEC had before and is now converting
19 to an EEL?
20   A.   Yes.
21   Q.   And CLECs aren't the only ones that are
22 taking those kinds of services, are they?
23   A.   No, you're correct.
24   Q.   So any time a customer of that particular
25 service wants to terminate earlier than the period that

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 1  is agreed to, they would incur termination liability,
 2  correct?
 3       A.    That's correct.
 4       Q.    And doesn't Verizon calculate that as part of
 5  the tariff offering?
 6       A.    The actual amount associated with the early
 7  termination would be based on that.  What this is is the
 8  research into does termination liability exist.  Is it
 9  applicable in this particular situation?
10       Q.    And doesn't Verizon already do that any time
11  a customer terminates this particular type of service,
12  whether it's special access or private line?
13       A.    I think that's what the entry is saying is
14  that it happens, and that's why we have the entry there
15  and the amount of minutes associated with it.
16       Q.    And what I'm saying is that you've got it
17  twice, because you will do this under the tariff to
18  determine under any circumstance, when somebody calls up
19  and says, I quit, you're going to calculate, you're
20  going to find out, number one, whether there is
21  termination liability, and then calculate how much it
22  is.  And isn't that provided for already in the tariff
23  or the contract?
24       A.    No, the way I understand it, the dollar
25  amount associated with the early termination would be
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 1 based on the terms of the agreement and what may be in
 2 the tariff. The service rep, and this is what we're
 3 talking about here, does research into does early
 4 termination or liability termination apply in this
 5 particular case, not the actual calculation of the
 6 dollar amount associated with the early termination.
 7   Q.   Well, then you've got me confused, because
 8 let's take EELs out of the picture right now. Let's say
 9 that a CLEC is ordering a special access circuit out of
10 Verizon's tariff, and there's a three year term. And a
11 year into that term, the CLEC says, I'm going to build
12 my own facility, and I'm going to say, thank you,
13 Verizon, very much, but I don't want this circuit
14 anymore. The CLEC calls up Verizon and says, I'm done,
15 please cancel this particular circuit. Are you telling
16 me that Verizon as a result of that call does not
17 calculate whether or not termination liability applies?
18   A.   I believe that's exactly what I'm saying, but
19 this terminal liability calculation here is the time
20 spent to -- on the order that's being removed from
21 service in this -- like if we're just talking about a
22 regular ASR, not a migration, then there would be time
23 spent looking into what the term limits were of the one
24 that's being disconnected.
25   Q.   But what I'm saying is that that's going to

 1 be part of the tariff and the tariff process, so you
 2 have already built in that calculation time in your
 3 tariff rates and your termination liability amounts. So
 4 by including it here, aren't you doing it twice?
 5   A.   I don't believe so, because I -- this is --
 6 this calculation here is not the dollar amount for
 7 terminating early. This is not the dollar amount for
 8 that. This is the service rep's time to look at the
 9 previous contract to see if termination liability is an
10 area that needs to be looked into.
11   Q.   And how is that any different than what you
12 do if it isn't an EEL conversion, if it's a simple
13 termination of the circuit?
14   A.   That's what I'm saying, it's no different,
15 simply because in the processing of a migration of an
16 EEL, administratively we have to physically remove that
17 particular circuit from the books, if you will, and put
18 in another one. So there would be time spent looking to
19 see if termination liability would exist on the previous
20 contract.
21   Q.   And how does Verizon recover the cost of that
22 particular calculation when there isn't an EEL
23 conversion, when it's simply a termination?
24   A.   That I don't know, how we recover that actual
25 cost. That might be something that Mr. Trimble might be

 1 able to answer.
 2   Q.   But Verizon does recover that cost as far as
 3 you know?
 4   A.   Hopefully we would recover it, yes.
 5   JUDGE BERG: Counsel, let's be off the
 6 record.
 7   (Recess taken.)
 8   JUDGE BERG: We will be back on the record.
 9 BY MR. KOPTA:
10   Q.   Mr. Richter, we were having a good time
11 talking about termination liability before we left, and
12 I just can't resist asking one additional question on
13 that topic, which is, as I understand your testimony,
14 this is included whether there is any termination
15 liability or not, so that if a CLEC that is on a
16 month-to-month term with a special access circuit that
17 wants to convert that circuit over to an EEL, it has to
18 pay the cost of Verizon doing some research about
19 whether there is any termination liability that would
20 apply even when there isn't any termination liability;
21 is that correct?
22   A.   That's correct.
23   Q.   Now I wanted to talk with you about the last
24 item that I want to discuss here, which is disconnect.
25 You added this, I believe, in the rebuttal round, and

 1 this will be somewhat familiar since we just went
 2 through this on termination liability, but don't the
 3 nonrecurring charges that apply to special access
 4 circuits include both connect and disconnect costs?
 5   A.   Ask your question again, please.
 6   Q.   Sure. The nonrecurring charges that apply to
 7 special access circuits, for example, include costs not
 8 only to connect the circuit, but also to disconnect;
 9 isn't that the paradigm on the retail side?
10   A.   Yes.
11   Q.   So hasn't the CLEC already paid the
12 disconnect charge when it paid whatever nonrecurring
13 charges were applicable to the special access circuit
14 that it ordered initially?
15   A.   That I don't know. I just know that due to
16 the Commission's order, we had to break out the
17 disconnect cost, and that's what this does.
18   Q.   So as far as you know, the dollar amount for
19 the disconnect charge that you've got here for an EEL
20 has already been paid by the CLEC when it ordered and
21 was provisioned the special access circuit?
22   A.   Well, the way these costs were calculated, as
23 I said earlier, administratively we look at it as an out
24 order of the existing circuit and then an install of the
25 new circuit. So what you see here would be the

 1 disconnect portion of the new install that would be --
 2 that we would be doing.
 3   Q.   So as part of the way that Verizon sets this
 4 up, it's an administrative disconnect, and therefore you
 5 have a new order that has another disconnect charge
 6 associated with it. Is that what I'm hearing you
 7 saying?
 8   A.   Yes.
 9   Q.   I would like to change topics at this point
10 and talk about the loop conditioning nonrecurring
11 charges. And the specific reference that I would like
12 to start out with is in your rebuttal testimony, which
13 is Exhibit T-1166 on page 8.
14   A.   Okay, I have 1166, page 8.
15   Q.   And at this point, you are addressing
16 Commission Staff's testimony and recommendation that the
17 times associated with the various tasks for loop
18 conditioning that the Commission approved in the prior
19 cost docket be used for Verizon. And what you state on
20 this page of your testimony beginning on about line 9 is
21 that ILECs do not necessarily have the same procedures
22 or systems to perform like functions. And my question
23 is whether it is your testimony that the differences in
24 procedures or systems account for the difference between
25 the amount that the Commission approved in the prior

 1 cost docket and the amount that Verizon is proposing in
 2 this cost docket?
 3   A.   I don't know if it -- for sure whether it's
 4 the systems and/or the procedures, because I have -- I'm
 5 very familiar with the systems and procedures that
 6 Verizon has as we have listed out in the cost study, all
 7 the activities and so forth that are necessary to deload
 8 a pair.
 9   I have tried to obtain information from Qwest
10 as it relates to the amount that the Commission had
11 approved previously to get the activities and functions
12 that are in that particular cost, and unfortunately
13 after numerous tries I have not been successful in
14 receiving that information as to the activities that are
15 in that amount of money.
16   But I would -- I would think and I -- not
17 think, I know that in the field procedures of actually
18 deloading the physical cable pair, it matters not if
19 you're an ILEC or a CLEC or if you're anyone that has
20 cable out in a field operation and it happens to be
21 loaded and it's metallic cable which is loaded and you
22 were going to deload that pair, the actual activities
23 that would need to be done would be the same. There may
24 be a different order, but couldn't be much out of the
25 order, but the activities would be the same

 1 irregardless.
 2   And that's what Verizon has listed in its
 3 cost study in those activity lists. And what I'm trying
 4 to determine here is in trying to obtain from Qwest what
 5 they actually included in those dollar amounts, because
 6 I know they would have to do the same activities that we
 7 did, and the times I don't think would be very much
 8 different from the times that we have for those
 9 activities. The only thing that may play a difference
10 in the costs would be the systems and being able to
11 obtain or get to the records and get that type of
12 information. If one company had a system that had
13 everything in one system, everything was there, it would
14 take less time than a company that had to access maybe
15 two or three different systems and maybe the information
16 wasn't just in one system. So that's kind of what I'm
17 trying to say here in this testimony.
18   Q.   So you're not testifying, at least with
19 respect to construction activities out in the field,
20 that there's any real distinction between the activities
21 or the efficiency of Qwest versus Verizon; is that
22 correct?
23   A.   I would think, you know, their technicians
24 are as good as our technicians and vice versa. And if
25 there were costs derived from contract labor, that those

 1 contractors would be as efficient to do the job as a
 2 technician should be.
 3   Q.   And would that extend also to the engineering
 4 portion of the work required for doing this?
 5   A.   That's where a little bit of difference
 6 comes, because the engineer -- the systems that he would
 7 use would make some difference as to his ability to get
 8 to the information or the information that was available
 9 to him, and that's where some of the real difference may
10 come between the various companies.
11   Q.   And that has to do with the systems that
12 Verizon has employed for doing those kinds of activities
13 as opposed to the systems that Qwest has deployed; is
14 that what I'm hearing you say?
15   A.   That's true, and we have different systems
16 that maintain our network facility records.
17   Q.   But at least as far as the basic fundamentals
18 of doing the engineering of identifying the circuit and
19 determining its location and what needs to be done,
20 that's pretty much the same kind of activities that
21 Qwest undertakes as Verizon would undertake in that kind
22 of a situation, isn't it?
23   A.   Not having received the information from
24 Qwest as far as what their engineer's role is as far as
25 doing a work order and doing that processing like

 1 Verizon does, I don't know if they actually go through
 2 that as we have listed out in our cost study where we
 3 have listed out the individual activities that the
 4 engineer would need to do as it relates to Verizon's
 5 handling and generating a work order in order to get the
 6 load removed from that pair. And I just can't do a
 7 comparison, because I have not been able to get the
 8 information that I was requesting.
 9   Q.   And I understand that, although I'm, of
10 course, speaking in layman's terms not being an
11 engineer, but just it occurs to me that as I look at the
12 description and see what needs to be done that that's
13 going to be common between both Verizon and Qwest, the
14 need to identify the circuit, establish its location,
15 determine what needs to be done, and then dispatch a
16 crew out to take care of that. That seems to me the
17 basic activities that would be required in the
18 engineering portion of this activity, and I'm just
19 asking whether you would expect that that's the same
20 kind of thing that Qwest also does as well as what
21 Verizon does?
22   A.   Well, with Verizon, the engineer is
23 specifically the person that is in control, if you will,
24 of this particular operation. He has the beginning
25 start where he does his research to determine which pair

 1 and what activities will need to be done. He generates
 2 the work order. He estimates the time. He allocates
 3 the funds or requests that funds be allocated for that
 4 activity. And he monitors the activity once it leaves
 5 his operation and the outside plant folks actually take
 6 the order and then go to the field and actually perform
 7 the activities. When the job is complete, he gets the
 8 work order back as an as built, and he goes into all of
 9 the systems where that particular pair resides and makes
10 the appropriate changes based on the activity that was
11 just completed, and then he closes out the work order.
12 Now does Qwest's engineers do exactly the same thing? I
13 don't know.
14   Q.   Someone in Qwest does that though, don't
15 they?
16   A.   They may have -- I would think so.
17   Q.   And wouldn't you expect that they would seek
18 to recover those costs as part of what they're proposing
19 as a charge for loop conditioning?
20   A.   Yes, I would, and that's what is curious to
21 me and drives me to question. Because when we look at
22 the costs that are presented there by Qwest and those
23 that were approved by the Commission and then you look
24 at the costs that Verizon has displayed, and because of
25 that marked difference, that from a cost perspective

 1 asks the question or begs that the question be asked,
 2 why is there a difference, especially in this particular
 3 type of activity, as I explained earlier, would be
 4 basically performed in the same manner and the functions
 5 and the activities would be basically the same.
 6   Q.   One other avenue that I wanted to ask you
 7 about on conditioning, and this is on page 17 of your
 8 rebuttal testimony, Exhibit T-1166. Specifically on
 9 line 10, you're responding to a recommendation that all
10 25 pairs be deloaded at the same time and testifying
11 that:
12   There is no guarantee that all 25 cable
13   pairs will be used for advance services,
14   and therefore it's not appropriate to
15   assume that they will all be deloaded at
16   the same time.
17   Does that accurately summarize what your
18 testimony says?
19   A.   Yes, that's accurate.
20   Q.   And in the cost study, the nonconfidential
21 portion of your cost study, there is an acknowledgment,
22 and I can give you the reference, that in many cases,
23 all of the pairs are deloaded. Do you recall that
24 reference, or would you like me to point you to where
25 I'm talking about?

 1   A.   If you have it, please.
 2   Q.   It's actually on page three of the cost
 3 study. And again, the main reason I didn't ask you
 4 about it before was because I have to figure out what
 5 the exhibit number is now.
 6   JUDGE BERG: Do you have the original
 7 designation of the document, or is that part of the
 8 problem?
 9   MR. KOPTA: I'm sure that it is, and I'm
10 looking for it now.
11   JUDGE BERG: Ms. Miles, if you have --
12   MR. KOPTA: It's LR, well, it's part of LR-2C
13 I guess, which is the Verizon revised nonrecurring cost
14 study for loop conditioning.
15   MS. MILES: 1162.
16   MS. TENNYSON: What's the date?
17   THE WITNESS: Is that 1162?
18   MS. MILES: I believe so.
19 BY MR. KOPTA:
20   Q.   And this is on page three of four of the
21 opening portion of the cost study under the heading load
22 coil.
23   A.   Okay, I'm at page three, load coil, yes.
24   Q.   Right. It's the last sentence on the first
25 paragraph.

