

Exhibit No. _____ (TLS-10 T)
Docket No. UT-023003
Witness: Thomas L. Spinks

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Review of
Unbundled Loop and Switching Rates and
Review of the Deaveraged Zone Rate
Structure.

DOCKET NO. UT-023003

TESTIMONY OF

THOMAS L. SPINKS

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

February 9, 2004

1 **Q. Please state your name and business address.**

2 A. My name is Thomas Spinks, my business address is 1300 South Evergreen Park
3 Drive Southwest, P.O. Box 47250, Olympia, Washington 98504. My e-mail
4 address is tspinks@wutc.wa.gov.

5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by the Washington Utilities and Transportation Commission as a
8 Regulatory Consultant.

9

10 **Q. What are your education and experience qualifications?**

11 A. My qualifications were provided as Exhibit TLS-2, which I submitted earlier in
12 this proceeding.

13

14 **Q. What is the purpose of your testimony at this time?**

15 A. In the Seventeenth Supplemental Order in this proceeding, the Commission
16 granted a motion to remove Qwest issues from the proceeding with the
17 qualification that staff may present a deaveraging proposal related to Qwest loop
18 rates so long as the proposal only affects Qwest's existing rates. The purpose of
19 my testimony is to explain how I calculated the UNE loop rates for wirecenters

1 using existing and proposed Qwest rates. The Staff uses the UNE loop rates to
2 develop the wire center assignments to the UNE loop zones.

3 Staff is making two wire center assignment proposals. The first and
4 primary proposal is to ask the Commission to adopt revised UNE loop zone wire
5 center assignments based on Staff's core-fringe proposal. In the event the
6 Commission declines that proposal, Staff asks the Commission to adopt revised
7 UNE loop zone wire center assignments based on wire centers that are not split
8 into core-fringe pieces.

9 In order to accomplish these ends, it is necessary to produce two wire
10 center rate files. The first file includes all wire centers having rates that when
11 weighted by line counts, produce the current statewide average loop rate. The
12 second file includes all the same wire center rates except that the rate is further
13 deaveraged into core and fringe pieces for fifteen wire centers where Staff is
14 proposing further deaveraging and when weighted by lines, also produces the
15 current statewide average loop rate. (See Ex. TLS-11, tab "New Rates").

16

17 **Q. Please explain how you calculated the UNE loop rates for wirecenters.**

18 A. The calculation of updated wire center UNE loop rates that are used to
19 determine zone wire center assignments are based upon the current statewide

1 average loop rate and the proposed wire center costs provided by Qwest witness
2 Mr. Buckley and included in the exhibits of Qwest witness Ms. Million as Ex.
3 TKM-4, tab "Wire Center Summary 2W." The first step in updating the UNE
4 loop rates was to determine the current statewide average loop rate. Because the
5 statewide average loop rate is not a tariffed rate, Staff used the tariffed UNE loop
6 zone rates weighted by the wire center line counts provided by Qwest witness
7 Mr. Buckley to produce the current statewide average loop rate of \$14.44. (See
8 Ex. TLS-11, tab "Statewide rate"). The second step is to calculate the statewide
9 average loop rate produced by Qwest's proposed wire center costs, which is used
10 to create a scaling factor.¹ (See Ex. TLS-11, tab "scaled rates, cell N138). The final
11 step is to apply the scaling factor to the Qwest loop cost estimates for each wire
12 center to produce the wire center costs used in Dr. Blackmon's testimony. (See
13 Ex. TLS-11, tab "scaled rates", column E).

14
15 **Q. How were the core-fringe wire center rates calculated?**

16 A. For the fifteen wire centers where Staff is proposing further deaveraging, I began
17 with the Staff-proposed core-fringe rates and updated them using the Qwest line
18 counts and wire center costs. The difference in line counts between what I used

¹ The Qwest data did not include the Seattle-Elliot wirecenter so Staff first substituted its estimate of lines and loop cost before calculating the statewide average rate based on the Qwest data.

1 and what Qwest used was first determined and allocated between the core and
2 fringe pieces based on the existing proportion of lines in each piece. For instance,
3 if the difference in line counts was 100, and the core-fringe lines from my earlier
4 testimony showed that 90 percent of the lines were in the core piece, then 90 of
5 the 100 lines were placed in the core and ten in the fringe. The core-fringe rates
6 were then used with Qwest's rate to produce a scaling factor at the wire center
7 level that was used to scale the core-fringe rates up to the Qwest proposed rate
8 level. (See Ex. TLS-11, tab "core-fringe", column K). The overall scaling factor
9 that was developed earlier was then applied to all wire centers including the
10 scaled core-fringe wire centers to produce the wire costs used by Dr. Blackmon to
11 make the core-fringe wire center assignments to zones. (See Ex. TLS-11, tab
12 "scaled rates", column T).

13

14 **Q. Does this conclude your testimony?**

15 **A. Yes.**