

03856

1 BEFORE THE WASHINGTON UTILITIES AND
2 TRANSPORTATION COMMISSION

3 In the Matter of the Continued)
4 Costing and Pricing of) Docket No. UT-003013
5 Unbundled Network Elements and) Volume XXX
6 Transport and Termination.) Pages 3856 to 3916
7 _____)

8 A hearing in the above matter was held on
9 April 20, 2001, at 9:30 a.m., at 1300 South Evergreen
10 Park Drive Southwest, Room 206, Olympia, Washington,
11 before Administrative Law Judge LAWRENCE BERG and
12 Chairwoman MARILYN SHOWALTER and Commissioner RICHARD
13 HEMSTAD and DR. DAVID GABEL.

14 The parties were present as follows:

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

20 WORLDCOM, INC., AND COVAD COMMUNICATIONS
21 COMPANY, by BROOKS E. HARLOW, Attorney at Law, Miller
22 Nash, LLP, 601 Union Street, Suite 4400, Seattle,
23 Washington 98101.

24 ELECTRIC LIGHTWAVE INC.; ADVANCED TELECOM
25 GROUP, INC.; AT&T COMMUNICATIONS OF THE PACIFIC
NORTHWEST, INC.; MCLEOD USA TELECOMMUNICATIONS SERVICES
INC.; FOCAL COMMUNICATIONS CORPORATION OF WASHINGTON;
AND XO WASHINGTON, INC.; by MARY STEELE, Attorney at
Law, Davis, Wright, Tremaine, LLP, 1501 Fourth Avenue,
Suite 2600, Seattle, Washington 98101.

Joan E. Kinn, CCR, RPR
Court Reporter

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1 VERIZON NORTHWEST, INC., by JENNIFER L.
2 MCCLELLAN and MEREDITH B. MILES, Attorneys at Law,
3 Hunton and Williams, 951 East Byrd Street, Richmond,
4 Virginia 23219.

5 QWEST CORPORATION, by LISA ANDERL, Attorney
6 at Law, 1600 Seventh Avenue, Suite 3206, Seattle,
7 Washington 98191.

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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 20,
4 2001. I have just two preliminary matters. First of
5 all, I am in receipt of a letter from Verizon formally
6 requesting an extension of time to respond to Bench
7 Request 42 until Monday, April 23, 2001. As indicated
8 during our hearing yesterday, that request is granted.

9 MS. MCCLELLAN: Thank you.

10 JUDGE BERG: At this time, I would ask that
11 the reporter enter into the record the exhibit number
12 and exhibit description for Exhibits T-1350 through 1355
13 and Exhibits T-1360 through Exhibit C-1368 as indicated
14 on the exhibit list updated 4/17/01 as if read forth
15 into the record in their entirety.

16

17 (The following exhibits were identified in
18 conjunction with the testimony of THOMAS L. SPINKS.)

19 Exhibit T-1350 is Response Testimony of
20 Thomas Spinks dated 10/23/00 (TLS-T1). Exhibit 1351 is
21 Exhibit dated 10/23/00 (TLS-2). Exhibit T-1352 is
22 Supplemental Response Testimony dated 12/20/00 (TLS-T3).
23 Exhibit C-1353 is Confidential Exhibit dated 12/20/00
24 (TLS-C4). Exhibit 1354 is Verizon Response to Staff's
25 DR 2. Exhibit 1355 is Commission Staff's Response to

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1 Qwest's DR 5.

2

3

(The following exhibits were identified in
4 conjunction with the testimony of JING Y. ROTH.)

5 Exhibit T-1360, CT-1360 is Response Testimony
6 of Jing Roth (JYR-T1). Exhibit 1361 is Exhibit dated
7 10/23/00 (JYR-2). Exhibit C-1362 is Confidential
8 Exhibit dated 10/23/00 (JYR-C3). Exhibit C-1363 is
9 Confidential Exhibit dated 10/23/00 (JYR-C4). Exhibit
10 C-1364 is Confidential Exhibit dated 10/23/00 (JYR-C5).
11 Exhibit T-1365, CT-1365 is Confidential Supplemental
12 Testimony dated 2/7/01 (JYR-CT6). Exhibit T-1366,
13 CT-1366 is Confidential Rebuttal Testimony dated 2/7/01
14 (JYR-CT7). Exhibit 1367 is Commission Staff's Response
15 to Qwest's DR 3. Exhibit 1368, C-1368 is Commission
16 Staff's Response to Qwest's DR 4 and Confidential
17 Attachment to DR 4.

18

19

JUDGE BERG: Additionally, the errata to
20 responsive testimony of Jing Roth shall be marked as
21 Exhibit E-1360.

22

Are there any matters counsel want to raise
23 on the record before we begin this morning?

24

MR. HARLOW: Briefly, Your Honor. Since you
25 may not be able to tell from my cross, I'm representing

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1 WorldCom today rather than Covad.

2 JUDGE BERG: All right, thank you,

3 Mr. Harlow.

4 MR. HARLOW: You're welcome.

5 JUDGE BERG: At this time, Mr. Spinks, if you

6 would please raise your right hand.

7

8 Whereupon,

9 THOMAS L. SPINKS,

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

15 D I R E C T E X A M I N A T I O N

16 BY MR. TRAUTMAN:

17 Q. Good morning, Mr. Spinks.

18 A. Good morning.

19 Q. Would you please state your name and business

20 address for the record.