 1   In many cases, based on previous outside
 2   plant usage, load coils exist on loops
 3   that no longer require them.
 4   And the question that I have is, have you
 5 made any attempt to quantify those circumstances in
 6 which load coils would not be required in deloading or
 7 in -- well, let me take that back one step.
 8   Have you identified in this cost study the
 9 circumstances under which load coils would no longer be
10 required?
11   A.   No.
12   Q.   So would you agree with me that if such
13 circumstances exist and Verizon is unloading one pair
14 that it would be more efficient to unload all 25 pair in
15 that binder group if load coils are not required?
16   A.   No, I think what we're saying here is that
17 due to the new engineering standards and the central
18 offices that have been placed into the network recently,
19 the outside plant makeup, which is a different component
20 than the switching mechanism, that facility was
21 engineered maybe quite some time ago, and the equipment
22 in the central office did require for those load coils
23 to be placed, and they are still there. It may not be a
24 requirement for the new type of switching mechanism that
25 may be there, but it still is not a deterrent to the

 1 voice service that the consumer end user is getting
 2 today on that particular cable pair with the load coil
 3 in there.
 4   And in some cases, if the load coil was put
 5 into effect originally, there was engineer expectations
 6 that where that cable pair would terminate would need to
 7 be loaded. And to just arbitrarily take those out of
 8 the network today would limit the use of that pair, if
 9 you will, in the future at a distance away from the
10 central office that would require the load coils, which,
11 in turn, if we removed them and then went back into that
12 mode, we would be out there again placing load coils
13 back on the cable pair. And to arbitrarily just take
14 load coils off without looking at the future use of that
15 cable would be an expense that the ILEC would incur with
16 no way to recover that.
17   Q.   Are there circumstances on loops less than
18 18,000 feet where load coils would be continued to be
19 required?
20   A.   From an engineering perspective, if you
21 designed it today, if that pair was going to be used
22 less than 18 kilofoot and that was known today and if we
23 were to put that cable in today and engineered it today,
24 we may not put the load points in there. But the point
25 is that the cable that's there was placed at a time when

 1 load coils were an integral part of providing the voice
 2 service to the customers on that particular cable route,
 3 and now that the cable pair is wanting to be used for
 4 another purpose other than voice grade service, then
 5 that pair would need to have the load coil removed.
 6 It's not an impairment that it's there to the voice
 7 service that's being provided to any customer along that
 8 route as long as engineeringwise he's at the appropriate
 9 distance from the load coil.
10   Q.   But would it be an impairment to the voice
11 service if you took the load coil off on loops that are
12 18 kilofeet or less?
13   A.   There again, it would depend at what distance
14 it is. The impairment may be from the standpoint that
15 an expense was just incurred to deload a pair that was
16 working sufficient efficiently a few minutes ago, and
17 now an expense has been incurred to remove that that
18 really did not enhance the removal of the load coil, did
19 not enhance the voice service. And this activity that
20 we're looking at here of doing, each time a pair is cut
21 out of the load, that particular customer for whatever
22 that duration of time is is out of service until the
23 cable pair is spliced back together.
24   So there -- there may be some situations
25 also, thinking about from a repair perspective, that the

 1 customer's equipment on the end which is voice type
 2 equipment may be influenced positively by the load coils
 3 being there, and by them being removed, may influence
 4 that equipment in a negative manner in that it may not
 5 work as well as it did previously with the load coils in
 6 place.
 7   Q.   And what kind of equipment would that be?
 8   A.   I don't -- I can't think of any off the top
 9 of my head that will be influenced other than depending
10 on the equipment at the customer's premise, volume of
11 the dial tone, volume of the hearing portion.
12   Q.   Let me pose a hypothetical to you and see if
13 you agree with me, that we're talking about a binder
14 group that is in loops that are less than 18 kilofeet,
15 that there would not be any adverse impact on the voice
16 grade service to remove the load coils, would you agree
17 with me that it is more economically efficient to remove
18 all the load coils at one time rather than have to
19 remove one pair at one point in time and then later come
20 out and remove the load coils off of another pair within
21 that same binder group?
22   A.   I think that would depend on the situation.
23 You're -- in the hypothetical situation we have just
24 proposed, we're anticipating that another customer would
25 request some type of DSL service that would warrant the

 1 removal of the load coil, and there's not any way to
 2 determine that another person would in that binder group
 3 request that service. There's no way to determine that.
 4   Q.   Well, you have forecasts for growth of DSL
 5 service in Washington, do you not?
 6   A.   I'm not in forecasting, but I'm sure there
 7 are forecasts, but those forecasts are not made to the
 8 individual cable pair and complement.
 9   Q.   Although in engineering the network, don't
10 you consider the growth of a particular service in
11 determining what kind of engineering you undertake in
12 the network?
13   A.   You do, and the type of network that we're
14 speaking of that would have load coils in it probably
15 was engineered and placed possibly 20, maybe more, years
16 ago. ADSL, xDSL was -- may have been thought of at that
17 time and maybe was thought of as a reality, but that
18 would be as far as it would go, and the networks that
19 were built were built basically on voice.
20   And I think the reality is is that's the
21 network that we have in place, and I think the FCC has
22 stated that the reality is that load coils are in the
23 network. When they are in the network, the ILEC is, you
24 know, should recover the costs for their removal.
25   But I would like to caution here, we're

 1 concentrating on this, and it's like every xDSL order
 2 would have loads in the circuitry that would need to be
 3 removed. That is not the case. There are far greater
 4 more circuits without load coils that are in the -- that
 5 request for xDSL service that are processed that do not
 6 require load coils to be removed. In our cost study, we
 7 used a percentage of loaded cable pairs in the network
 8 of being 12% of the pairs. That means that there's 88%
 9 of the pairs that are not loaded and have the
10 opportunity for xDSL to be placed on those.
11   I think what we're trying to look at here on
12 those that are loaded have been there for quite some
13 time. And I just say that on the long loops that are
14 built today where the copper cable is extended out past
15 18 kilofeet, a normal engineering policy and practice
16 would be to put load coils in that circuitry. And they,
17 you know, load coils are being built today, and they're
18 being placed in the network.
19   Q.   Verizon offers DSL service in Washington
20 through an affiliate, does it not?
21   A.   I believe it does, yes.
22   Q.   And again, you may not be the right witness
23 for this and tell me if you're not, these same charges
24 that Verizon has for loop conditioning, whatever they
25 are, would apply to this affiliate as well as to any

 1 other DSL provider?
 2   A.   That is correct.
 3   MR. KOPTA: Thank you, Mr. Richter, those are
 4 all my questions.
 5   JUDGE BERG: All right, thank you, Mr. Kopta.
 6   At this time, we will take our afternoon
 7 break. We will be back on the Bench at 1:30, thank you.
 8   (Luncheon recess taken at 12:00 p.m.)
 9
10   A F T E R N O O N   S E S S I O N
11   (1:40 p.m.)
12
13   JUDGE BERG: Mr. Richter, I will just remind
14 you that you remain subject to the affirmation oath you
15 took this morning.
16   THE WITNESS: Yes, sir.
17   JUDGE BERG: All right, Ms. Hopfenbeck, do
18 you have some questions for this witness?
19   MS. HOPFENBECK: Yes.
20
21   C R O S S - E X A M I N A T I O N
22 BY MS. HOPFENBECK:
23   Q.   Mr. Richter, I'm Ann Hopfenbeck, I'm in-house
24 counsel for WorldCom. And fortunately, Mr. Kopta
25 covered most of the areas that I had for you, so we're

 1 just going to touch upon a few.
 2   A.   Good.
 3   Q.   Initially I would like to have you turn to
 4 Exhibit 1165, Revised 1165, Section 1, page 5, which is
 5 a nonconfidential portion of that exhibit.
 6   A.   That was Section 1, page?
 7   Q.   Section 1, page 5.
 8   A.   Okay, I have that.
 9   Q.   Now as I understand this page, this indicates
10 that the total cost for ordering EELs new or EELs
11 conversion would include not only the fee for migration
12 as is, but also you would add to that a record order
13 amount and then OSS transaction specific costs and OSS
14 transition costs; is that right?
15   A.   These are the costs associated with only the
16 migration of an EEL, not a new.
17   Q.   Not new, okay. But $114.12 is the total
18 amount that a carrier would pay for migration; is that
19 right?
20   A.   That would be if the ordering was 100%
21 manual.
22   Q.   Okay.
23   A.   That's only the ordering portion.
24   Q.   Okay. And then the ordering portion for
25 semimechanized would be $80.25?

 1   A.   Yes, ma'am.
 2   Q.   And each of those numbers includes a cost
 3 associated with record order; is that right?
 4   A.   Yes.
 5   Q. $3.70 for 100% manual and $2.09 for
 6 semimechanized?
 7   A.   Yes.
 8   Q.   Okay. Now I would like to turn to your
 9 testimony, this would be Exhibit 1167 on page 9. Do you
10 have that before you, sir?
11   A.   Yes, I have it.
12   Q.   And at the same time, I would like you to
13 have before you one of the pages that Mr. Kopta asked
14 you about, which is in confidential portion, the
15 confidential portion of Revised 1165, Section 2, page 2,
16 which is the EELs migration activities description. I
17 would like to look at those together for a second.
18   A.   Okay.
19   Q.   Okay. Now as I understand your testimony
20 that you gave during your conversation with Mr. Kopta,
21 the production order entry activity that's set forth at
22 Section 2, page 2, of Exhibit CR-1165 includes activity
23 associated with inputting information about the
24 customer?
25   A.   Yes.

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 1      Q.    And it would include inputting the
 2  information that's on the order form as to the customer
 3  address and the customer name; would that be fair?
 4      A.    Yes, it would be basically building, building
 5  the order.
 6      Q.    Mm-hm.
 7      A.    Based on what the CLEC has requested.
 8      Q.    Okay.  Now going back to that testimony at
 9  page 9 that was Exhibit 1167, this describes here you're
10  responding to Mr. Knowles' criticism that the record
11  order costs that Verizon is seeking to recover should be
12  disallowed because they appear to duplicate the order
13  entry and quality check activities already included.  Do
14  you see that testimony at the bottom of page 9?
15      A.    I'm sorry, that's 1167, page 9?
16      Q.    I may have the wrong -- I apologize, it was
17  that, yeah, supplemental rebuttal testimony, February
18  28, page 9.  That was the other document I wanted you to
19  keep in mind.
20      A.    Is that where we're at now?
21      Q.    Yes.
22      A.    Okay.
23      Q.    And that's where you're responding to the
24  criticism I just read of Mr. Knowles, correct?
25            JUDGE BERG:  Ms. Hopfenbeck, I will let you
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 1 know that if you're referring to the lines at the bottom
 2 of page 9, my bottom of page 9, is this where you're
 3 talking about the cost category for MOG; is that the
 4 question?
 5   MS. HOPFENBECK: I apologize, I must have a
 6 different version of this testimony.
 7   JUDGE BERG: It may be the same. I just
 8 wanted to make sure.
 9   MS. HOPFENBECK: No, I'm not talking about
10 MOG.
11   JUDGE BERG: Okay.
12   MS. HOPFENBECK: So I'm going to use, counsel
13 for Staff has just assisted me here.
14   CHAIRWOMAN SHOWALTER: The easiest thing to
15 make sure we're all really tracking is to cite the
16 question that is being responded to, and then we can
17 track.
18   MS. HOPFENBECK: That's what I read into the
19 record, and it's found on page 8, beginning on line 12.
20 BY MS. HOPFENBECK:
21   Q.   Now my question is, the answer that begins on
22 line 17 of page 8 is where you respond to Mr. Knowles'
23 criticism that the record order costs appear to be
24 duplicated; do you see that?
25   A.   Yes.

 1   Q.   And here you describe the record order costs
 2 as costs incurred for updating such information incurred
 3 when a request is made to update or correct a customer's
 4 account information such as an address. That's on lines
 5 18 to 19; do you see that?
 6   A.   Yes.
 7   Q.   So that sounds to me to be -- I mean it's
 8 costs associated with inputting that type of
 9 information, which is the same type of information as
10 included on an ASR; isn't that fair?
11   A.   What Verizon has done in the ordering
12 portion --
13   Q.   Can you answer my question first, and then
14 you can explain. Is that correct, is this the same
15 information that is also included on the ASR?
16   A.   This information is included on the ASR.
17   Q.   Okay.
18   A.   Yes. What Verizon has done in order to
19 produce a cost associated with the EEL migration is to
20 use the template, if you will, for the installation of
21 an ASR, and that's what we have used. And in that
22 process, the installation of or a new ASR, which is by
23 the way what we're looking at on an EEL migration, is to
24 go in and administratively remove the existing circuit
25 that's there and replace it with a new one.

 1   So administratively in the system, this type
 2 of cost associated with the activities that would need
 3 to be done, we use this particular layout. Which in our
 4 time and motion studies that we have done in the NACC,
 5 who would be doing this, the National Access Contact
 6 Center, which is the place where all the ASRs come to,
 7 this is the activities that they would do in the time
 8 frames and probabilities and so forth and minutes to do
 9 those particular activities, because the rep would in
10 essence be creating a new ASR.
11   Q.   And right now when you're testifying, you are
12 referencing Section 2, page 2, of CR-1165?
13   A.   Yes.
14   Q.   Okay. And what I was trying to ask you is
15 whether the record order cost that's described at page 8
16 of 1167 is a cost that's designed to recover the
17 activity of updating a customer account information with
18 information such as an address or a name change or
19 something like that?
20   A.   Yes, and the answer is yes.
21   Q.   And then I wanted to be sure I understood
22 that the production order entry activity that's
23 reflected at Section 2, page 2, of CR-1165 also includes
24 inputting information such as the customer name and
25 address; is that right?

 1   A.   That's correct.
 2   Q.   Okay. Now I would like you to turn your
 3 attention to Exhibit T-1167 at page 9, and I want to ask
 4 you about the question and answer that begins at line 15
 5 of page 9 and continues to page 7. This discussion
 6 concerns Ms. Roth's criticism that Verizon's cost study
 7 includes the MOG cost category twice; do you see that?
 8   A.   Yes, I see that.
 9   Q.   What does MOG stands for?
10   A.   MOG stands for mass order generator.
11   Q.   Okay, all right. Now again, first of all, I
12 noticed that at the end of your answer to that question
13 which is reflected at page 10, lines 4 through 7, you
14 indicate that Verizon is in the process of determining
15 an appropriate adjustment to modify the UNE migration
16 cost study to accommodate the frequency of the
17 occurrences for the MOG process. Do you see that
18 testimony?
19   A.   Yes, I do.
20   Q.   Has Verizon made such an adjustment to date?
21   A.   Not to date.
22   Q.   Okay. So at this point, the costs associated
23 with the MOG process are included in the proposed NRC
24 for EELs migration as is; is that right?
25   A.   Yes.

 1   Q.   Okay. Now I would like to turn back to your
 2 revised supplemental direct Exhibit LR-5C, that's
 3 CR-1165 again, and look at how these are in here. We
 4 were looking at Section 2, page 2. I would like to keep
 5 looking at that and then also look at Section A-2, page
 6 6 of the same exhibit, that's CR-1165. Do you have
 7 those both?
 8   A.   I have that.
 9   Q.   First of all, would you agree that section AR
10 page 6 shows how Verizon has generated the minutes per
11 order calculation that are then ultimately reflected at
12 Section 2, page 2?
13   A.   Yeah, that's section A-2, page 6.
14   Q.   Right, Section A-2, page 6 shows the minutes
15 per order calculation. Isn't it true that this is where
16 Verizon builds in their assumptions as to the
17 probability that a certain activity will occur in any
18 given order; isn't that right?
19   A.   That's correct.
20   Q.   It's in calculating the minutes per order.
21 Now I'm looking at Section AR, page 2, I see, and I
22 won't talk about the numbers, but I see that MOG
23 template creation is the very last entry in the
24 probabilities of occurrence is reflected in the third
25 column; do you see that?

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 1      A.    Did you say AR-2?
 2      Q.    Yeah, I said A-2, page 6.
 3      A.    Okay, I'm there.  I understood AR, but.
 4      Q.    So the probability of occurrence that is
 5 being assumed in the EELs migration as is cost study is
 6 reflected in the third column; do you see that?
 7      A.    Yes, that's the probability of occurrence.
 8      Q.    Okay.  So that's how often this cost is
 9 expected to occur, correct?
10      A.    That's correct.
11      Q.    Now looking back at your testimony, I believe
12 you explain in your testimony, isn't it true, that MOG
13 order entry and MOG template creation are both
14 activities that occur only when an order is received
15 that is for 50 or more circuits; is that right?
16      A.    That's correct.
17      Q.    And the probability of recurrence for MOG
18 template creation that's reflected at Section A-2, page
19 6, is not consistent with that description of the times
20 when MOG template creation occur, is it?
21      A.    Right, that shows that it would happen 100%
22 of the time.
23      Q.    I didn't know if that was a confidential
24 number, so I --
25      A.    Sorry.
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 1            MS. HOPFENBECK:  Should we make that a
 2  confidential section?
 3            JUDGE BERG:  No, it's on the record.
 4            MS. HOPFENBECK:  Oh, it is, okay.
 5  BY MS. HOPFENBECK:
 6      Q.    But in any event, you have not attempted to
 7  develop in this study a cost from EELs migration as is
 8  an NRC that's applicable only to orders that are 50
 9  circuits or less, have you here?  Because you're
10  including the MOG template creation and the MOG or order
11  entry cost figures here; is that right?
12      A.    We did not create a cost study for orders
13  less than 50 and separate costs for orders if there were
14  in excess of 50; that is correct.
15      Q.    And with respect to that one item we were
16  talking about, MOG template creation, since the number
17  is on the record --
18            JUDGE BERG:  Excuse me, we should still avoid
19  repeating the confidential number if possible.
20            MS. HOPFENBECK:  Okay, never mind, I don't
21  need to say the ultimate conclusion.  We will move on,
22  thank you.
23  BY MS. HOPFENBECK:
24      Q.    I want to briefly discuss with you again the
25  disconnect costs that you're seeking to recover as part
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 1 of the EELs migration as is, and for that purpose, I
 2 will direct you again to Section 2, page 2, of CR-1165.
 3 First of all, I want to make sure I understand the
 4 circumstances under which Verizon seeks to recover the
 5 costs per order that's reflected as disconnect costs per
 6 order; is it in all circumstances?
 7   A.   It would be all circumstances associated
 8 within an EEL migration yes.
 9   Q.   Okay. Has Verizon also proposed a separate
10 disconnect cost NRC cost in this proceeding, I mean an
11 NRC associated with installation on the one hand and
12 then a separate NRC associated with disconnection of
13 EELs?
14   MS. MILES: Are you talking about new EELs or
15 migration for clarification, please?
16   Q.   Well, it's just I mean once the EEL's -- I'm
17 just talking about disconnecting EEL service that's
18 being purchased by a CLEC, and it wouldn't be new, or I
19 mean it's existing at that point. Has Verizon proposed
20 an NRC associated with a CLEC's coming to Verizon, a
21 CLEC who is purchasing EELs from Verizon and is seeking
22 to disconnect that service?
23   A.   There would -- there would be a disconnect
24 cost associated with -- let me rephrase it. There would
25 be a cost associated with removal from service any

 1 physical circuit that may be in service. The -- and I
 2 would like at this time to clarify the item that's
 3 listed on Section 2, page 4, as a disconnect in
 4 relationship to discussion this morning. This cost is
 5 associated with the out order, the administrative
 6 portion of generating an out order to take out the order
 7 in this EEL migration. So this would only be the
 8 administrative portion of that, not the actual physical
 9 disconnection of a circuit that is in service.
10   Q.   Okay. And what I'm trying to get clear, in
11 response to one of Mr. Kopta's questions about your
12 inclusion of disconnect costs in the EELs migration, I
13 thought I heard you reference the Commission's previous
14 orders in its cost cases that requires the companies to
15 provide for separate NRCs or installation of a service
16 and disconnection of a service, and I'm trying to
17 clarify here.
18   First, my first question is, putting aside
19 the document we were just looking at, which I understand
20 is the NRC that Verizon is proposing for installation of
21 EELs migration as is, has Verizon also proposed a
22 separate NRC for disconnection of EELs?
23   A.   Not in the migration portion.
24   Q.   And has it in the section on EELs new?
25   A.   Not that I'm aware of.

 1   Q.   Okay. Now looking back at Section 2, page 4,
 2 just to be sure then we're understanding that the costs
 3 associated with disconnect -- actually, not Section 2,
 4 page 4, Section 2, page 5, the costs that are developed
 5 there for disconnect for basic, for complex DSR and
 6 fractural T1 and complex DS1 and higher, those are all
 7 costs, as I understand your earlier testimony,
 8 associated with the activity of taking out of service
 9 the special access service that the CLEC who is
10 converting to EELs will no longer be using; is that
11 right?
12   A.   This is the cost associated with the
13 administrative portion, not the physical.
14   Q.   Right.
15   A.   Not the physical removal because --
16   Q.   I understand that.
17   A.   -- physically stays in place. This would
18 just be the administrative portion.
19   Q.   Okay, and so I think we're now clear on that.
20 And just so that the minutes, looking at, for example,
21 production order entry, Section 2, page 5, indicates
22 Verizon's expectation as the minutes per order that a
23 person will spend taking that special access circuit out
24 of service administratively, correct?
25   A.   That is correct.

 1   Q.   And then if we go back to Section 2, page 2,
 2 and look at production order entry for manual, for
 3 example, the minutes per order for putting in place the
 4 new EELs circuit is reflected in that line, correct?
 5   A.   That's correct.
 6   Q.   So you add those two production order entry
 7 minutes together, and you get Verizon's total projected
 8 time it's going to take to on the one hand take the
 9 special access circuit out of service and on the other
10 hand install the new EEL circuit; is that right? Would
11 it be fair, you have to add those two times together,
12 and that will be the total time for production order
13 entry?
14   A.   Well, as you can see, there are other items
15 here that may come into play that would need to take up
16 time when you -- you look at the entry portion, just
17 inputting information into the system. There are other
18 items that may come into play that time is spent doing,
19 which are listed here, which would increase the overall
20 time.
21   Q.   Right, but just for purposes of production
22 order entry, you have to add those two together to get a
23 full picture of how long that activity is going to take.
24 Then when you go to error correction, you're going to
25 have to add together the amount of time assumed for

 1 error correction associated with disconnect to the
 2 amount of time associated with error correction for
 3 installation of the new circuit, correct?
 4   A.   That's correct.
 5   Q.   Okay. As I understand it, Verizon has not
 6 implemented flow through at this point in time for
 7 activities such as EELs migration as is?
 8   A.   That is correct.
 9   Q.   So the best that Verizon can do at this point
10 is semimechanized?
11   A.   That would be the best yes.
12   Q.   Okay. How soon does Verizon expect to
13 implement flow through with respect to EELs migration as
14 is; do you know, Mr. Richter?
15   A.   I do not know.
16   Q.   Do you know whether the processes are
17 underway to put flow through into effect for EELs
18 migration as is?
19   A.   That I don't know. The ASR process is a very
20 complex and complicated area to get flow through,
21 because the -- as you can see, the orders associated
22 with special circuits require a lot of information, and
23 it's very difficult or complex to have those items be
24 set up so they would be able to flow through. So in my
25 opinion, we would never get to a flow through process in

 1 the ASRs.
 2   Q.   Okay. Now my last area of -- you led me into
 3 my last area of questioning, and that has to do with the
 4 ASR order, and I just want to get -- make sure I
 5 understand the type of information that is included on
 6 an ASR. First of all, is it fair that there's a
 7 standardized order form for ordering this kind of
 8 circuit?
 9   A.   Yes, I believe there is a standardized form.
10   Q.   And that form includes the customer's name
11 and address?
12   A.   Yes.
13   Q.   The customer's identification code?
14   A.   Yes.
15   Q.   The circuit ID; is that fair?
16   A.   On the migration, the current code, yes.
17   Q.   So the current code so they know which
18 circuit is going to be migrated?
19   A.   That's correct.
20   Q.   You have mentioned a number of times that the
21 ordering process is very complex. What is the type of
22 complex information that's included on that ASR form?
23   A.   Just the information, because most of that
24 will come from how the circuit is to be laid out from
25 certain points to points, the characteristics of the

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 1  circuit, and those are the things that make it complex
 2  versus a voice loop that goes from the central office
 3  out to an end user.
 4       Q.    With respect to a special access circuit
 5  that's already in place, does that circuit have a single
 6  circuit identification code that is already in Verizon's
 7  systems that allows them to pull that up and see exactly
 8  what the end points are of that circuit and basically
 9  look and see the facilities that are used in
10  provisioning that circuit?
11       A.    In the -- there is a means to pull up via the
12  circuit ID the provisioning portion of that circuit.
13            MS. HOPFENBECK:  Thank you, that's all I
14  have, thank you.
15            JUDGE BERG:  Mr. Butler.
16            MR. BUTLER:  I have no questions.
17            JUDGE BERG:  All right, Ms. Tennyson.
18            MS. TENNYSON:  Thank you.
19
20            C R O S S - E X A M I N A T I O N
21  BY MS. TENNYSON:
22       Q.    Good afternoon, Mr. Richter.
23       A.    Afternoon.
24       Q.    My name a Mary Tennyson, and I'm representing
25  the Commission Staff in this proceeding.  Now in your
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 1 rebuttal testimony, T-1166, you described the method
 2 that Verizon uses to develop EEL order processing. Is
 3 the ordering process for EEL service different from the
 4 process for ordering other UNEs? I can give you a page
 5 reference if you're --
 6   A.   Yes, if you have it.
 7   Q.   Pages three and four of T-1166.
 8   A.   Yes, the ordering of EELs is different than
 9 ordering UNEs or UNE-Ps, yes.
10   Q.   Okay. You do, in this same testimony at page
11 15, you describe the process as being the same as for
12 dark fiber. Now can you tell us differences from other
13 -- from ordering the UNEs versus the dark fiber? How is
14 the process different?
15   A.   The services that are ordered via an ASR go
16 through a different center, contact center. It goes
17 through the National Access Contact Center, and they
18 handle all types of special access requests.
19   Q.   Let me stop you there a minute. Would that
20 be requests from CLECs or other carriers?
21   A.   It would be requests from CLECs or IXCs.
22   Q.   And those would all go through this National
23 Access Contact Center?
24   A.   Yes.
25   Q.   All right, go on.

 1   A.   Whereas the request for wholesale UNEs would
 2 come through another center, which only handles LSRs,
 3 which are local service requests. And the complexity of
 4 the circuit orders that come through are much greater,
 5 because you -- you have a data gathering form which must
 6 be filled out which provides the characteristics of the
 7 special access circuit that's being requested.
 8   Q.   Which center do the LSRs go through?
 9   A.   It would go through our National Open Market
10 Center?
11   Q.   And we refer to that as NOMC?
12   A.   Yes.
13   Q.   I have also seen an acronym of an NASSC.
14   A.   Yes.
15   Q.   What is that? I haven't found what that
16 stands for anywhere.
17   A.   That's the National Access Subscription
18 Service Center, and what that is is the orders that are
19 faxed in, that's where they go. In other words, they
20 receive all of the orders that are faxed.
21   Q.   From whom?
22   A.   CLECs or IXCs.
23   Q.   Are these centers all in the same place, are
24 they collocated?
25   A.   No, they're at different locations. The

 1 NASSC is located in San Angelo, Texas. The NACC, the
 2 NACC which handles the ASR, is in Durham, North
 3 Carolina. The NOMC, the National Open Market Center
 4 that receives the LSRs, they're in Durham, North
 5 Carolina, Fort Wayne, Indiana, and Coeur D'Alene, Idaho,
 6 and those three centers only receive LSRs.
 7   Q.   Has Verizon changed the way that it conducts
 8 its time and motion studies since the time that it filed
 9 the nonrecurring costs supporting studies with its
10 direct testimony?
11   A.   Yes, we have conducted time and motion
12 studies in the NACC, the N-A-C-C, where the ASRs go.
13 And in mid year '99, work sampling was done in San
14 Angelo at the center where the orders are faxed to the
15 NASSC, and a work sampling in August of '99 in Durham,
16 North Carolina at the NOMC, the National Open Market
17 Center, where the LSRs come into.
18   Q.   You referred to those as work sampling, and
19 those are different than the time and motion studies?
20   A.   Yes.
21   Q.   And in the version of the cost study that was
22 filed as C-1160, you referred or it is referred to as a
23 large number of observations used to collect the data;
24 do you recall that?
25   A.   Do you have --

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 1        Q.    Tab 8, it's the August 4th, 2000, version of
 2   this.
 3        A.    Okay.
 4        Q.    Which I think I have correctly marked in my
 5   things as C-1160.
 6        A.    It was?
 7        Q.    We're looking at the nonconfidential portion.
 8        A.    Okay.
 9        Q.    August 4, 2000, nonrecurring cost study, and
10   it's for UNE Remand Issues, Version 4.0.
11        A.    Okay.
12        Q.    Tab 8.
13        A.    Tab 8.
14        Q.    Page 3.
15        A.    Is that -- that's not alpha A, it's just tab
16   8?
17        Q.    Yes, tab 8, number 8.
18              JUDGE BERG:  Ms. Tennyson, are we referring
19   to the two binder 1160?
20              MS. TENNYSON:  Yes.
21        A.    And which page was that, please?
22        Q.    Page 3 of 7.
23        A.    Okay.
24        Q.    There doesn't it state that Verizon used a
25   large number of observations and discussions with
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 1 subject matter experts to estimate the proportion of
 2 time spent by the particular service representative?
 3   A.   But I believe in the revised exhibit of the
 4 LC-2C that was filed on November the 13th, I believe
 5 that was changed.
 6   JUDGE BERG: That will be Exhibit E-1160,
 7 which the commissioners should have.
 8   Q.   Okay, can you refer us to the page in there?
 9 What I have in that is -- I have no description, and
10 what I have received is the attachment there. I have no
11 narrative, and our question relates to the narrative,
12 the language in the narrative.
13   A.   I don't have that November cost submission
14 with me.
15   MS. MILES: May I approach the witness?
16   JUDGE BERG: Yes, please.
17   A.   Okay, I have this, but this is tab 7 versus
18 8, which I believe the tabs were --
19 BY MS. TENNYSON:
20   Q.   What does it say on your tab 7? My tab 7
21 says summary.
22   A.   This is a summary of costs.
23   Q.   Okay.
24   A.   And this is for UNEs and UNE platforms.
25   Q.   I am looking at tab 8, and the bottom

 1 right-hand corner says 8-WA3.
 2   MS. TENNYSON: I could show the witness what
 3 I'm looking at if that would help.
 4   JUDGE BERG: And I believe you're looking at
 5 8-3 of 1160; is that correct?
 6   MS. TENNYSON: I believe so.
 7   JUDGE BERG: All right. And what I
 8 understand the witness is trying to do is to ascertain
 9 whether or not, in fact, nonconfidential page 8-3 was
10 later revised in either Exhibit E-1160 or possibly
11 EE-1160.
12   MS. MILES: I can help with that. There were
13 no revisions to the narrative portion.
14   JUDGE BERG: All right.
15   MS. TENNYSON: So I'm referring to but he was
16 not able to find the portion that I'm looking at.
17   THE WITNESS: Okay, I have 8-WA3, which is in
18 the right-hand portion.
19   MS. TENNYSON: Right.
20   THE WITNESS: Right.
21 BY MS. TENNYSON:
22   Q.   And I'm referring to text in the first
23 paragraph, fifth line down, actually begins on the
24 fourth line. Now this indicates, doesn't it, that the
25 estimates were based on a large number of observations?

 1   A.   Yes.
 2   Q.   Okay, that was my question.
 3   Now when you filed your testimony, Exhibit
 4   T-1166.
 5   A.   Okay, I have 1166.
 6   Q.   And at page three of that.
 7   A.   Yes.
 8   Q.   In this case, you refer to the time and
 9   motion study being conducted on a small sample of
10   employees who work in the center. Does this reflect a
11   change in the methodology of the study?
12   A.   Yes, for the -- I think what we were talking
13   about previously was the quantity of observations. What
14   is being stated here is a sample of the employees, and
15   there was a sample of the employees that were observed
16   for the time and motion study.
17   Q.   So you're saying a small number of employees
18   were observed many times?
19   A.   Yes, they were -- a small number of employees
20   were in the observation pool, if you will, where the
21   observers actually sat with and did a time and motion
22   study for a period of two weeks.
23   Q.   Okay. So a small number of employees, but a
24   large sampling of observations; would that be a fair
25   thing to say?