21 A. My name is Thomas L. Spinks, representing

22 Commission Staff. My business address is 1300 South

23 Evergreen Park Drive Southwest, P.O. Box 47250, Olympia,

24 Washington 98504.

25 Q. Have you filed what has been marked as

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1 Exhibits T-1350, 1351, T-1352, and C-1353?

2 A. Yes.

3 Q. And were these prepared by you or under your
4 supervision?

5 A. Yes, they were.

6 Q. If I were to ask you the questions contained
7 in Exhibits T-1350 and T-1352, would your answers be as
8 set forth in those documents?

9 A. Yes, they would.

10 MR. TRAUTMAN: I would move the admission of
11 Exhibits T-1350 through C-1353.

12 MS. MCCLELLAN: No objection.

13 JUDGE BERG: Hearing no objections, they are
14 admitted.

15 MR. TRAUTMAN: Mr. Spinks is available for
16 cross.

17 JUDGE BERG: Ms. McClellan.

18 MS. MCCLELLAN: Thank you, Your Honor.

19

20 C R O S S - E X A M I N A T I O N

21 BY MS. MCCLELLAN:

22 Q. Good morning, Mr. Spinks.

23 A. Good morning.

24 Q. Good to see you again.

25 A. Thank you.

03864

1 Q. First, I just want to ask a couple of
2 preliminary questions. You were a witness in Phase I of
3 UT-960369, correct?

4 A. That's correct.

5 Q. Okay. And you have read and are familiar
6 with the costing order, the Eighth Supplemental Order
7 that came out of that docket?

8 A. Generally, yes.

9 Q. Okay. And in that docket, the Commission
10 rejected each of the models that were sponsored by the
11 parties, correct?

12 A. In a sense, yes.

13 Q. Okay. And in this docket, Staff has not
14 proposed any recurring costs or rates, has it?

15 A. No, it has not.

16 Q. Okay. If we could turn to your Exhibit
17 T-1350, your October 23rd testimony, at page eight,
18 there you discuss that on a conceptual basis, you would
19 expect the ratio of feeder to distribution investment in
20 Washington to be somewhere about a 50/50 split in dense
21 urban areas and for the amount of distribution
22 investment to increase relative to feeder as you move
23 out into rural areas.

24 A. Yes, that's correct.

25 Q. Did you perform any kind of empirical study

03865

1 to reach that conclusion?

2 A. Yes, in -- well, the empirical evidence is --
3 I provided in response to a Qwest data request, which is
4 I think Exhibit 1355, which shows that, for instance, in
5 Qwest's Seattle Main and Elliott wire centers, the
6 feeder distribution ratios are closer to 50/50 than the
7 70/30 kind of a split that the companies are using.

8 Q. Okay. And that analysis was done in a Qwest
9 wire center?

10 A. Yes.

11 Q. Okay. Did you do any analysis of any Verizon
12 wire centers?

13 A. Well, I -- yeah, if you look at my Exhibit,
14 actually it's page ten of my testimony, the feeder and
15 distribution ratios that -- what that is is a roll up of
16 the investment in each -- for each of the wire centers
17 assigned to the zone, so the analysis shows for Qwest's
18 Zone 1, I'm sorry, Verizon Zone 1 wire centers about a
19 60/40 split.

20 Q. Okay. And the estimates contained in that
21 table were made using the Hatfield model 3.1, right?

22 A. That's correct.

23 Q. Okay. And that model has not been introduced
24 in this docket, has it?

25 A. No.

03866

1 Q. Okay. And then Verizon filed the ICM model
2 on August 4th of 2000, right?

3 A. Correct.

4 Q. And Staff had approximately two months to
5 review the model and prepare its testimony for October
6 23rd?

7 A. Correct.

8 Q. And then you also filed testimony on December
9 20th, about four months after our ICM was filed,
10 correct?

11 A. That's right.

12 Q. All right. Turning to page five of Exhibit
13 T-1350, you state that:

14 ICM's programming is compiled preventing
15 anyone from examining the model itself
16 for programming errors.

17 Before you prepared this testimony, did you
18 review any of the documentation of the model contained
19 in the nine binders that were filed?

20 A. I looked through the nine binders on a sort
21 of an ad hoc basis. There were other Staff also
22 examining the documentation and the materials that were
23 included in the binders.

24 Q. Okay. Did you review the users' guide
25 contained in binder one?

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1 A. Yes, when I -- I looked at it. I read parts
2 of it.

3 Q. Okay. And that users' guide includes the
4 source code for the model, doesn't it?

5 A. I really don't recall.

6 Q. Would you accept subject to check that it
7 does?

8 A. Certainly.

9 Q. Okay. And would you also agree subject to
10 check, if necessary, that the model itself on the CD-ROM
11 contains the source code?

12 A. I will. I'm not sure -- I don't know that
13 the source code is particularly helpful or user friendly
14 to someone trying to evaluate the model.

15 Q. Okay. Did you review tab two of binder one,
16 any of the booklets contained for each of the -- each
17 module of the model?

18 A. I looked them over.

19 Q. And each of those booklets describes the
20 inputs assumed in the model, right?

21 A. I don't recall exactly what was in those.

22 Q. Would you accept subject to check that each
23 of those booklets does describe the inputs used in the
24 model?

25 A. Well, I would think I would characterize it

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1 as they may describe inputs that are claimed to be used
2 in the model.

3 Q. Okay. And would you agree that those
4 booklets also explain the algorithms used in the model?

5 A. I would use the same caveat in that answer as
6 with the prior, and that's the problem with the way the
7 model is compiled is you have lists of formulas, but you
8 can't locate those formulas in the model itself because
9 they're compiled. The only way that you can know
10 whether or not any programming errors were made in the
11 model itself in the compiled version of the model is to
12 do some sensitivity analysis.

13 And the process of adjusting an input,
14 running the model, examining the outputs for -- there
15 are many, many inputs in the model, so to do a
16 sensitivity analysis to see if the model is rational,
17 stable, and consistent would have been a very time
18 consuming process to have to go through in order to
19 validate whether or not the program version of the model
20 was consistent with what the documentation said was in
21 the model.

22 Q. Okay. But the model also allows you to
23 access intermediate outputs, doesn't it?

24 A. It may.

25 Q. Okay.

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1 A. And that would be part of what you would look
2 at in trying to examine whether or not the compiled
3 model was consistent with the documentation.

4 Q. Okay.

5 A. And given that large volume of documentation
6 and that, that's not a process that can be accomplished
7 in the kinds of time lines that we were looking at in
8 this proceeding.

9 Q. Okay. On page six of your testimony, you
10 raise a concern that the depreciation rates used in ICM
11 are not the Commission authorized depreciation rates.

12 A. Yes, I did.

13 Q. Did you read Kevin Collins' rebuttal
14 testimony filed --

15 A. Yes, I did, and he did satisfy that concern.
16 That's no longer a concern.

17 Q. All right. What is your understanding of how
18 the Commission developed GTE state wide average loop
19 costs in the Eighth Supplemental Order of Phase I of the
20 prior docket?

21 A. Well, the development of the loop cost is
22 shown on -- I think the page was referenced yesterday in
23 -- during the cross, somebody's cross, pages 54 and 55
24 of the -- page 55 of the Eighth Supplemental Order,
25 Paragraph 270.

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1 Q. Were you in the room yesterday when Mr. Klick
2 testified as to his understanding of what the Commission
3 did in that order?

4 A. Yes, I was here.

5 Q. And is that also your understanding of how
6 the Commission established the loop rate?

7 A. I don't recall exactly what his explanation
8 was.

9 Q. Okay. Could I ask you just in your own words
10 to explain what you believe the Commission -- how it
11 developed the actual number that -- I mean I know that
12 order says what it says, but I'm going to ask just how
13 you understand the Commission developed that cost for
14 GTE?

15 A. Well, it's shown here on page 55 quite
16 clearly. I don't know that there's anything to add to
17 this. It took the output from the Hatfield, the BCPM,
18 and the GTE models from the Commission's run of the
19 model and averaged those three costs.

20 Q. All right. Still on page six of Exhibit
21 1350, you contend that the drop lengths aren't included
22 in the de-averaged zone rates, and if the Commission
23 sets a separate drop rate, it should do so based on the
24 amount of drop cost included in the state wide average
25 loop rate?

03871

1 A. Yes.

2 Q. And you don't recommend any specific
3 methodology for determining the amount of drop cost
4 included in that state wide average rate, do you?

5 A. No, just whatever it would be if it would be
6 a dollar and the -- where there wasn't a drop, the cost
7 of the loop would be a dollar less.

8 Q. Okay.

9 A. For instance.

10 Q. And that's just a hypothetical, you don't
11 know whether the drop cost included in that was a
12 dollar?

13 A. No, it was -- I believe it was \$3.11.

14 Q. The drop cost?

15 A. Oh, I'm sorry, I apologize, that may have
16 been confidential. I'm not sure if it was. Or was that
17 the proposed rate? I'm not certain, and, in fact, I may
18 not have got the number right, but it was -- it looked
19 relatively high.

20 Q. So is it your testimony that in Phase I of
21 the prior proceeding that the Commission, in fact,
22 established a drop cost, the cost of a drop?

23 A. The cost of the drops were included in the
24 cost of the loop.

25 Q. Right, and but did the Commission --

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1 A. They didn't establish a separate drop rate,
2 that we weren't to the point of subloop unbundling at
3 that stage.

4 Q. And did the Commission identify in the Eighth
5 Supplemental Order what portion of the loop cost was
6 attributable to the drop?

7 A. No, nor did it -- nor did it identify what
8 portion was attributable to the distribution of the
9 feeder.

10 Q. Okay. And in the Eighth Supplemental Order,
11 the Commission expressed some concern over the validity
12 of each of the models' drop estimates, didn't it?

13 A. It expressed concerns over the drop lengths
14 that were used in the model and for the calculation of
15 the loop cost.

16 Q. Okay.

17 A. And I believe I mentioned that in my
18 testimony.

19 Q. All right. And you would agree that the
20 FCC's TELRIC rules are still in effect pending review by
21 the Supreme Court, right?

22 MR. TRAUTMAN: Objection, are you asking for
23 a legal conclusion?

24 MS. MCCLELLAN: I'm asking for his
25 understanding of what -- he's making recommendations

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1 about costs that the Commission should adopt, and I'm
2 asking him in making that recommendation his
3 understanding of what costing methodology should be used
4 by the Commission, and I guess I can rephrase the
5 question.

6 MR. TRAUTMAN: It sounds like she's asking
7 for a legal conclusion, Your Honor.

8 JUDGE BERG: The first question sounded like
9 a legal conclusion. The second did not, the rephrasing.

10 MS. MCCLELLAN: Well, let me withdraw and
11 rephrase.

12 BY MS. MCCLELLAN:

13 Q. Is it your understanding that the Commission
14 is going to use the TELRIC methodology or is using the
15 TELRIC methodology in establishing costs for UNEs in
16 this proceeding?