 1   A.   Yes.
 2   Q.   Okay. Now staying with Exhibit T-1166 at
 3 this point and going on to page six of that exhibit.
 4 Now in this case, you're stating your view that the
 5 Commission should reject the alternative recommendation
 6 of Ms. Roth. Do you find that?
 7   A.   I'm on page six, which --
 8   Q.   Page six, line seven.
 9   A.   Line seven, okay.
10   Q.   Starts on line seven.
11   A.   Yes, I see that.
12   Q.   Okay. Now do you agree or isn't it true that
13 Ms. Roth's recommendation that is referenced on this
14 page only relates to an LSR order, not an ASR order?
15 You could refer -- you do summarize Ms. Roth's
16 recommendations in this same piece of testimony at page
17 2, and I could refer you to line 16.
18   A.   See, at page two, the production order entry
19 is referred --
20   Q.   Line 16 for the alternative recommendation.
21   JUDGE BERG: For the Bench's sake, would you
22 give that exhibit number once more?
23   MS. TENNYSON: That's 1166.
24   A.   And what was your question?
25 BY MS. TENNYSON:

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 1        Q.     My question was, isn't it true, basically you
 2   have mischaracterized her recommendation at page six,
 3   haven't you; you have mischaracterized her alternative
 4   recommendation?
 5        A.     Right, and I think prior to that, Verizon had
 6   not conducted any time studies at the center that
 7   receives the LSRs or at the center that receives the
 8   ASRs.  But since that time in this filing, we were able
 9   to file studies that reflected times that were actually
10   incurred and done from the time and motion studies or
11   from work sampling studies.
12        Q.     Okay, you have said since that time, and I'm
13   not sure what times you're talking about.
14        A.     I believe the minutes that Ms. Roth was
15   referring to was in the previous order, which was based
16   on information --
17        Q.     Are you referring to the 17th Supplemental
18   Order in Docket UT-960369?
19        A.     Yes.
20        Q.     Because that is, in fact, Ms. Roth's
21   recommendation, correct, that the Commission use that
22   number for processing or that number of minutes for
23   processing an LSR?
24        A.     Yes, that was her recommendation.
25        Q.     But you characterized that as her
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 1 recommendation for processing an ASR on page six?
 2   A.   Yes.
 3   Q.   Were you a witness in UT-960369; did you
 4 participate in that case?
 5   A.   Did that -- not as an NRC wholesale witness,
 6 no.
 7   Q.   Okay. Now at several places in your rebuttal
 8 testimony, you have referenced the initial work time and
 9 the total work time. In the supporting cost
10 documentation that Verizon has filed in this proceeding,
11 is there a detailed explanation as to how Verizon
12 converted the initial work time estimate to the total
13 time estimate?
14   A.   Yes.
15   Q.   And where would we find that?
16   If it would speed things along, we could just
17 make this a record requisition to provide us those
18 references.
19   JUDGE BERG: Ms. Tennyson, do you have reason
20 to believe that they're not included in any of the
21 exhibits?
22   MS. TENNYSON: It's possible.
23   MS. MILES: Can you restate exactly what it
24 is you're looking for?
25   MS. TENNYSON: I'm looking for a detailed

 1 explanation in something that they filed in this
 2 proceeding as to how Verizon converted the initial work
 3 time estimates to the total time estimate.
 4   MS. MILES: And where is that referenced in
 5 his testimony? That would help out.
 6   MS. TENNYSON: It's in his rebuttal testimony
 7 a couple of places. I don't have the -- it is
 8 referenced on page six referring to assumptions that
 9 Ms. Roth made, and then he says as outlined above. And
10 I believe it's also -- there's -- it's kind of in the
11 description on page three talking about there's you have
12 to add up all the times --
13   MS. MILES: Right.
14   MS. TENNYSON: -- and how do they get there.
15   MS. MILES: I think you're referring to
16 Verizon's time based calculation.
17   MS. TENNYSON: What we're looking for is a
18 narrative of it, not just the --
19   MS. MILES: Mr. Richter, you refer to that in
20 your testimony at page three, the time based
21 calculation. Is there a description of that in the cost
22 study?
23   I would suggest just a record request, and we
24 can provide you with that, so as not to waste any
25 further time.

 1   JUDGE BERG: Thank you, we will refer to that
 2 as Records Request 104.
 3   MS. MILES: Thank you, we will get it for
 4 you.
 5   JUDGE BERG: Thank you, Ms. Miles. I wanted
 6 to give the witness a chance to find it in case there
 7 were follow-up questions that would be appropriate, but
 8 I think that is the best way to proceed at this point.
 9   MS. MILES: He has too many notebooks up
10 there.
11 BY MS. TENNYSON:
12   Q.   Okay, let's stay with T-1166, and I'm still
13 on page six, and I would refer you to lines 17 through
14 22. And there you state:
15   It's inappropriate to apply any of the
16   work time adjustments previously adopted
17   by the Commission for Qwest.
18   And what work time adjustments are you
19 talking about at this point? There are two, in the
20 question, there are two confidential numbers, is that
21 what you're referring to?
22   A.   Yes, it would be the production order entry.
23   Q.   And where would we find the reference to the
24 fact that the Commission may have adopted these for
25 Qwest? That is not included in the premise of the

 1 question. Can you give us a citation or evidence to
 2 where the Commission may have adopted these numbers for
 3 Qwest?
 4   A.   I believe what I go on to say is that the
 5 work times that were in the 1996 order for Verizon to
 6 use was prior to Verizon doing the work studies in the
 7 various centers in order to get a real time on the
 8 actual activities that it would take to do these
 9 particular activities associated with processing ASRs
10 and LSRs.
11   Q.   Is it -- but the question was, where would we
12 find -- how do we know these are numbers adopted for
13 Qwest, adopted by the Commission for Qwest, which you
14 state that in your testimony?
15   A.   Right now, I can't show you to that. I don't
16 know how to show that to you.
17   Q.   Now it's true that you take exception to
18 Staff's view that Verizon's loop conditioning cost study
19 is unreasonable and Staff's recommendation that Verizon
20 should be required to use the Commission approved Qwest
21 time estimates, true?
22   A.   Yes, Verizon has presented the activities
23 associated with the engineering and the construction
24 portion that would be necessary to do the deloading
25 portion. And as we stated earlier, those are the

 1 activities that would have to be done. And without
 2 being provided the activities associated with the amount
 3 that was provided in -- in the order, there's no way to
 4 make a comparison to see if some of the activities that
 5 Qwest may have done may have been recovered in some
 6 other area.
 7   Q.   So that was -- that goes back to the
 8 discussion you had with Mr. Kopta, correct?
 9   A.   Yes.
10   Q.   Okay. Are you aware of the fact that the
11 Commission in earlier phases of this proceeding and in
12 other cases have required that say company A incorporate
13 company B's cost estimate as an input into company A
14 costs when there's identical or similar elements and
15 functions?
16   A.   Yes.
17   MS. MILES: Is there a reference to a
18 particular order?
19   MS. TENNYSON: He just made it in his
20 testimony. I mean he didn't tell us what order it was
21 in, but the last question, he couldn't tell me -- he
22 tells me Qwest was -- that the Commission ordered or
23 said they should use Qwest numbers.
24   JUDGE BERG: I believe that's the 13th
25 Supplemental Order in this docket.

 1   MS. MILES: Thank you.
 2 BY MS. TENNYSON:
 3   Q.   I would like you to look at this point at
 4 Exhibit T-1167, and if you can go to page four.   In
 5 here, we're discussing OSS enhancements, and starting at
 6 page five, or I'm sorry, page four, starting at line
 7 five, you're indicating additional OSS enhancements may
 8 be necessary. Is that a fair characterization?
 9   A.   We are referring to line splitting.
10   Q.   That is correct, yes.
11   A.   Okay, yes.
12   Q.   And do you --
13   A.   And that is specific -- the statements here
14 are specific to line splitting.
15   Q.   Okay, that is my understanding as well. Does
16 Verizon plan to recover these additional OSS costs
17 through a separate charge like OSS transaction or OSS
18 transition or some other name?
19   A.   It probably would be an OSS transition cost,
20 because it would be the activities necessary to get the
21 systems in a mode that they would be able to accept
22 whatever the final service description is for line
23 splitting.
24   Q.   So these would be costs that were incurred
25 and then recovered through -- in a particular charge

 1 that would then stop at some point?
 2   A.   I'm sure it would be very similar to the line
 3 sharing OSS that's in place now.
 4   Q.   Line sharing OSS transition charge?
 5   A.   Yes.
 6   Q.   Okay. Going on to page five of that same
 7 Exhibit T-1167, are you familiar with Mr. Lee's
 8 supplemental rebuttal testimony in this case about the
 9 timing of when Verizon anticipates making line splitting
10 available in Washington?
11   A.   I'm familiar with the fact that line
12 splitting -- a test program is due to be conducted
13 sometime in the June time frame, and I think Verizon has
14 a goal to have line splitting available in October of
15 this year.
16   Q.   Okay. With that anticipated time frame of
17 October 2001 for availability of line splitting in
18 Washington, when do you believe it is a reasonable time
19 frame for Verizon to file a complete line splitting cost
20 study in Washington? I'm not talking about other
21 states, just Washington.
22   A.   Well, if -- when Verizon files a line
23 splitting cost study, it would be a nationwide cost
24 study specific -- and it would be then specific to the
25 individual states that Verizon operates in. Until all

 1 of the development on the systems and all of the
 2 activities associated with line splitting can be worked
 3 out, at that point in time, then we would have a final
 4 product to be able to do a cost study on. So in my
 5 estimation, it would be sometime after the
 6 implementation date of October.
 7   Q.   I gather from your response about doing a
 8 national study that Verizon has not filed any line
 9 splitting cost studies in other states?
10   A.   What Verizon has done in Washington only that
11 I am aware of is to file what we filed using the line
12 sharing as envisioning how line splitting may work in
13 Washington, but this is the only location that I'm aware
14 of that Verizon has filed a line splitting type cost
15 study.
16   Q.   Do you know when a revised UNE migration cost
17 study for EELs might be available for reading by the
18 parties? You refer to it in T-1167, page ten, starting
19 at line four.
20   I'm sorry, I did jump subjects here for me,
21 and that was because Ms. Hopfenbeck asked the next
22 series of questions that I had.
23   A.   I do not know when that cost study will be
24 filed.
25   MS. TENNYSON: Thank you, I have nothing

 1 further at this time.
 2   JUDGE BERG: Dr. Gabel.
 3
 4   E X A M I N A T I O N
 5 BY DR. GABEL:
 6   Q.   Good afternoon, Mr. Richter. I would like to
 7 begin with your Exhibit 1161. This is your direct
 8 testimony of December 22nd.
 9   A.   Okay, I have that.
10   Q.   Page 22, line 11, here you refer to a
11 Bellcore subscriber loop survey; do you see that?
12   A.   Yes, sir.
13   Q.   Could you tell me when the data for that loop
14 survey was collected, what year?
15   A.   I do not know the year that the information
16 was collected for this particular survey.
17   Q.   Do you know when Bellcore became Telecordia,
18 how many years ago that was?
19   A.   No, I don't.
20   DR. GABEL: Well, as a request to the Bench,
21 could you please provide the year in which the data for
22 the survey was collected, and then explain why that data
23 would or would not be reflective of your current loop
24 architecture. And the reason I raise that issue is
25 because I believe it was a few, quite a few years ago,

 1 if I'm not -- it was a few years ago that Bellcore
 2 became Telecordia, and I'm just wondering the vintage of
 3 that data.
 4   THE WITNESS: Okay.
 5   JUDGE BERG: That will be Bench Request 30.
 6   MS. ANDERL: Oh, Your Honor, I might have
 7 missed this, but I thought that 30 was directed to
 8 Ms. Malone as the request for the number of billed
 9 telephone numbers that were determined to carry ISP
10 bound traffic for January, February, March, and April of
11 the year 2000.
12   MS. TENNYSON: That's what my records reflect
13 as well.
14   JUDGE BERG: Oh, yes, there it is, you're
15 right. So this would be BR 31.
16 BY DR. GABEL:
17   Q.   Mr. Richter, would you please turn to Exhibit
18 1163, page 12, lines 19 to 21. You state:
19   The proposed OSS transition and
20   transaction costs included in Verizon's
21   line splitting study are the same costs
22   Verizon proposed in Phase A of this
23   proceeding.
24   Do you see that?
25   A.   Yes.

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 1      Q.    All right.  Are you aware of the level of
 2  costs that Verizon sought recovery for line sharing in
 3  Phase A of this proceeding?
 4      A.    Yes.
 5      Q.    And that level was -- was it -- was that
 6  level zero?  And in particular, I will refer you to
 7  Paragraph 143 of the 13th Supplemental Order, and that
 8  it said at that time:
 9            Verizon does not seek cost recovery for
10            OSS upgrades specific to line sharing in
11            this proceeding because these costs have
12            not yet been quantified.
13            So my question is, I'm a bit perplexed about
14  the guidance that's provided from Phase A.  Is Verizon
15  saying that it will -- well, if you could just explain,
16  what is Verizon seeking in terms of recovery of OSS
17  transition costs for both line splitting and line
18  sharing?
19      A.    Verizon has, and I thought was filed in the
20  Phase A portion of line sharing, the actual costs
21  associated with implementing the OSS for line sharing.
22  I may be mistaken.  Those costs have been identified and
23  are being spread over a three year period, are
24  recommending that those costs are spread over a three
25  year period and that the OSS -- the OSS -- let me start
```

 1 over.
 2   The OSS costs associated with line sharing
 3 are based on a forecasted amount of service orders that
 4 Verizon may see requesting line sharing type services,
 5 and those then would be recovered only from those orders
 6 seeking line sharing. What we're proposing with the
 7 line splitting is to do it in the same manner. Once the
 8 OSS demands are identified in whatever those
 9 implementation costs are, then those would be -- those
10 transition costs then would be recovered in the same
11 manner based on line sharing -- line splitting orders
12 being requested. Right now we do not know what the line
13 splitting OSS costs, final costs will be.
14   Q.   At line 20 of page 12 where you state that,
15 Verizon's line splitting study are the same costs
16 Verizon proposed in Phase A of this proceeding, can you
17 point out to me where in Phase A Verizon identified
18 those costs?
19   MS. MILES: Judge Berg, might this be an
20 appropriate time for a break? Maybe we can help him
21 out, or would you like to go further?
22   JUDGE BERG: Sure, let's go ahead and do
23 that, that may help streamline the process.
24   Let's break until 3:05.
25   MS. MILES: Thank you.

 1   JUDGE BERG: Off the record.
 2   (Recess taken.)
 3   JUDGE BERG: Ms. Miles, is the witness
 4 prepared to answer the question?
 5   MS. MILES: I believe he is.
 6   JUDGE BERG: All right, go ahead Mr. Richter.
 7   A.   Thank you. Dr. Gabel, I need to apologize, I
 8 was thinking of something else other than what was here.
 9   What we're seeing here is Verizon has not
10 filed any line sharing or no line splitting OSS costs,
11 and what we're referring to here are to the OSS
12 transition and transaction costs that were presented in
13 Phase A, which the Commission has ruled on, which would
14 apply to a line sharing order and a line splitting
15 order.
16 BY DR. GABEL:
17   Q.   So am I correct that Verizon has not filed
18 with this Commission a study which identifies their OSS
19 transition costs associated with either line sharing or
20 line splitting?
21   A.   That's correct.
22   Q.   And are there plans to do that?
23   A.   I'm sure there are plans to do that in the
24 future when the total costs are developed.
25   Q.   Okay. Mr. Richter, in this proceeding, you

 1 filed a line splitting cost study, and you indicated
 2 that this study was tentative pending completion of the
 3 New York collaborative process; is that correct?
 4   A.   Yes, sir.
 5   Q.   I believe on Friday, Mr. Lee of Verizon
 6 testified that the New York process was essentially
 7 completed; is that correct?
 8   A.   I was not here Friday, so I don't know if he
 9 testified to that or not.
10   Q.   Is it your understanding that the New York
11 process is essentially complete?
12   A.   Unfortunately, I haven't been involved in
13 that portion of it, so I really don't know.
14   Q.   Are you able to address the question of the
15 degree to which the cost study that you filed in this
16 proceeding needs to be modified to reflect the current
17 status of the proceeding in New York?
18   A.   No, I'm not, because what we did was when we
19 filed ours was to take the line sharing portion and try
20 to adapt it, what we thought line splitting would be.
21 But I'm not in a position at this point in time to make
22 any changes to that representative of what the latest
23 outcome might have been from the New York collaborative.
24   Q.   All right, well --
25   JUDGE BERG: Counsel, let me just check with

 1 you and see if Dr. Gabel's impression of the status of
 2 the New York proceeding accurately reflects what's going
 3 on in that case.
 4   MS. MILES: I believe what Mr. Lee said on
 5 Friday, and Ms. McClellan can correct me if I'm wrong,
 6 is that the product description that they had been
 7 working on when he filed his testimony and again revised
 8 has pretty much come to the point where it is agreed to.
 9 However, there is, as Mr. Richter said, a testing period
10 that's coming up in June, and then I believe he
11 indicated that further modifications to that
12 description, certainly not major ones, but would
13 probably result from that testing period, so that it's
14 not complete at this time.
15 BY DR. GABEL:
16   Q.   I would like to follow up on a line of
17 questioning you had this morning with Mr. Kopta
18 regarding load coils within a binder group.
19   A.   Yes, sir.
20   Q.   Did I understand you correctly to state that
21 even though the load coils may not be needed today to
22 provide voice service to a customer location, there may
23 be a situation where in the future the load coils will
24 be needed to provide voice service to the location?
25   A.   That's correct, that complement that is

 1 loaded today, it may be serving an area less than 18
 2 kilofeet. But possibly through some growth in a
 3 particular area, that cable might be extended out to the
 4 outer limits to the -- where the new growth may be to
 5 serve customers in that area, and it might be in excess
 6 of the 18 kilofeet.
 7   Q.   Is it Verizon's engineering practices today
 8 to add load coils when you're installing new cable?
 9   A.   It would be the engineering practice is based
10 on the length of the cable that would be used to serve
11 the end user. If the length of cable is such that it's
12 in excess of 18 kilofeet, then load coils would be put
13 on.
14   Q.   Okay. Also as a follow up to some questions
15 you had earlier today, I would like to ask you to turn
16 to Exhibit 1165, Section 2, page 2, I'm sorry, Revised
17 1165. Mr. Richter, I would like to just begin with a
18 very basic question, and that is the word order appears
19 on three different lines, manual order receipt,
20 production order entry, and MOG order entry. Could you
21 for my edification describe what are the steps that are
22 occurring at each of these three steps so that I can
23 understand how one step is distinct from the next?
24   A.   Sure. On the manual order receipt, this is
25 when the CLEC takes the opportunity to fax the order to

 1 our center in San Angelo, and that would be a manual
 2 order, and this is the actual receipt of that order,
 3 making sure the pages are there, going through the
 4 receipt of the order, checking to make sure all the
 5 information is there and is something that the service
 6 clerk could use to continue on with the input of the
 7 order. If not, she would at that time make a call back
 8 to the CLEC who faxed it and try to resolve any
 9 questions she may have.
10   Q.   All right, if I could just interrupt.
11   A.   Sure.
12   Q.   So at this first step, it's just the receipt
13 of the fax, it's not entering any data into the data
14 base?
15   A.   That's correct.
16   Q.   And the number of minutes associated with
17 receiving the fax appears under Column B, minutes per
18 order?
19   A.   That is correct.
20   Q.   All right. And could you just explain why
21 that many -- well, I -- well, let me just say before I
22 ask you this question, I think one thing that would help
23 me understand this is, is there someplace in the record
24 where you could point to where I could look at the
25 actual fax that would be received by the center? Have

 1 you provided a blank copy of what would be faxed or
 2 filled in?
 3   A.   We have not provided any form.
 4   Q.   Okay.
 5   A.   ASR type form in the cost study.
 6   DR. GABEL: All right, as a request from the
 7 Bench, would you please provide a copy of an ASR that
 8 you would receive.
 9   JUDGE BERG: And that will be Bench Request
10 32.
11   DR. GABEL: And then as you respond and
12 discuss production order entry and MOG order entry, if
13 there are other forms in addition to the form that
14 you're going to provide that indicate what's shown on
15 the fax, could you also provide me those forms?
16   THE WITNESS: Yes, sir.
17 BY DR. GABEL:
18   Q.   So still focusing on a manual order receipt,
19 I don't have the form in front of me, but I'm just
20 trying to understand, why would this amount of time be
21 required to review a receipt?
22   A.   The --
23   Q.   Review a fax.
24   A.   This fax is going to be of an ASR, an access
25 service request. As we talked earlier, there are --

 1 they're much more complex than a wholesale UNE order for
 2 a loop or a port. There are a lot of codes that need to
 3 be filled in on this particular form. And what the
 4 service rep is having to do here is to check what she
 5 has received to make sure it's something that she's
 6 going to be able to move on to the next step, which is
 7 actually putting this order into a shell in a computer
 8 based program where she would actually key it in. So
 9 she is doing a lot of checking to make sure that the
10 information that is there is correct and she would be
11 able to put it into the system.
12   The next item, which is the production
13 order --
14   Q.   Just before we go there, I just want to make
15 sure I understand this process.
16   A.   Okay.
17   Q.   So on the fax, you said there needs to be
18 circuit identification numbers for the special access
19 connection, and there would be one circuit number
20 associated with the loop and then other circuit numbers
21 associated with the interoffice facilities?
22   A.   No, it would be one. It's my understanding
23 it would be one circuit number that would identify that
24 circuit and the appropriate segments that it may
25 incorporate.