17 A. It's my understanding that the Commission is
18 using the methodology that it developed in the generic
19 cost docket.

20 Q. And that was essentially --

21 A. It may be called TELRIC, but I don't know
22 that it -- how it would compare with the FCC's version.

23 Q. All right, fair enough. How would you
24 characterize that methodology?

25 A. Which?

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1 Q. That the Commission is using, that it adopted
2 in the prior docket and is using in this one, would it
3 be --

4 A. Well, I think it's basically a TELRIC type of
5 methodology.

6 Q. Okay.

7 A. My problem is maybe being sort of a economic
8 purist in some sense, long run to me means all, all
9 inputs are variable. But, in fact, the FCC and this
10 Commission has held that not all variables are going to
11 be allowed to be varied. And so the central office
12 locations stay the same and, you know, and the like.
13 And so that -- that's -- to me, I don't know if it --
14 whether it -- it's still long run, but it's not a pure
15 long run, if you will.

16 Q. Okay. And it's also a forward looking --

17 A. Yes.

18 Q. -- method?

19 A. Yes.

20 Q. Okay. Would you agree that in a long run
21 forward looking methodology, you would establish costs
22 by looking at the most efficient technology currently
23 available?

24 A. The most cost efficient technology, yes.

25 Q. Would you agree that if you're costing a

03875

1 forward looking long run using a forward looking long
2 run incremental methodology that you would not
3 necessarily reflect the model, the network -- let me
4 just scratch that, let me start over.

5 Would you agree that using a long run forward
6 looking costing methodology that the network you would
7 cost is not necessarily the same as the network you
8 actually have in place?

9 A. Yes.

10 Q. All right. If we could look at your Exhibit
11 1353, which is Exhibit TLS-C4.

12 JUDGE BERG: And this is C-1353.

13 Q. And I'm going to ask some questions without
14 having you actually read any of the numbers. For a
15 majority of the wire centers that you list in this
16 exhibit, the actual loop length is longer than the ICM
17 estimated loop length, correct?

18 A. Yes.

19 Q. And you raise a concern that ICM estimated
20 loop lengths may not match up with actual loop lengths,
21 right?

22 A. The concern isn't that they need to match up
23 exactly. In fact, there was a discussion of this in
24 petitions for reconsideration in the Eighth Supplemental
25 Order where Staff, maybe it was -- maybe it was the

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1 Tenth, but we raised the point that loop lengths didn't
2 necessarily need to be identical. That is because in a
3 long run incremental -- in a forward looking cost model
4 like this, it's possible that you could build -- that
5 loops could be built that would be shorter than what was
6 actually placed. Conversely though, it would make no
7 sense for a forward looking cost efficient model to
8 build longer loops than where they are today, so.

9 But we did note that they didn't need to be
10 the same, and I think that the Commission agreed, but
11 pointed out that they did need to be -- it's sort of a
12 sanity check, you know, that loops can't be ten times
13 longer or one tenth the length of what was out there,
14 what's out there today. And so it was used as sort of a
15 mechanism to where the models for whatever reasons built
16 what appeared to be grossly exaggerated amounts of
17 plant, to bring those back in line so that we got a
18 better overall cost estimate.

19 Q. Okay. But to the extent that, in these wire
20 centers that you list in Exhibit 1353, to the extent
21 that the estimated loop lengths produced by the model
22 are shorter than the actual loop lengths, then ICM would
23 be understated in those loop costs, correct?

24 A. Yes, and that's the whole point of trying to
25 find some way to reconcile those, so that you don't get

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1 grossly underestimated or grossly overestimated loop
2 costs in the wire centers, and that's really important
3 to the de-averaging idea, that there be that
4 consistency.

5 MS. MCCLELLAN: Okay, thank you, no further
6 questions.

7 MS. ANDERL: Thank you, Your Honor.

8

9 C R O S S - E X A M I N A T I O N

10 BY MS. ANDERL:

11 Q. Good morning, Mr. Spinks.

12 A. Good morning.

13 Q. I'm Lisa Anderl representing Qwest. Let me
14 follow up on a comment you made to Ms. McClellan. You
15 referenced a Staff data request response to a Qwest data
16 request.

17 A. Yes.

18 Q. And that document has been marked for
19 purposes of this proceeding as Exhibit 1355; do you have
20 that?

21 A. Yes, I do.

22 Q. Is that a true and accurate copy of Staff's
23 response to Qwest's Data Request Number 5?

24 A. It is.

25 MS. ANDERL: Your Honor, we would move the

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1 admission of that document.

2 MR. TRAUTMAN: No objection.

3 JUDGE BERG: It's admitted.

4 MS. ANDERL: Thank you.

5 BY MS. ANDERL:

6 Q. Now, Mr. Spinks, referencing the topic that's
7 covered in that data request response, I believe you
8 discussed that in your Exhibit 1350 at page eight.

9 A. Yes.

10 Q. Eight through ten, and what we're talking
11 about here is your assertion that one would expect on a
12 conceptual level to see a 50/50 split for feeder
13 distribution in the dense urban areas?

14 A. Yes.

15 Q. Okay. Now in your data request response, you
16 referenced the two Qwest Zone 1 wire centers, Main and
17 Elliott, as having feeder distribution ratios, well, of
18 41% feeder and 59% distribution. Is that Main, is that
19 Seattle Main 41/59?