```
 1      Q.     So the fax would identify all of the
 2  different segments?
 3      A.     Yes.
 4      Q.     And the segments would be a CLLI, C-L-L-I?
 5      A.     There would be CLLI codes, yes, on the order
 6  and the type of facilities that would be there, and the
 7  type of service that's being provided with this
 8  particular ASR, and the type of conditioning that might
 9  be on the circuit, if it's a DS1, if it's a DS3, it
10  would -- it would have all the information there that
11  exists that's going to be migrated to the new EEL as --
12  all of the information that would be on that fax should
13  be all of the information that would be necessary to
14  remove that from the system and also turn right around
15  and put it into the system as a new order.
16      Q.     Okay.
17      A.     And it's hard for me to explain everything
18  that's on there, but ASRs are much more complex than --
19  and I think once you would see the form, you would see
20  what I'm referring to.  It's kind of hard to describe
21  when you don't have the form.
22      Q.     Okay, well, I'm just going to ask one last
23  question about this line.
24      A.     Sure.
25      Q.     You just mentioned the kind of conditioning
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 1 that would be associated with a high capacity DS3
 2 connection. What do you mean by conditioning on a DS3
 3 link?
 4   A.   There are -- in order for the -- depending on
 5 the type of service that the circuit is being used for,
 6 there are various conditions that the circuit needs to
 7 meet, and that's through a testing process. It has to
 8 meet signal strength, it has to meet noise parameters,
 9 it has to meet envelope delay, it has to meet C-notched
10 conditioning, all of those types of conditioning so that
11 the facility will be able to use what the end user
12 intends it to be used for based on the information that
13 is going to be sent from one end to the other.
14   Q.   Okay, thank you, if you would now move on to
15 the next line of production order entry.
16   A.   Okay. The production order entry is once the
17 service rep has gone through the receipt, the service
18 rep will then sit down at a -- she would be at a
19 position and she would have a CRT, and she would have --
20 pull up a shell and start to input the new order before
21 she removed the previous order, and that's what she
22 would do. She would actually go in, fill in all the
23 information, create a whole new circuit. She would then
24 go over and do the appropriate activities associated
25 with removing the previous circuit from the data base.

 1   Now she would go back and assign the new
 2 shell that she would put in and distribute that to the
 3 appropriate locations through who would need to have
 4 information as it relates to the new EEL, and that would
 5 be the assignment portions, where they actually do the
 6 assignment in the central offices, where the circuit
 7 appears, so that they would be able to go in and take
 8 the old information out and put the new information in,
 9 so if they ever had a trouble ticket on that particular
10 circuit, they would have all the new information.
11   Q.   So if you --
12   A.   So this is basically doing all of the
13 activities at the CRT.
14   Q.   Before you move on then to the last line.
15   A.   Okay.
16   Q.   I just want to have one point clarified here.
17 You described removing the old information associated
18 with the special access line and entering the new
19 information associated with the EEL. Are you removing
20 data and entering data into the same data base, or is it
21 that special access appears in one data base that isn't
22 linked to a separate data base that has the EELs?
23   A.   It would -- it would be the same data base.
24 When she would route this to the assignment portion,
25 which is the business response provisioning center, they

 1 have an in-house system which is TBS, Telecom Business
 2 Solutions, which keep tracks of all of the network
 3 facilities that make up that particular circuit. So
 4 there would be activities in the provisioning side where
 5 they would have to input the new circuit number into
 6 this circuit facility makeup. The service rep that we
 7 were referring to here, she is in the same system, which
 8 is NOCV, which is the National Ordering and Collection
 9 Vehicle. That's the system that she would be using to
10 input the service order information.
11   Q.   Okay. And then just as a follow up to that
12 question, if you are removing some data and then
13 reentering the same data into the same data base, why --
14 is there something about that data base that made it
15 difficult in running the program that the information,
16 instead of deleting and then reentering, in other words,
17 just automatically copied into the new record associated
18 with the EEL?
19   A.   I'm not aware in this system to be able to
20 take a previous order and copy it into a new shell to
21 create a new order. Once that master file is there
22 under that particular heading for that particular
23 customer, then I'm not aware of any way to be able to
24 take that and convert it into another one. You
25 basically start with a new shell and build a new master

 1 copy of that particular order or for that particular
 2 circuit for that customer.
 3   On the MOG order entry, this is the mass
 4 order generator, and it works in conjunction with the
 5 item that's three down from there, which is the MOG
 6 template creation. If the CLEC has a customer and we're
 7 going to migrate 50 circuits or more, rather than input
 8 every circuit individually, we can go create this MOG or
 9 mass order generator template, create a template. And
10 once the template is created, then we can go in and put
11 in the individual circuits so that it doesn't take so
12 much time to do them individually. Then what will
13 happen is once all the individual circuits are in on the
14 -- in the template, then you can run that template, and
15 it will input all of the various circuits that you have
16 in there.
17   Q.   Now why couldn't that same template be used
18 for just one order so you entered the circuit ID and
19 then that takes care of the problem?
20   A.   Well, you still have to go in and put more
21 information in than just the circuit ID. You just don't
22 have to create a new shell for every order that you're
23 going to put in. With the template, that creates the
24 shell. Then you can go inside of that shell and put
25 each line of information for the individual circuits

 1 that are there.
 2   Q.   Thank you. Now I would like to ask you to
 3 turn to Exhibit 1166. This is your rebuttal testimony.
 4   A.   I have it.
 5   Q.   Page 4, lines 17 to 22. Here you're
 6 criticizing Ms. Roth's methodology, because you state it
 7 does not consider the probability of occurrence factor.
 8   A.   Yes.
 9   Q.   Would you elaborate on this point, please,
10 explaining what you believe was omitted from her
11 calculations?
12   A.   I believe she took the -- from the time study
13 that was completed, she took the minutes for one, one
14 function. In the time study itself, when you look at a
15 sample and you study one portion of it, at some point in
16 time you have to apply that statistical information to
17 the whole work center, because you have looked at a few
18 of them, and you want that to represent the whole. So
19 you need to move that information over to where it
20 attributes for the whole.
21   The other thing that comes into play is as
22 we're talking about here, we're talking about touches,
23 and the frequency of when this particular item will
24 occur, which is the probability of it, of occurrence,
25 needs to be applied to the total minutes. Once you take

 1 your statistical information, apply it to the whole work
 2 center, then you will -- I believe we apply the
 3 probability of occurrence to get to the total minutes
 4 that the total work center would incur when this
 5 particular item happened.
 6   So if you took one item out of the total,
 7 then from a statistical purpose presence, you -- or
 8 procedure, you're only looking at one item, and that's
 9 what I was trying to say here.
10   Q.   Thank you. In this same document, would you
11 please turn to page 12, lines 16 to 20. And as I
12 understand this portion of your testimony, you're
13 describing the steps involved in removing load coils.
14 And my question for you, Mr. Richter, is you state at
15 page 12, lines 16 and 17, that forms must be approved by
16 a city or county before load coils are removed. Where
17 -- are load coils generally located -- first, let's
18 start with aerial cable. For aerial cable, are the load
19 coils found on the poles?
20   A.   They would -- they would be above ground.
21 They may be on the pole, may be at the cable level, they
22 could be, because some of them become very large, they
23 could be located lower or closer to the ground, or they
24 could be located in a housing adjacent to the pole.
25   Q.   Okay.

 1   A.   But they would be above ground.
 2   Q.   If they're above ground, do you need a city
 3 permit or a county permit?
 4   A.   It would be cities, some cities, have codes
 5 that they enforce, and in this case depending on where
 6 the pole is in order for the technician to access the
 7 load coil, we may need to block off one lane of the
 8 street. In that particular case, some cities if you're
 9 going to block traffic in a particular lane, you have to
10 do it during certain times of the day or night, and you
11 must have a permit. And that's what this refers to is
12 that in some cases when we are going to remove load
13 coils, that load coil may be in a location where a
14 permit of that nature would be required in order for us
15 to access it.
16   Q.   Do you know for the state of Washington, do
17 the cities or counties require you to obtain those kinds
18 of permits?
19   A.   I don't know about the state of Washington,
20 no.
21   Q.   Can you point to in your study, what's the
22 probability that you assume that these forms need to be
23 filled out, or are you assuming that it always needs to
24 be an activity that always has to be undertaken?
25   A.   Yeah, there's not a probability in the study.

 1 These are just the functions that engineers have to go
 2 through in order to be able to engineer a work order.
 3 It may not apply in every instance, and I would think
 4 that the SMEs in providing their information, they have
 5 -- they take into account the probabilities of items
 6 happening so that it's not -- it's not in there 100% of
 7 the time, because it's not going to occur 100% of the
 8 time. But it does occur, so there would be some portion
 9 of that to account for that.
10   Q.   As the cost analyst, did you provide them
11 with any instructions along these lines saying that you
12 should or shouldn't assume that a particular activity is
13 undertaken 100% of the time?
14   A.   I didn't do that in writing, but in
15 questioning and scrutinizing the results, yes, asked the
16 question, you know, how often does this occur.
17   Q.   Okay. Lastly, I think it's my last question,
18 yes, turning to beginning at page 17 of Exhibit 1166,
19 same document, lines 17 continuing through page 18, line
20 12. Now am I correct in this portion of the testimony,
21 you're responding to Ms. Roth's concern that the NOMC
22 cost is part of your common cost markup?
23   A.   Yes, I believe that's what she's saying.
24   Q.   Okay. And you respond beginning at line 8
25 saying that this issue is moot as a result of the

 1 issuance of the Commission's 13th Supplemental Order in
 2 this proceeding?
 3   A.   Yes.
 4   Q.   Okay. Just as a hypothetical, I would like
 5 you to assume that the 13th Supplemental Order hadn't
 6 addressed NOMC shared cost. If that order hadn't
 7 addressed that issue, how would you respond to the point
 8 that she raises, that it's included in your common cost
 9 markup?
10   A.   The NOMC is specific to wholesale. It isn't
11 -- they do not do any retail type activities at that
12 location. So it in itself is there strictly for
13 providing access to the CLEC. So that can be -- those
14 costs are identified and are not included in the common
15 costs for the common cost markup that's used on the
16 monthly recurring costs.
17   Q.   So do I understand correctly, Mr. Richter,
18 that it's your testimony that since this is a direct
19 cost that it was removed from the development of the
20 common cost factor that was used by the Commission
21 either earlier in this proceeding or in the last generic
22 cost docket?
23   A.   That's my understanding, yes.
24   Q.   And the basis of that belief, could you point
25 to something in the record in either of those

 1 proceedings to support your understanding?
 2   A.   I believe we filed in our cost study, we
 3 actually had the costs that were developed for the NOMC
 4 shared and fixed costs that resulted in the rate that
 5 was assigned to this particular element.
 6   Q.   You're referring to the cost study that was
 7 submitted by Mr. Collins?
 8   A.   No.
 9   Q.   No?
10   A.   No.
11   Q.   Oh.
12   A.   The wholesale cost study, the nonrecurring
13 wholesale cost study that identified the costs
14 associated with the NOMC and the NACC and the wholesale
15 portions of Verizon's wholesale business.
16   Q.   I'm sorry, Mr. Richter, but I'm not sure I
17 understand your response, could you just --
18   A.   Okay.
19   Q.   -- again explain this issue for me or address
20 this issue?
21   MS. MILES: Might I suggest, since I believe
22 your request referred to pointing to something in Phase
23 II --
24   DR. GABEL: Either from the last docket or
25 from Phase A of this proceeding.

 1   MS. MILES: Well, in that case, I'm positive
 2 he doesn't have that in front of him, so if it please
 3 the Bench, we would entertain a Bench request to respond
 4 to that.
 5   DR. GABEL: That would be fine.
 6 BY DR. GABEL:
 7   Q.   All right, I understand, Mr. Richter, that
 8 you were not involved on the wholesale cost studies, you
 9 were not involved with Verizon's wholesale cost studies
10 in UT-960369, but is there anything in this proceeding
11 that you can point to where you can show how this direct
12 cost was removed from the development of Verizon's
13 common cost factor?
14   A.   Not to show its removal from the common cost,
15 not that was filed in the cost study, no.
16   DR. GABEL: All right, so we will still have
17 it as a Bench request. Do you understand the question?
18   MS. MILES: Would you mind repeating it just
19 one more time?
20   DR. GABEL: I'm interested, as I understand
21 Mr. Richter's testimony, he said that the NOMC was a
22 direct cost that could be directly assigned, and I
23 believe I understood him to say that this direct
24 assignment of the cost was taken into account in the
25 development of the common cost markup.

 1   Was that your -- am I correctly
 2 representing --
 3   THE WITNESS: It would be removed from the
 4 common costs. It was not part of the common cost
 5 markup.
 6   DR. GABEL: And I'm just asking for a
 7 citation to the work papers where that adjustment was
 8 made. And then since we're now perhaps referring to
 9 work papers provided in the last proceeding, I would
10 like you to attach those work papers to this response.
11   MS. MILES: We will be glad to do that.
12   JUDGE BERG: All right, and this will be
13 Bench Request 33. If you discover that the work papers
14 would be voluminous to attach, be sure to check with us
15 before taking that on.
16   MS. MILES: Okay, we will let you know.
17   JUDGE BERG: All right.
18   Madam Chairwoman.
19
20   E X A M I N A T I O N
21 BY CHAIRWOMAN SHOWALTER:
22   Q.   I have some follow-up questions to different
23 questions that were asked of you regarding Exhibit
24 CR-1165.
25   A.   Yes, ma'am.

 1   Q.   Section 2, page 2, in other words, the
 2 migration as is question.
 3   A.   Yes, ma'am.
 4   Q.   I think there was testimony developed that
 5 the information that is in the database under the ASR is
 6 in many cases identical to some of the information that
 7 has to be put into the data base under the EEL order; is
 8 that right?
 9   A.   Yes.
10   Q.   And I think perhaps the trouble I'm having
11 anyway is that with at least the kinds of computerized
12 information systems I'm familiar with, which I'm sure
13 are not as complex as you deal with, there seem to be
14 relatively easy ways to transport a set of data from one
15 place to another.
16   For example, we use Lotus Notes here, and the
17 various cells of information are there, and if we had
18 several cells of information lined up under something
19 called ASR and we declared that this was now going to be
20 an EEL, we would put in another cell of information
21 called EEL and transport over the several cells that
22 were in common, and presto, we would have an EEL order.
23   Or likewise in Word, if you're creating a
24 table and you have a lot of information in a table and
25 now you want to create a new table, you can create a new

 1 table and go and cut and paste and take information from
 2 the table called ASR and plop it into the table called
 3 EEL.
 4   So now my question to you is, why is that
 5 notion oversimplistic in this case, if it is? In
 6 particular, I think you said you didn't know of any way
 7 in your system to accomplish that kind of quick transfer
 8 of data, but you didn't affirmatively say you couldn't
 9 do it, so can you expand on your answer there?
10   A.   It's my understanding the way the system we
11 have, the way it was developed, was to have one customer
12 and all of its information for one customer available
13 and input into the database. And it's, the way I
14 understand it, it's one customer specific. Each
15 customer that comes in, in order to input the
16 information, you begin with a new shell, and you input
17 the information. It's not, the way I understand it,
18 it's not a -- you don't have the availability to cut and
19 paste, so what --
20   Q.   But is it per customer, because I thought I
21 heard you answer to Mr. Kopta, or at least in the
22 examples he was raising, the customer is the same. It's
23 just a customer of an ASR now wants to be -- the same
24 customer wants to be an EEL customer.
25   A.   Right, but what we will be doing is migrating

 1 that particular customer service record that was being
 2 billed in one manner, now we're going to change it into
 3 an EEL, which is going to change the method, the billing
 4 process, if you will, for that particular circuit,
 5 because we're going to be moving it over to another.
 6 And it's my understanding that the system, it doesn't
 7 allow you to be able to cut and paste information from
 8 one customer into another.
 9   That's why we have the administrative charge
10 of having to go into the system and create a new order
11 which is going to be the result of the EEL migration,
12 then basically build a new customer master record, and
13 then go into the other portion where it resided before
14 and administratively take it out of the system.
15   Q.   But I guess what I'm trying to get at is what
16 is actually on the ground entailed in doing that? If I
17 were asking my secretary to create a new account in some
18 customer's name and this was in Lotus and it used to be
19 an ASR account and now it's going to be an EEL, I might
20 say, create a new account, and she would create a new
21 account. But what she would actually do is haul up the
22 ASR account and, you know, add a cell that says this is
23 an EEL and stick it over into the EEL. Now that would
24 be an extremely simple operation. And maybe in a more
25 complex situation, we would get our information services

 1 people to write a little program that would do the same.
 2 But in no instance of the types of situations I'm
 3 talking about would you have a person delete, delete,
 4 delete the information and then type, type, type, type
 5 the information.
 6   So what I'm trying to get at is not what you
 7 do in the abstract or in concept, but how does it
 8 actually work, and why can't there be a little program
 9 written to cut and paste? That's really I think the
10 question.
11   A.   I don't have the answer to that question.
12   CHAIRWOMAN SHOWALTER: Well, maybe that's the
13 answer -- maybe that really is the question I think I
14 have, but I think it underlies a lot of the questions
15 other people have is, is that a possibility, a
16 relatively cheap software solution to this problem, or
17 is that just not practical given the actual setup that
18 the company has? That's the, I think to me, the
19 unanswered question. So how do we do a Bench request
20 for that?
21   JUDGE BERG: Sure.
22   CHAIRWOMAN SHOWALTER: Or there might be
23 another witness along the way who could answer that
24 question, but I think this witness can't answer it yes
25 or no.

 1   THE WITNESS: There is Mr. Dennis Trimble who
 2 will be a witness later on.
 3   CHAIRWOMAN SHOWALTER: All right.
 4   THE WITNESS: That may have the answer to
 5 that.
 6   CHAIRWOMAN SHOWALTER: Well, I'm certainly
 7 willing to just wait until the end of the Verizon
 8 witnesses, and I think they have heard my question and
 9 others, to see if that's a reasonable thing to ask the
10 company either to do because it already can do it or to
11 do because it could arrange to do it versus this rather
12 extensive cost by analogy to ASRs.
13   THE WITNESS: Okay, I understand your
14 question.
15   JUDGE BERG: Counsel, do you reasonably
16 expect that any of your witnesses would be able to take
17 a crack at this?
18   MS. MILES: What I would suggest is we should
19 -- we will ask Mr. Trimble if that's something within
20 his knowledge. And if it's not, we would be glad to
21 issue a Bench request to try and obtain that
22 information.
23   JUDGE BERG: All right, because we don't
24 necessarily want to make Mr. Trimble squirm on the
25 witness stand.

 1   MS. MILES: We could go ahead and take it as
 2 a Bench request since we have it all fresh in our minds,
 3 and if he can answer it, he can answer it, and then it
 4 would be taken care of.
 5   CHAIRWOMAN SHOWALTER: In some ways, it would
 6 be good to have an answer while we're still in hearings
 7 here so that if there is still a little bit of
 8 questioning all the way around, we have an opportunity.
 9   MS. MILES: We will do our best.
10   CHAIRWOMAN SHOWALTER: I have no further
11 questions, thank you.
12   COMMISSIONER HEMSTAD: I have no questions.
13   JUDGE BERG: All right, Mr. Kopta.
14   And excuse me for a second, Mr. Edwards, if
15 you weren't familiar with the way this hearing has been
16 proceeding, to streamline the process, we're letting
17 cross examining parties ask another round before
18 redirect.
19   MR. EDWARDS: Thank you, Your Honor.
20
21   R E C R O S S - E X A M I N A T I O N
22 BY MR. KOPTA:
23   Q.   I have just a couple of follow-up questions,
24 Mr. Richter. You had a discussion with Dr. Gabel about
25 what was involved in the mechanical order receipt when

 1 an order is faxed, the sorts of functions that Verizon
 2 goes through to look at that fax. Do you recall that
 3 discussion?
 4   A.   Yes.
 5   Q.   In a semimechanical situation, how do you
 6 receive the order; would that be through an electronic
 7 interface with the CLEC?
 8   A.   Yes, the manual order is when it's faxed, you
 9 know, from one -- from the CLEC's fax machine to
10 Verizon's fax machine. The mechanized is when the CLEC
11 utilizes the interface to electronically send the ASR or
12 LSR request to the appropriate center that handles that
13 particular order.
14   Q.   Why wouldn't you be doing a lot of the same
15 activities you were just describing with Dr. Gabel if it
16 comes through an electronic interface, for example,
17 doing the checking of the fields and other aspects of
18 checking the order as opposed to simply receiving it and
19 logging it into the system? As you were discussing with
20 him, it just sounded to me as though a lot of the
21 activities you were describing were the same ones that
22 would need to be gone through regardless of whether you
23 received it via fax or via electronic interface, so I'm
24 looking for why it is that none of those activities that
25 you were describing in your discussion with Dr. Gabel

 1 would be activities that you would undertake if you
 2 received the order through an electronic interface?
 3   A.   The electronic interface has what's referred
 4 to as hard edits when the transmission first comes into
 5 the interface. And those hard edits go in and look at
 6 certain items to match them up to make sure that they
 7 are appropriate. If it's not, then the order is
 8 rejected back to the CLEC at that time. After the
 9 incoming order makes it through the hard edits, then
10 there are soft edits that ensure that if the request is
11 for a residential line that the codes that are further
12 down in the ordering process that request residential
13 type call waiting, call forwarding, those type vertical
14 features agree with that, and then it is moved on to the
15 service clerk if it passes those soft edits.
16   Whereas the difference here is when you get
17 it manually, it's a manual, as I explained, it's a
18 manual process of going through there and looking at it.
19 There are edits in the interface that assist the service
20 rep who receives that in the editing process.
21   Q.   Is this an automatic process so that there's
22 no intervention by a service rep for these hard edits
23 that you were discussing with respect to an electronic
24 interface order?
25   A.   The hard edits are when it first comes into

 1 the interface, so let's say the telephone number did not
 2 match the name, what it would do is it would return it
 3 back to the CLEC at that time. If all of that matched,
 4 all the address matched, and there was just a vertical
 5 feature that was requested that possibly didn't match
 6 what the overall order was for, then that would drop out
 7 to a service rep, and the service rep would make one of
 8 two calls, either change it to what she thought would be
 9 appropriate, or she would reject it back to the CLEC.
10 That would just be a call that she would make with her
11 and her supervisor based on the information in the
12 order.
13   Q.   So as part of this mechanical order
14 processing, am I understanding correctly that what
15 you're talking about here is making sure that there
16 aren't any hard edit type mistakes, for example, a field
17 not filled in or a mismatch between the name of the
18 customer and the type of service or something like that?
19   A.   It would be that, and it would also be if a
20 specific type service was requested, to make sure that
21 the codes and so forth that request that are appropriate
22 for that service.
23   Q.   And this is the same process that you would
24 go through regardless of whether it's an LSR or an ASR;
25 is that correct?

 1   A.   Yes.
 2   Q.   And you had a discussion with Ms. Tennyson
 3 about the times for order processing for an order, and
 4 there was a discussion about LSR versus ASR. And I
 5 wanted to get some clarification from you. Is it your
 6 -- a part of your testimony that there is a difference
 7 in the amount of time that it takes to process an ASR as
 8 opposed to an LSR just because of the nature of the
 9 form?
10   A.   Yes, and ASRs are, for the services that
11 they're requesting, it requires more information and a
12 more complex order.
13   Q.   And I guess I just want to clarify, is an LSR
14 form one of the forms that you're going to be providing
15 in response to Bench Request Number 32?
16   JUDGE BERG: Well, counsel, I will just
17 indicate that I did not consider it to be, but maybe it
18 should, thank you.
19   MR. KOPTA: Thank you.
20 BY MR. KOPTA:
21   Q.   Is UNE-P ordered through an ASR or an LSR?
22   A.   UNE-P would be an LSR.
23   Q.   And do the UNE-P products that Verizon is
24 making available include private line?
25   A.   I would say no.

 1   Q.   Okay. Did you discuss with Ms. Tennyson that
 2 individual UNEs are processed through an LSR; is that
 3 correct?
 4   A.   That's correct.
 5   Q.   So if a CLEC wants to order a loop, they
 6 submit an LSR for that loop?
 7   A.   That's correct.
 8   Q.   And if a CLEC wants to order dedicated
 9 transport, they order it through an LSR?
10   A.   Dedicated transport would come to us via an
11 ASR.
12   Q.   So some UNEs come via LSR, and some UNEs come
13 via ASR; is that correct?
14   A.   That's correct.
15   Q.   You had a discussion with Dr. Gable about
16 permits, and your discussion with him was with respect
17 to your conversation with your subject matter experts
18 about how often it occurs that an engineer needs to
19 submit a request for a permit to be able to access the
20 location where the loop conditioning needs to take
21 place. Do you recall that discussion?
22   A.   Yes, I do.
23   Q.   And you indicated to Dr. Gabel that you
24 discussed how often this occurs, but I thought I also
25 remembered recalling you telling Dr. Gabel that you

 1 didn't know how often it occurred in Washington. Were
 2 any of your subject matter experts from Washington,
 3 familiar with Washington operations?
 4   A.   I spoke with the director of the engineering
 5 support group in Irving, Texas, who has responsibility
 6 for all the former GTE states. And as far as asking
 7 specific to Washington, no. But the engineering
 8 activities that would take place irregardless of the
 9 state except for some local rules, laws, orders, if you
10 will, the work pattern or the activities that would need
11 to be done overall in a general speaking sense would be
12 basically the same.
13   The engineers in Washington would know if
14 they needed to get permits in a particular city or a
15 particular county or a particular state. I know that
16 due to the things that have happened as it relates to
17 boring and placing cable and conduits, a lot of the
18 states and the counties and the cities are getting more
19 strict in allowing permits, you know, to do activity,
20 especially in subterranean type, maybe not so much above
21 ground, but at least below ground it's becoming more and
22 more difficult.
23   Q.   But as I understand your study, a fairly good
24 majority of the time, you're assuming that this is going
25 to be done above ground; is that correct, this being

 1 loop conditioning, removal of load coils?
 2   A.   I would have to look and see the amount of
 3 aerial cable versus underground cable where the loop
 4 conditioning would need to be done.
 5   Q.   It's in the study, and I don't think we need
 6 to go into that now; it says what it says.
 7   A.   It's there, it shows the amount of aerial to
 8 buried comparison.
 9   Q.   But you didn't -- you spoke with the
10 supervisor, but you didn't speak with any of the
11 individual engineers that are working on this kind of
12 activity in Washington; is that correct?
13   A.   No, I didn't.
14   MR. KOPTA: Thank you, that's all.
15   JUDGE BERG: Any follow up, Ms. Hopfenbeck?
16   MS. HOPFENBECK: Nothing further for this
17 witness.
18   MS. TENNYSON: Thank you.
19
20   R E C R O S S - E X A M I N A T I O N
21 BY MS. TENNYSON:
22   Q.   Mr. Richter, as a cost witness, could you
23 tell me what cost category the costs related to the NOMC
24 belongs to? I mean is it a directly attributable cost,
25 is it indirectly; what cost category would you put it

 1 in?
 2   A.   The cost associated with the NOMC would be a
 3 direct cost for that particular operation.
 4   Q.   So a direct cost?
 5   A.   Yes.
 6   Q.   Not an indirect?
 7   A.   That's correct.
 8   MS. TENNYSON: Okay, that's all, thank you.
 9
10   E X A M I N A T I O N
11 BY DR. GABEL:
12   Q.   As a follow up to Mr. Kopta's question, when
13 you were discussing with the person in Irving, Texas,
14 about the removal of load coils, did you obtain one
15 number which you use in all Verizon states, or does it
16 vary? For example, would you use a different number for
17 your operations in California than you would for the
18 state of Washington?
19   A.   For the activities associated with the
20 engineering group, no, they would be all the same. And
21 that's the way the question was posed, to be on a
22 national basis rather than a state, because we would use
23 this generic template throughout.
24   DR. GABEL: Thank you.
25   JUDGE BERG: Redirect, Ms. Miles?