20 A. I believe that's correct.

21 Q. And then Elliott you identified as having a
22 54/46 split?

23 A. Yes.

24 Q. Now was the basis for the information that is
25 contained in 1355 the same as the basis for the

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1 information that's contained in Exhibit 1350, page 10?

2 A. I believe that that's correct.

3 Q. Okay. So you obtained the information from
4 the same source for both?

5 A. That was my intent, yes.

6 Q. Now Zone 1 only has two wire centers in it;
7 is that right?

8 A. Yes.

9 Q. Okay. And in the data request response, you
10 talk about the ratios that you set forth there, and
11 mathematically I'm having a difficult time understanding
12 how those two ratios if they are the only wire centers
13 in Zone 1 could produce the ratios that are then shown
14 in your table on page ten, which is pretty close to a
15 60/40 split. And so if that wasn't a question, I guess
16 my question is, can you explain that?

17 A. Well, the way I have this set up here is
18 feeder distribution 41 and 54, and it shows feeder at
19 39. And so you're right, it appears that mathematically
20 -- I have many output runs from this model that are
21 varied from each other on my computer. I may have
22 opened up a different run of the model that -- in
23 responding to this, I will -- even though I intended to
24 use this same one. Alternatively, maybe the 54/46 was
25 inverted, and that was -- should have been 46/54. But I

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1 would be happy to go back and get down to the bottom of
2 what that difference is.

3 But I would just point out in many different
4 runs of the model it -- that's a phenomena that you see
5 throughout the model no matter -- the models no matter
6 which run you use. The denser packed urban wire centers
7 because of their smaller geographic area and much higher
8 population density cause you to have more, bigger,
9 expensive feeder cables and shorter distribution loops
10 than you do in the rural areas where there are hundreds
11 of square miles in size and have relatively fewer
12 smaller feeder cables and longer just more expensive
13 distribution loops.

14 That's kind of the conceptual basis of why
15 one would believe -- and, you know, it just seemed in
16 Washington it was 50/50. It wouldn't be in another
17 state or somewhere else. It could be more 70/30 to
18 90/10. But, you know, the 50/50 isn't intended to be
19 like an absolute that would exist everywhere. It was
20 just what I had seen in Washington.

21 Q. Okay. And, in fact, you're not recommending
22 that rates be set on a 50/50 ratio, are you?

23 A. No, for Qwest it would be the 60/40 input.

24 Q. Okay. So the table on page ten actually
25 shows the numbers and rates that you would recommend for

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1 Qwest?

2 A. Yes, and I feel confident about page ten.
3 When I put together the response to the data request, I
4 suspect I may have grabbed the wrong file.

5 Q. Have you reviewed the Qwest model runs that
6 support the Qwest recommendation for the 70/30 split?

7 A. I have reviewed some of the Excel
8 spreadsheets in which some of the data is displayed.

9 Q. And would you agree that, in fact, that those
10 ratios are what the Qwest model produces?

11 A. Yes, using the design group concept as
12 opposed to using customer location data.

13 Q. Mr. Spinks, if you would turn to your T-1350,
14 page seven, I want to talk to you a little bit about the
15 capital recovery factor or the capital recovery rate
16 that you discuss there.

17 A. Yes.

18 Q. Are you aware that Qwest's compliance runs to
19 date in the previous docket and in this docket have been
20 performed using the Commission prescribed depreciation
21 and Commission ordered cost of money and also include a
22 capital recovery factor? And that's, I apologize, that
23 question came out longer than I wanted it to. If you
24 need me to break it down, I can.

25 A. Could you define capital recovery as you mean

03882

1 it?

2 Q. Capital recovery as you use it on line 11.

3 A. Okay. And what I was referring to there was
4 a matter that came up in Part A, which, in Ms. Million's
5 exhibits, which showed that the -- not only the
6 Commission authorized depreciation rate was being used,
7 but additional factors were being added in addition to
8 that, ones which I am not aware of the Commission ever
9 having agreed to or authorized, and so I didn't
10 understand what they -- what they were there. And that
11 came up at the end of the Part A, and I think because
12 they came up at the very end of the proceeding, they
13 were never addressed.

14 Q. Would you be willing to accept subject to
15 your check that Qwest's compliance runs to date in this
16 and the prior docket have contained the capital recovery
17 factors that you discuss here on page seven?

18 A. I will accept that subject to check, yes.

19 Q. And would you --

20 A. I don't think that validates them though.

21 Q. I understand that. Would you agree that
22 Qwest is entitled to capital recovery on depreciating
23 assets?

24 A. Well, I don't want to get into semantics
25 where we're talking past each other. That's why I asked

03883

1 what you had meant by capital recovery. The way I would
2 define capital recovery is literally the recovery of
3 that capital, which is accomplished only through the use
4 of the authorized depreciation rate.

5 Q. Then what is the purpose of the 9.63
6 Commission ordered cost of money?

7 A. That's recovery on the investment. Capital
8 -- there's recovery of the investment and on the
9 investment, and the recovery of the investment is the
10 depreciation, recovery on the investment is the cost of
11 capital.