1   MS. MILES: Just two short questions.
2
3   R E D I R E C T   E X A M I N A T I O N
4 BY MS. MILES:
5   Q.   Mr. Richter, do you recall when during
6 Mr. Kopta's first round of questioning he asked you
7 about a cost line item ordering EEL migration called the
8 meet point?
9   A.   Yes.
10   Q.   Could you refer to your testimony at T-1167
11 at page eight, line six, it's your rebuttal testimony
12 filed February 28th.
13   A.   Which page was that?
14   Q.   Page eight.
15   A.   Eight?
16   Q.   Yes, I guess it's actually lines one through
17 ten.
18   A.   Yes, I have that.
19   Q.   In your testimony here, are you making the
20 parties and Commission aware that Verizon was already
21 aware that adjustment needed to be made with respect to
22 the meet point?
23   A.   Yes.
24   Q.   And new issue, Ms. Tennyson asked you whether
25 Verizon had filed a line splitting cost study anywhere

 1 else in the country. Isn't it true that Verizon
 2 actually filed a line splitting cost study in
 3 California?
 4   A.   Yes.
 5   Q.   And is that cost study exactly the same as
 6 the one filed in Washington?
 7   A.   Yes, it is.
 8   MS. MILES: That's all I have.
 9   JUDGE BERG: Any additional cross?
10   All right, Mr. Richter, thank you very much
11 for being here and testifying in this proceeding. At
12 this point in time, your cross-examination is concluded,
13 and you are excused from the hearing.
14   THE WITNESS: Thank you.
15   JUDGE BERG: Let's go ahead and bring
16 Mr. Collins to the witness stand.
17   And, Mr. Kopta, I would like you to go ahead
18 and after we take care of the preliminaries work with
19 Mr. Collins until 5:00 or close to 5:00, at which point
20 in time I will either watch the clock for you, or you
21 decide where is a logical point to break.
22   MR. KOPTA: That will be fine, and I might
23 even be able to get finished by then.
24   JUDGE BERG: All right.
25   Let's be off the record for a moment.

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 1              (Discussion off the record.)
 2              JUDGE BERG:  At this point in the transcript,
 3  I would like the record to reflect Exhibit Numbers
 4  T-1170 through Exhibit C-1175 and their descriptions as
 5  set forth in the exhibit list updated 4-2-01 as if read
 6  into the record in their entirety.
 7
 8              (The following exhibits were identified in
 9  conjunction with the testimony of KEVIN COLLINS.)
10              Exhibit T-1170 is Direct Testimony dated
11  8/4/00 (KCC-1T).  Exhibit 1171 and C-1171 is Integrated
12  Cost Model (ICM); 9 binders (KCC-2C).  Exhibit T-1172 is
13  Direct Testimony of Collins Adopting J. Abs (JA-1T).
14  Exhibit 1173 is Expense Module Cost Pool Meth. Map
15  (JA-2).  Exhibit T-1174 and CT-1174 is Rebuttal
16  Testimony dated 2/7/01 (KCC-3T).  Exhibit C-1175 is
17  Excerpt from ICM (C-1171); 3 pages.
18
19              MS. MCCLELLAN:  Your Honor, while he's doing
20  that, upon further reflection, Verizon would like to
21  move for the admission of what's been marked as T-1150,
22  I'm sorry, T-1151, the direct testimony of Russ Bykerk,
23  what's been marked as T-1150, the direct testimony of
24  Russ Bykerk.
25              JUDGE BERG:  All right, and hearing no
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 1 objection, Exhibit T-1150 is admitted.
 2   Off the record.
 3   (Discussion off the record.)
 4   JUDGE BERG: Mr. Collins, will you please
 5 stand and raise your right hand.
 6
 7 Whereupon,
 8   KEVIN COLLINS,
 9 having been first duly sworn, was called as a witness
10 herein and was examined and testified as follows:
11
12   JUDGE BERG: Thank you, sir.
13
14   D I R E C T   E X A M I N A T I O N
15 BY MS. MCCLELLAN:
16   Q.   Good afternoon, Mr. Collins.
17   A.   Good afternoon.
18   Q.   Could you please state your name and business
19 address for the record?
20   A.   Yeah, Kevin C. Collins, 711 Van Ness, Suite
21 300, San Francisco, California 94102.
22   Q.   And by whom are you employed?
23   A.   Verizon.
24   Q.   Do you have in front of you pre-filed
25 exhibits that have been marked T-1170 through T-1174?

 1   A.   Yes, I do.
 2   Q.   Did you either prepare or cause to be
 3 prepared or are you sponsoring these pieces of testimony
 4 and exhibits?
 5   A.   Yes, I am.
 6   Q.   If I were to ask you the questions that are
 7 contained in the testimony, would the answers be the
 8 same today?
 9   A.   Yes, they would.
10   Q.   Do you have any corrections to any of these
11 exhibits?
12   A.   No.
13   MS. MCCLELLAN: Then, Your Honor, I would
14 like to move for the admission of Exhibit T-1170 through
15 T-1174.
16   JUDGE BERG: All right, I will also indicate
17 that T-1174 has a confidential component, CT-1174.
18   MS. MCCLELLAN: That's correct.
19   JUDGE BERG: And those exhibits are so
20 admitted.
21   MS. MCCLELLAN: And Mr. Collins is available
22 for cross.
23
24   C R O S S - E X A M I N A T I O N
25 BY MR. KOPTA:

 1   Q.   Good afternoon, Mr. Collins, my name is Greg
 2 Kopta, I'm representing several CLECs.
 3   A.   Good afternoon.
 4   Q.   I just have a few questions for you. You
 5 will be glad to know that I'm not going to take anywhere
 6 close to the two hours and ten minutes I had originally
 7 estimated, so you can be somewhat at ease.
 8   CHAIRWOMAN SHOWALTER: It's going to be
 9 intense though.
10   Q.   That's right, hopefully I make up in quality
11 what I give up in quantity.
12   Would you turn in your direct testimony to
13 Exhibit T-1170 to page 20. Specifically I wanted to ask
14 you about what you call an illustrative example of one
15 of the ICMs, integrated cost models, UNE reports for a
16 two wire loop. And the first question I have is, is
17 this purely an example, or is this the result if Verizon
18 were to use the ICM to develop a TELRIC for a two wire
19 loop in Washington?
20   A.   This is purely an example.
21   Q.   So did you use any of the information in the
22 ICM as submitted in the state of Washington in terms of
23 cost and investment in deriving this example, or is this
24 a purely fictitious investment number that's then broken
25 out into the various categories resulting in the TELRIC

 1 rate?
 2   A.   It was certainly intended to be purely
 3 fictitious and have no relationship to Washington
 4 results.
 5   Q.   Have you run the ICM model with Washington
 6 specific data to develop a TELRIC estimate for a two
 7 wire loop in Washington?
 8   A.   I have run ICM to develop the factors that
 9 could be used to split out the subloop components of a
10 loop, but I have not completed a run with the mapping
11 necessary to generate the costs of one two-wire loop as
12 a whole. I have looked separately at the piece parts.
13   Q.   Is it your understanding that the Commission
14 has previously established costs and rates for both a
15 two wire loop and a four wire loop in Washington for
16 Verizon?
17   A.   Yes, that is my understanding.
18   Q.   And is it also your understanding that a four
19 wire loop could be used to provide a DS1 circuit?
20   A.   Yes.
21   Q.   Let me tell you my concern right up front,
22 which is if the Commission has established, as it has, a
23 cost for a four wire loop using one methodology, and
24 Verizon is proposing a different model, a different
25 methodology to develop the costs for a DS1 loop, what is

 1 it about Verizon's proposal, let me put it this way,
 2 that would prevent a CLEC that obtains a four wire loop
 3 from paying a different price for the same facility as a
 4 CLEC obtaining a DS1 loop?
 5   A.   I'm not sure I completely followed that.
 6   Q.   Okay, you're proposing a rate for a DS1 loop
 7 based on the ICM, correct?
 8   A.   I am proposing -- I am providing the costs
 9 for a DS1 loop, and hence yes, the rate follows soon
10 after that.
11   Q.   I will accept that. And the Commission
12 previously established the cost for a four wire loop in
13 a prior cost docket, correct?
14   A.   Yes, that is correct.
15   Q.   Now is it possible that the same four wires
16 between a Verizon central office and a customer premises
17 could be used either to provide a CLEC with a four wire
18 loop or with a DS1 loop; is that correct?
19   A.   Yeah, I see those as two separate UNEs, yes.
20   Q.   And if the CLEC were to obtain the four wire
21 loop from Verizon, that particular four wire loop, it
22 would pay the rate that the Commission established as a
23 four wire loop rate in the earlier docket, correct?
24   A.   Yes.
25   Q.   And if the Commission were to accept

 1 Verizon's proposal in this docket, if the CLEC wanted to
 2 buy that same facility as a DS1 loop, it would pay the
 3 price that Verizon has developed using the ICM, correct?
 4   A.   That's correct.
 5   Q.   Wouldn't those costs, the costs of the four
 6 wire loop essentially, I mean DS1 just adds electronics
 7 onto those wires; isn't that correct?
 8   A.   Yeah, there's certain circuit equipment that
 9 would be required to provide the signal, yes.
10   Q.   But you would be using the same four wires?
11   A.   Essentially.
12   Q.   So if the ICM develops costs differently than
13 the way that this Commission develops costs, wouldn't
14 the CLEC that obtains those four wires as just the four
15 wire loop pay a different cost for that same facility
16 than it would if it obtained the DS1 loop using those
17 same four wires?
18   A.   It would pay a price based on the cost of
19 providing a DS1 loop, which comes from the ICM model
20 here, and the Commission could adopt ICM and adopt the
21 costs filed, and it would be a cost based price.
22   Q.   But it would be a different cost based price
23 than the price that the Commission previously
24 established for a four wire loop, would it not?
25   A.   Yeah, the previously established cost was

 1 based on a different model, different combination of
 2 models.
 3   Q.   And the concern that I have is that you're
 4 using the same facilities, whether it's going to be a
 5 four wire loop or a DS1 loop, but depending on how you
 6 order it, then the cost of those very same facilities is
 7 developed differently and, in fact, as far as we know
 8 would be different; isn't that correct?
 9   A.   I wouldn't be surprised that for those -- for
10 that subset of the DS1 loop compared to the four wire
11 loop that the costs would be different. I certainly
12 would expect when you had different methodologies and
13 different points in time, I would certainly expect to
14 see differences in cost. What we're providing here is
15 the latest cost available to us, and a price based on
16 that cost would be cost based.
17   Q.   Are you familiar with the Commission's 8th
18 Supplemental Order in the prior cost docket here in
19 Washington?
20   A.   Yes, I am.
21   Q.   Does the ICM incorporate the decisions made
22 by the Commission in that order with respect to costs
23 and other inputs and assumptions that were proposed in
24 that docket for inclusion in the various cost models
25 that were presented?

 1   A.   Can you give me some specific examples?
 2   Q.   Sure, let's actually refer to specific points
 3   in your testimony where you discuss some of these, and
 4   the first one would be still in your direct testimony on
 5   page 30. And beginning on this page, you discuss
 6   structure mix and sharing, and one of the issues that
 7   the Commission resolved in its 8th Supplemental Order in
 8   the prior cost docket was this very issue. Does the ICM
 9   incorporate the Commission's decision on that issue?
10   A.   I'm afraid I'm not familiar with the
11   structure mix piece. But in terms of structure sharing,
12   it's my recollection that the 8th Supplemental Order did
13   not specifically order structure sharing percentages to
14   be applied to the GTE model at the time as inputs.
15   Q.   So it's your recollection that the Commission
16   in reviewing Verizon's costs, at that time GTE's costs,
17   for a loop did not reach any decision with respect to
18   sharing percentages for any of the models that were used
19   to develop that cost?
20   A.   I don't believe I said that. I know that the
21   8th Supplemental Order does specify certain sharing
22   percentages to be input into the other models
23   considered, but there were no specific numbers ordered
24   for the GTE model.
25   Q.   And does the ICM incorporate those

 1 percentages that the Commission ordered for the other
 2 models?
 3   A.   Well, no, it doesn't, for a couple of
 4 reasons. First of all, those numbers were specific to
 5 those particular models, and they reflected the model
 6 structure, and the values of those inputs made sense
 7 within those models. Now ICM would have a different
 8 requirement for a structure sharing input. I mean it
 9 would have to be in a different form.
10   So what we did is we used, since we had no
11 numbers that were specifically ordered for GTE at the
12 time, we believe we should be using our current
13 experience in the state of Washington in terms of
14 sharing of aerial, buried, and underground plant, and
15 that's precisely what we used in ICM.
16   Q.   On the next page, page 31, still in your
17 direct testimony, Exhibit T-1170, you reference prices
18 for material, equipment, and labor. Are the prices that
19 are included in the ICM for these inputs the same as the
20 prices for material, equipment, and labor in any of the
21 three cost models that were submitted in the prior cost
22 docket?
23   A.   I would be very surprised if any of them are
24 the same since such a long time has passed since those
25 models were considered. These are the -- these inputs

 1 are the -- based on -- in large part on our contracts
 2 that are currently in place today, and they reflect what
 3 Verizon would pay if we were to go perform these
 4 functions or incur these labor costs in the market
 5 today.
 6   Q.   On page 33, you address cable sizing. Does
 7 the ICM reflect the Commission's decisions in the 8th
 8 Supplemental Order with respect to cable sizing?
 9   A.   I'm afraid I'm going to have to ask you to
10 point to me in the 8th Supplemental Order where that
11 would be relevant? I'm a little foggy on this area.
12   Q.   Okay, well, let's look at line 9, the
13 sentence that begins on line 9. You state:
14   For distribution, the ratio installed
15   for working lines is based on an
16   assumption of 2.34 lines per lot.
17   Is that the same as what the Commission
18 decided in the 8th Supplemental Order in the prior cost
19 docket?
20   A.   I do not recall the 8th Supplemental Order
21 specifically ordering or addressing the number of lines
22 per lot. That's why I wish like if we could refer to
23 the 8th Supplemental Order, I could maybe better answer
24 your question.
25   Q.   Well, obviously it speaks for itself, and I

 1 was just trying to give you specific examples of those
 2 areas that the Commission decided, and it sounds to me
 3 as though, and correct me if I'm wrong, you didn't in
 4 developing the model that was submitted to Washington
 5 review what was in the 8th Supplemental Order to
 6 incorporate specific decisions from the Commission from
 7 that order?
 8   MS. MCCLELLAN: I'm going to object to the
 9 question as posed, because that is not what the witness
10 testified.
11   JUDGE BERG: Are you speaking about his
12 direct filed testimony or the testimony here today?
13   MS. MCCLELLAN: His testimony, well, both.
14   JUDGE BERG: I didn't hear Mr. Kopta
15 characterizing his testimony. I heard it as a question
16 trying to determine whether or not the numbers developed
17 in the 8th Supplemental Order were a source for Verizon
18 developing the ICM.
19   MS. MCCLELLAN: Well, I may have misheard the
20 question, but I thought I heard him say, it sounds to me
21 like from what you're saying today that you didn't look
22 at the 8th Supplemental Order to see if the decisions
23 made were incorporated, and Mr. Collins has not said
24 anything to suggest that, to suggest that testimony.
25 And I guess perhaps I'm asking him to back up and maybe

 1 ask the first question first.
 2   JUDGE BERG: Thank you, I understand your
 3 point.
 4   Mr. Kopta, if you could just pose it as a
 5 fresh question.
 6   MR. KOPTA: Sure, and just for the record,
 7 you are correct in your interpretation of my question.
 8 I certainly apologize, I didn't mean to give the
 9 impression that I was trying to characterize your
10 testimony, Mr. Collins, but trying to shortcut going
11 through the 8th Supplemental Order was my primary goal.
12 BY MR. KOPTA:
13   Q.   Do you have a copy of the 8th Supplemental
14 Order with you by any chance?
15   A.   Yes, I have it in front of me.
16   Q.   Well, that helps. I am just looking at this
17 order specifically at paragraph, well, it's a discussion
18 that begins around Paragraph 180, Qwest is discussed at
19 180 through 181, and then GTE is discussed after that.
20 And in Paragraph 183, halfway through that paragraph,
21 the Commission states:
22   We adopt the use of a 60% fill factor
23   for the running of the GTE model in this
24   proceeding.
25   Does the ICM use a 60% fill factor?