12 Q. And do you agree that if --

13 A. And if you define cost of capital as
14 including both, then I would agree. In the case of
15 Verizon where their depreciation rates were higher than
16 the authorized rate, that's because they combined the
17 cost. They were defining cost of capital as including
18 both the return of and on the investment. The cost that
19 -- the capital recovery factors that Qwest had used in
20 Part A which had higher than authorized depreciation
21 rates, that was -- did not -- that was not, as far as I
22 could determine, was not the recovery on the investment.
23 So these were other adders, if you will, that I was not
24 aware of having been used, or I would have raised this
25 in prior proceedings even, but.

03884

1 Q. And what I heard you say is that conceptually
2 you would agree that Qwest is entitled to both recovery
3 of its capital investment and recovery on its capital
4 investment?

5 A. It's a regulatory principle, absolutely.

6 Q. Okay. A couple more areas here on your
7 Exhibit T-1350. On page 2, line 21, you talk about the
8 DS1 loop facility, the cost for that already having been
9 set by the Commission.

10 A. Yes.

11 Q. What about the DS3, the cost of the DS3 loop
12 facility, do you believe that that has been established
13 by the Commission?

14 A. No, I don't.

15 Q. Okay. On page four, same testimony, your
16 discussion at the bottom of the page, the last Q and A
17 there on dark fiber, are you aware that Qwest has agreed
18 for purposes of this proceeding to use the Washington
19 specific costs for calculating dark fiber?

20 A. Yes, I am.

21 Q. And does that address your concern there?

22 A. Yes, it does.

23 Q. Okay. Now as a matter of principle, if there
24 were Washington specific costs for other elements or
25 functions which were higher because of something that

03885

1 was unique to the state of Washington, would you also
2 recommend that Washington specific costs be used in that
3 instance?

4 A. I would recommend that the companies
5 consistently use Washington specific data wherever it's
6 applicable, because we're setting prices for Washington,
7 not for Colorado or Arizona. So the caveat I would add
8 to that though is there are common systems like the
9 operational support systems of the company, for
10 instance, which are used in all 14 states, and a
11 headquarters buildings and that sort of thing that are
12 properly allocated around all 14 states. But when
13 you're talking about cost of services being provided,
14 generally we should be using Washington specific
15 information wherever we can do that.

16 Q. Okay, thank you for that clarification.
17 Mr. Spinks, turning to your Exhibit T-1352, your
18 December supplemental response testimony.

19 A. Yes.

20 Q. There you discuss your concerns with Qwest's
21 development of factors on a cost per hour basis as
22 opposed to a cost per dollar of investment basis. Is
23 that a correct summary of your testimony?

24 A. Yes, it is.

25 Q. And did you review Ms. Million's rebuttal

03886

1 testimony?

2 A. I did.

3 Q. And did that testimony address your concern
4 in this regard?

5 A. In this regard only. I still have the
6 concern when I see loading factors in excess of the 1.7
7 and 2.1 range, because that's not consistent with the
8 information or the -- that I have had over the years in
9 working in depreciation with how much of the investment
10 in plant accounts consists of the actual loop, the
11 material versus how much of it is in loadings. And
12 historically, those ran in the range of 1.3 to 1.5,
13 would suggest factors like that.

14 So I have not -- I have not -- that's why I
15 looked at these factors or tried to look at them very
16 closely, to understand why they're higher today than
17 they have been historically, and I'm not sure that I
18 have been able to satisfy myself as to why that is, but
19 I suppose it's possible in some of these accounts the
20 reason could be that the cost of the material, the
21 loadings have stayed relatively the same, but the cost
22 of material have went down, and with electronics I
23 suppose that's possible. And so maybe it does make
24 sense that some of these loading factors could be
25 higher. But again, I wasn't able to get to the bottom

03887

1 of this whole -- of that whole thing.

2 Q. Okay. And I think you kind of got in there
3 to a question whether -- well, actually I don't know if
4 I want to go there.

5 Did you review the Staff or the Qwest
6 response to the Commission Bench request which asked for
7 a showing of the TIFs for three separate periods, I
8 think it was 90 -- oh, shoot.

9 A. I remember looking at that a couple of --
10 maybe a week or so ago when it came in.

11 Q. And would you agree that that Bench request
12 response shows that some TIFs which had previously been
13 higher have gone down and vice versa?

14 A. I did.

15 Q. And that they tend to vary within a --
16 fluctuate within a range over time?

17 A. Yes.

18 MS. ANDERL: Thank you, Mr. Spinks, those are
19 all my questions.

20 THE WITNESS: Thank you.

21

22 E X A M I N A T I O N

23 BY DR. GABEL:

24 Q. Mr. Spinks, would you agree that loop models
25 that were submitted in the first generic cost docket

03888

1 didn't model the cost of providing DS3 loops, rather
2 they just provided the cost of attaining a DS0 loop?

3 A. Yes.

4 Q. Okay.

5 A. Yes.

6 Q. And in this proceeding, am I correct that in
7 your supplemental response testimony, you recommend that
8 the Commission not use ICM for establishing UNE rates?

9 A. I do, yes.

10 Q. Okay. Could you just help me therefore
11 understand what would be the basis for establishing a
12 UNE DS3 loop rate if the Commission were not to rely on
13 Verizon's ICM model; what are you recommending?

14 A. And I actually thought about this this
15 morning, so this is timely. I think the concerns that I
16 have with the ICM go to the de-averaging, the use of it
17 for de-averaging. I don't think it's a good model to
18 use for de-averaging DS1 loops or -- for the reasons
19 that I have talked about. But I don't know that it --
20 that it wouldn't -- that if you took that concern out of
21 there, you know, if you're satisfied that the model can
22 be used reliably, that it's stable and consistent and is
23 usable, that if you put in the -- change the inputs that
24 you need to change, that you couldn't get DS3 costs out
25 of there.