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 1        A.     This is precisely why it was important to get
 2  to the 8th Supplemental Order, to show that many of
 3  these issues are not relevant.  First of all, this whole
 4  discussion on fill factors, the assumptions about lines
 5  for households or lines for, which is on Paragraph 180,
 6  pertains to the U S West model and not to the GTE model.
 7  There is no mention in there in terms of the GTE model
 8  of an assumption of lines per household.
 9             Getting to the issue of fill factors, I guess
10  the direct answer to your question is no, because ICM
11  does not need to use fill factors.  Again, in terms of
12  relevance, these factors that were ordered in the 8th
13  Supplemental Order took into account the structures of
14  the models that were in front of the Commission at that
15  time.  ICM is a different model, and it builds the
16  network from the ground up based on sound engineering
17  principles.  And the fill factor is actually an output
18  of ICM and not an input to ICM.  So structurally
19  speaking, you couldn't -- you really wouldn't even want
20  to have a fill factor as an input.
21        Q.     But my understanding of a fill factor is the
22  extent to which facilities are being used; am I
23  incorrect in that assumption?
24        A.     Yeah, in fact, the Commission I think defines
25  that on Paragraph 165 in the 8th Supplemental pretty
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 1 plainly. They say:
 2   The fill rate is the actual usage of the
 3   network relative to its total capacity.
 4   Q.   And does the ICM calculate that either as an
 5 input or an output, as you discuss it?
 6   A.   Yes, ICM does calculate it as an output, but
 7 it does not use it as an input as was intended in the
 8 8th Supplemental Order.
 9   Q.   And how is it used then as an output in the
10 modeling process?
11   A.   It's actually not used at all when -- well,
12 in terms of outputs, it's used as a visual guide for the
13 user to just look and see what the result was of the
14 engineering process. But the numbers themselves are not
15 specifically used for any other purpose.
16   Q.   But as it develops its cost, doesn't the ICM
17 assume a certain level of usage within the network?
18   A.   Through the building of the cost, you know,
19 based on engineering, the engineering guidelines and
20 engineering principles, the result of that process gives
21 you a network sized sufficiently to accommodate demand,
22 and there will be some capacity in there excess in the
23 amount, in excess of the amount required to satisfy
24 demand. So there will be some implicit fill as a --
25 resulting as an output to the whole process.

 1   Q.   And is that implicit fill as you have run the
 2 model for Washington specific data and submitted it here
 3 consistent with the 60% fill factor that -- I mean I
 4 realize it's not a factor, but are you assuming that the
 5 network utilization is approximately 60% of capacity in
 6 running the model?
 7   A.   You know, I don't know if the bottom line
 8 figure is at or near 60%, again because the ICM builds
 9 in the network in accordance with Verizon's Washington
10 demand characteristics of its serving territory and the
11 engineering guidelines that Verizon employs in
12 Washington. And again, as the result, we have separate
13 fill factors for feeder and distribution plant, which
14 again are in a different structure than the number
15 contemplated by the Commission in the 8th Supplemental
16 Order.
17   Q.   You have also submitted a special study for
18 DS3 circuits rather than including that as part of ICM;
19 is that correct?
20   A.   Yeah, that's correct.
21   Q.   And would I be correct in saying that the
22 same discussion we have had with respect to ICM would
23 apply to the special study that you have done for DS3
24 circuits?
25   A.   Actually, no, that was done in a slightly

 1 different way. That was done more in line with the
 2 traditional models that the Commission had considered in
 3 a previous docket where you used the fill factor as an
 4 input. These are outboard studies that were separate
 5 from ICM.
 6   Q.   And in preparing that study, did you use the
 7 Commission's decisions from the 8th Supplemental Order
 8 as inputs or however the model uses them in calculating
 9 the costs for DS3 loops?
10   A.   To the degree that they were relevant, yes.
11 But it, for example, in terms of the fill factor, I
12 don't recall the Commission ordering a specific fill
13 factor for DS3 loops and OC3, OC12, and OC48 facilities.
14   Q.   And the same for structure sharing?
15   A.   That's a good question, because, for example,
16 the dark fiber study, just the way that that study is
17 structured where you build a cost on a per fiber basis,
18 so for the most part, structure sharing is irrelevant,
19 because we're identifying it down to the most minute
20 level, and it doesn't matter if you have another party
21 sharing a -- sharing a trench with you, because you're
22 only taking one nth of the total investment of that
23 facility, and it's being expressed on a per fiber basis.
24 So to the degree that the structure is different because
25 it doesn't need a sharing input, you know, then we

 1 didn't use them.
 2   Q.   Although the n in your one nth would be
 3 impacted by the extent to which you are perhaps sharing
 4 a trench with another carrier, wouldn't it? I mean it
 5 would impact the total cost of installing the fiber of
 6 which you're using one strand for a DS3 loop, would it
 7 not?
 8   A.   No, it assumes that there would be I believe
 9 it's either three or four conduits in a trench, and it
10 doesn't assign ownership to the conduit. It just
11 assumes that they are there and just takes that one nth
12 of the, you know, the one sub duct fraction of the
13 total.
14   Q.   But let's say you have four conduits in a
15 trench. One of those or let's say two of them are
16 Verizon, one of them is a CLEC, and one of them is a
17 cable television company. Doesn't that impact the
18 overall cost to actually install that conduit, one of
19 which or two of which are belonging to Verizon?
20   A.   In the dark fiber study, it wouldn't -- it
21 wouldn't affect the cost. It wouldn't change. It
22 wouldn't matter what the ownership was, whether it was
23 all Verizon in all four conduits or all four ducts or if
24 it was a mixture of ownership.
25   Q.   Well, I guess I'm a little confused then.

 1 How do you calculate the n in the one nth?
 2   A.   We take the total number of conduits that
 3 would generally be placed in a trench, say it's, I can't
 4 remember the number, it's three or four, and then each
 5 four inch duct, there would be three sub ducts. And
 6 within each sub duct would be one fiber cable, and you
 7 would break it down, break the cost of the trench, the
 8 conduit, and everything down onto a per fiber basis.
 9   So everything else could be owned by another
10 company. It could be shared with another company. It
11 wouldn't matter. You would take the total cost of a
12 trench, and we express it all on a per fiber basis. It
13 doesn't really -- its' irrelevant at least in that
14 calculation and the way that model approaches it as to
15 who owns or who is sharing what with whom.
16   Q.   And what is your assumption with respect to
17 the number of conduits that would be in a single trench?
18   A.   I can't recall that off the top of my head.
19 Let me -- I believe it's two four-inch ducts is what I
20 see right here.
21   Q.   Per trench?
22   A.   Yes.
23   Q.   And how is that number developed?
24   A.   That's used in calculating the cost per
25 trench foot and then ultimately broken down into per sub

 1 duct foot, then per cable foot, then per fiber foot.
 2   JUDGE BERG: Excuse me, Mr. Collins, if you
 3 could refer to the place at LC-2C, what is that, Exhibit
 4 1160?
 5   THE WITNESS: I'm looking at Exhibit C-1171,
 6 tab 22.
 7   MS. MCCLELLAN: Mr. Collins, you may need to
 8 identify which binder.
 9   THE WITNESS: Oh, binder 9, tab 22, it would
10 be the fifth page in on tab 22. It is the dark fiber
11 study.
12   JUDGE BERG: All right, and I presume that's
13 a confidential document?
14   THE WITNESS: Yes, I believe so.
15   JUDGE BERG: Thank you.
16 BY MR. KOPTA:
17   Q.   Did I hear you correctly that that was two
18 sub ducts?
19   A.   Pardon me if I misspoke, it was two four-inch
20 ducts, each with three sub ducts, and there were a total
21 of six sub ducts.
22   Q.   That would sound more consistent, and I just
23 wanted to make sure I didn't mishear you. And the basis
24 for that is engineering assumptions on how Verizon
25 deploys its network so that it generally deploys two

 1 conduits instead of three or four?
 2   A.   Yeah, it's just a typical, typical
 3 arrangement.
 4   Q.   Typical determined how?
 5   A.   Typical in terms of I guess an average. I
 6 know you're going to ask me, where did I get the
 7 average, but it would be --
 8   Q.   See, I don't have to ask you any questions,
 9 you're doing a very good job yourself.
10   A.   No, I will take care of it myself. What it
11 is is the judgment of the engineer who constructed the
12 model, you know, as to the assumptions of how many ducts
13 we were going to look at for the purposes of dark fiber,
14 and it would be based on his experience with our fiber
15 routes. We wouldn't typically have more than a couple
16 -- a requirement for more than a couple of four inch
17 ducts with two -- with three sub ducts each along a
18 fiber route.
19   Q.   And is that a Washington specific
20 determination, or is that a general Verizon former GTE
21 or all of Verizon assumption?
22   A.   Given that, as I said, it was based on a
23 judgment, I certainly can not say being absolutely
24 specific to Washington. It would be more of a system
25 wide, based on a system wide experience of our

 1 engineers.
 2   Q.   And one of the things that the Commission
 3 discussed in the 8th Supplemental Order as well was
 4 structure mix, and by that I will perhaps use the term
 5 in the context of the type of ground that you're going
 6 to be burying the conduit in as well as what percentage
 7 of it would be aerial as opposed to buried. And thank
 8 your lucky stars that you weren't here when we had to
 9 argue over those things. But was that something that
10 again was based on Verizon engineering practices,
11 current Verizon engineering practices, or is that
12 something that Verizon obtained out of the 8th
13 Supplemental Order based on the Commission's decisions
14 there?
15   A.   The plant mix inputs go over to ICM. Those
16 are current mixes, so they are based on the decisions in
17 terms of aerial, buried, and underground percentages
18 that have been made and are reflected in our current
19 network.
20   Q.   Well, you have exhausted my areas of
21 questions on the ICM, which I'm sure you will be happy
22 to know, but I do have one other area, don't get too
23 excited just yet.
24   JUDGE BERG: Off the record.
25   (Discussion off the record.)

 1 BY MR. KOPTA:
 2   Q.   And in this case, it is in your rebuttal
 3 testimony, which is Exhibit T-1174, specifically the
 4 first reference would be on page 38, which is actually a
 5 continuation of a question that begins on the prior page
 6 discussing TELRIC principles. And on page 38, you quote
 7 from the First Report and Order from the FCC, the
 8 usually called the Local Competition Order, at Paragraph
 9 764; do you see my reference?
10   A.   Yes.
11   Q.   And you agree with me that Paragraph 764
12 deals with geographic de-averaging; is that correct?
13   A.   I'm not -- I guess my recollection might be a
14 bit vague, but I recall there being more than a
15 discussion of geographic de-averaging in that order.
16 This one particular piece happens to be of a geographic
17 nature, because that is one of the cost drivers of the
18 loop. But in general, in principle, the FCC was
19 recognizing that if there are significant cost
20 differences, they should be reflected. And it was
21 consistent with their TELRIC principles. This just
22 happened to be of a geographic nature.
23   Q.   I do also want to ask if you recall that at a
24 couple of paragraphs after this reference, it rejected
25 the notion of having de-averaging based on type of

 1 customer, for example, a residence, business
 2 distinction?
 3   A.   Well, I will take your word on that. I also
 4 recall, I wish I had it in front of me, but I recall
 5 another discussion that did include separate treatment
 6 for a specific type of customer. I believe it had to do
 7 with maybe paging services. And again, I don't have the
 8 specific reference, but they recognized that the use of
 9 the facilities was significantly different for this set
10 of customers or for this application. And in doing so,
11 they said it was legitimate to identify separate costs
12 for that application.
13   Q.   But that was based on a difference in costs
14 of providing the facilities, or is it your recollection
15 -- well, strike that, the FCC order says what it says,
16 and you and I can talk about that at a break or
17 something. We don't need to talk about that on the
18 record.
19   And also in your rebuttal testimony beginning
20 on page 48 and carrying over to a table that you have on
21 page 49, you have a comparison between POTS, P-O-T-S,
22 plain old telephone service, and ISP bound switching
23 costs.
24   A.   Yes.
25   Q.   Am I correct that in the category on the

 1 table on page 49 under ISP bound that that would apply
 2 to any business customer that obtains access to the
 3 network through a trunk side connection?
 4   A.   It would be reflective of the costs of any
 5 customer who obtained their connection to the network by
 6 a trunk side connection that had the same calling
 7 characteristics, i.e., a 30 minute holding time on
 8 average that the ISP bound traffic does.
 9   Q.   And did you have access or did you use any
10 studies of call holding times for trunk side connections
11 that are not used by ISPs?
12   A.   No, I made no attempt to look at those
13 customers and their calling characteristics. I was
14 specifically focusing on the ISP bound customer set.
15   Q.   So in your chart, the MOU line, is that a
16 cost per minute of use?
17   A.   You're talking about the second row?
18   Q.   Yes.
19   A.   That just says plainly MOU?
20   Q.   Yes.
21   A.   That's the duration component. Above that is
22 the call setup component, and then below that I have
23 expressed that on an average per minute of use basis.
24   Q.   Well, let me ask you then, on each -- let me
25 ask you how you have calculated this. Am I correct that

 1 for the POTS column, you start with call setup and MOU,
 2 you divide the call setup by the average hold time of
 3 the call to develop the average MOU? So, for example,
 4 if we're using six minutes for a voice call, I'm not
 5 sure what number you use, but if you use six, you would
 6 divide the call setup time by six, add it to the MOU,
 7 and come up with the average MOU; is that the way you
 8 calculated this?
 9   A.   Yes, that's correct.
10   Q.   And then for ISP bound, it would be the same
11 except that you would divide the call setup by 30
12 minutes, I believe is what you stated in your testimony?
13   A.   Yeah, I believe it was 4 minutes for POTS and
14 30 minutes for ISP bound, yes.
15   Q.   So if you're talking about a trunk side
16 connection, you could still use the calculation for ISP
17 bound, it's just that the average MOU may be different
18 based on the call characteristics that are not ISP trunk
19 side connection; is that correct?
20   A.   When you're looking at the average MOU, I'm
21 sorry, I didn't catch the whole --
22   Q.   Sure, we're looking at the ISP bound column,
23 and let's pretend instead of ISP bound we've got non ISP
24 trunk side connection.
25   A.   Okay.

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 1        Q.    Would the number that you've got under the
 2  ISP bound now for call setup, would that be the same?
 3        A.    Oh, I see what you mean, yes.
 4        Q.    And the MOU would be the same?
 5        A.    Yes, it would.
 6        Q.    It's just the average MOU might be different
 7  if the calling characteristics of the non ISP trunk side
 8  connection were something other than 30 minutes?
 9        A.    Yes.
10              MR. KOPTA:  Thank you, that's all I have.
11              JUDGE BERG:  All right, we will be adjourned
12  for the day.
13              (Hearing adjourned at 5:05 p.m.)
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