03889

1 Q. Are you convinced that the model is reliable,
2 stable, and consistent?

3 A. No. No, you would have to do that
4 sensitivity analysis I talked about and blow some prices
5 up to 100% and see what happens and turn them down and,
6 you know, go through your outputs. And so it's -- it's
7 a time consuming process. And I want to point out you
8 recall in Phase I we had them submit the model some six
9 months in advance, so when we went through this the
10 first time with these models, we did have time to do
11 those kinds of things.

12 Q. Mr. Spinks, are you familiar with Mr. Klick's
13 proposal on how to estimate DS3 costs without using the
14 ICM model?

15 A. I read his testimony, but I don't really
16 recall the specifics of his proposal.

17 DR. GABEL: Thank you, I have no further
18 questions.

19 THE WITNESS: Thank you.

20 CHAIRWOMAN SHOWALTER: I have no questions.

21 COMMISSIONER HEMSTAD: I have no questions.

22 JUDGE BERG: Okay, further cross?

23 MS. ANDERL: No.

24 MS. MCCLELLAN: No.

25 JUDGE BERG: Redirect?

03890

1 MR. TRAUTMAN: No.

2 JUDGE BERG: All right, Mr. Spinks, thank you
3 very much for being here and testifying. You're excused
4 from the hearing.

5 THE WITNESS: Thank you.

6 JUDGE BERG: We will take up the testimony of
7 Ms. Roth now. Off the record while the witnesses change
8 positions.

9 (Discussion off the record.)

10 (Recess taken.)

11 JUDGE BERG: Ms. Roth, will you please stand
12 and raise your right hand.

13

14 Whereupon,

15

16 JING Y. ROTH,
17 having been first duly sworn, was called as a witness
18 herein and was examined and testified as follows:

18

19 D I R E C T E X A M I N A T I O N

20 BY MS. TENNYSON:

21 Q. Ms. Roth, would you please state your name
22 for the record.

23 A. Yes, my name is Jing Y. Roth, and I'm
24 representing Commission employee in this case.

25 Q. And what is your current position with the

03891

1 Commission?

2 A. I am employed as a regulatory consultant in
3 the telecommunications section.

4 Q. And could you state your business address for
5 the record, please.

6 A. Sure, 1300 South Evergreen Park Drive,
7 Olympia, Washington 98504.

8 Q. And do you have before you what has been
9 marked in this proceeding as Exhibits T-1360,
10 Confidential Testimony CT-1360, an errata to that
11 testimony E-1360, Exhibits 1361, C-1362 through C-1364,
12 and your responsive testimony T-1365 and confidential
13 testimony CT-1365 and T-1366 and CT-1366; do you have
14 those?

15 A. Yes, I do.

16 Q. And were those prepared by you or under your
17 supervision?

18 A. Yes, they were.

19 MS. TENNYSON: And, Your Honor, for the
20 record, I might reflect that we had distributed an
21 errata yesterday, the E-1360, and we replaced it with a
22 revised errata today that addresses changes to both
23 T-1360 and CT-1360.

24 JUDGE BERG: So the E-1360 exhibit that
25 should be referred to is the one dated 4/20/2001?

03892

1 MS. TENNYSON: That is correct.

2 BY MS. TENNYSON:

3 Q. Ms. Roth, with the changes made to your
4 testimony in the errata, if I were to ask you the
5 questions in your testimony today, would your answers be
6 the same?

7 A. Yes, they would.

8 Q. Do you have any other changes to make to your
9 testimony?

10 A. No.

11 MS. TENNYSON: Okay, thank you. The witness
12 is available for cross-examination.

13 JUDGE BERG: Do you want to offer those
14 exhibits at this time?

15 MS. TENNYSON: Oh, I'm sorry, yes, I would.
16 No, no one can cross, Your Honor, if I don't offer them,
17 right?

18 JUDGE BERG: Hearing no objections, those
19 exhibits are admitted.

20 MS. TENNYSON: The witness is available for
21 cross-examination.

22 JUDGE BERG: Thank you.

23 Ms. McClellan.

24 MS. MCCLELLAN: Thank you, Your Honor.

25

03893

1 C R O S S - E X A M I N A T I O N

2 BY MS. MCCLELLAN:

3 Q. Good morning, Ms. Roth.

4 A. Good morning.

5 Q. Good to see you again. I'm going to start
6 out asking questions about your Exhibit T-1360, which is
7 your October 23rd testimony. And at page four, you
8 recommend that the Commission reject Verizon's proposed
9 NOMC shared fixed charge.

10 A. That's correct.

11 Q. Okay. Are you familiar with or have you read
12 the Commission's 13th Supplemental Order in Phase A?

13 A. Yes, I have.

14 Q. And in that order, the Commission approved
15 NOMC shared fixed costs of \$4.92?

16 A. The Commission did.

17 CHAIRWOMAN SHOWALTER: Ms. Roth, you need to
18 get the mike closer to your mouth.

19 THE WITNESS: Oh, sorry.

20 BY MS. MCCLELLAN:

21 Q. Now moving to your February 7th supplemental
22 responsive testimony, which is Exhibit T-1365, on page
23 five, you recommend that the Commission require Verizon
24 and Qwest to provide essentially line splitting over a
25 UNE-P.

03894

1 A. Yes.

2 Q. Okay. And have you read the testimony of
3 Kirk Lee filed in this proceeding?

4 A. His rebuttal after the --

5 Q. Well, his rebuttal and his supplemental
6 rebuttal.

7 A. Yes, I have.

8 Q. Okay. And so you're aware that Verizon has
9 agreed to provide line splitting consistent with the
10 service descriptions developed in the New York
11 collaborative proceeding?

12 A. Yes.

13 Q. And you're aware that Verizon has proposed to
14 do that consistent with the time frame adopted by the
15 New York Commission?

16 A. I believe so.

17 Q. Okay. And that is the same time frame that
18 you recommend that this Commission adopt for
19 implementation of line splitting in Washington?

20 A. I guess my understanding, the time frame set
21 for implementing line splitting in New York is October
22 this year.

23 Q. That's correct.

24 A. And yes, I think that's what I'm
25 recommending. Depends on where we're at with this case,

03895

1 yes.

2 Q. Okay.

3 A. Yes.

4 Q. Okay. And were you in the room when WorldCom
5 witness Roy Lathrop testified on Tuesday?

6 A. I think I'm in the room every day.

7 Q. Okay, I thought so. So you heard Mr. Lathrop
8 testify that the only disagreement that WorldCom has
9 with the service descriptions Verizon plans to implement
10 is on the issue of splitter ownership?

11 A. I think that his testimony speaks for itself,
12 and the record reflects what the WorldCom position that
13 they're taking now.

14 Q. Okay. And the Commission has already ruled
15 on the issue of splitter ownership in the 13th
16 Supplemental Order, correct?

17 A. I think the Commission touched on that
18 ownership issue. I don't believe the Commission has
19 decided that issue.

20 Q. Okay.

21 CHAIRWOMAN SHOWALTER: Ms. McClellan, can you
22 also get the mike a little closer.

23 MS. MCCLELLAN: I'm sorry.

24 CHAIRWOMAN SHOWALTER: Thank you.

25 BY MS. MCCLELLAN:

03896

1 Q. Is it a fair characterization that the
2 position that the Commission took in the 13th
3 Supplemental Order on splitter ownership is the same as
4 the position that you took in your -- in this testimony,
5 Exhibit T-1365?

6 A. I hope I'm consistent with the Commission's
7 Order in the Part A of this proceeding.

8 Q. All right. And in your Exhibit T-1360, and I
9 don't think you need to turn to it, but you recommend
10 certain adjustments to Verizon's service order entry
11 work times, right?

12 A. That's correct.

13 Q. Do those adjustments, do you recommend that
14 those adjustments apply to both manual and mechanized
15 orders?

16 A. Yes, with one clarification. I believe
17 Verizon's nonrecurring cost study only reflect manual
18 and semi mechanized order.

19 Q. You're absolutely correct. So those
20 recommended adjustments would apply to both sets of
21 orders?

22 A. Yes.

23 Q. And a manual order in general is received by
24 fax, right?

25 A. That's what Verizon's nonrecurring cost study

03897

1 reflects.

2 Q. And it reflects that a semimechanized order
3 would come through an electronic gateway?

4 A. That's what that cost study shows.

5 Q. Would you expect that receiving and
6 processing a manual order that's received by a fax
7 machine would take the same amount of time as receiving
8 a mechanized order through an electronic gateway?

9 A. The same time, you say?

10 Q. Mm-hm.

11 A. No.

12 Q. Okay. And would you expect that if a manual
13 order received from a CLEC is incomplete or contains
14 incorrect information that Verizon would have to return
15 that order to the CLEC somehow?

16 A. Yes.

17 Q. And so it would have to contact that CLEC
18 before it could complete that order?

19 A. Yes.

20 Q. Okay. Switching back one more time to the
21 line splitting issue, going back to your Exhibit T-1365,
22 on page six, up at the top of the page, lines two
23 through nine, there you recognize that OSS modifications
24 may be required to accommodate line splitting?

25 A. Yes.

03898

1 Q. Okay. And in lines seven through nine, you
2 state that the 13th Supplemental Order determined the
3 charge of \$3.27 per LSR for OSS transition charges?

4 A. Right.

5 Q. Are you suggesting in this testimony that the
6 \$3.27 charge recovers any costs that would be associated
7 with modifying OSS to support line splitting?

8 A. On an interim basis, my understanding is that
9 Verizon has not to date provided the Commission with a
10 complete cost study to recover its OSS relating to line
11 sharing and line splitting. So because \$3.27 is a rate
12 approved by the Commission for OSS transition, in my
13 opinion to the extent there is no complete record of a
14 cost study, the Commission could use the \$3.27 per LSR
15 for OSS transition for line sharing and line splitting
16 order, of course, on an interim basis.

17 MS. MCCLELLAN: Okay, thank you, no further
18 questions.

19 THE WITNESS: Thank you.

20 MS. ANDERL: Thank you, Your Honor.

21

22 C R O S S - E X A M I N A T I O N

23 BY MS. ANDERL:

24 Q. Good morning, Ms. Roth.

25 A. Good morning.

03899

1 Q. I'm Lisa Anderl representing Qwest. If I
2 could ask you to turn to your testimony, Exhibit
3 CT-1360, your discussion of Qwest's nonrecurring cost
4 studies starts on page 13, I believe. And my first
5 question for you relates to page 14. First, let me ask
6 you a few background questions.

7 A. Sure.

8 Q. When you prepared this testimony, is it
9 correct that the only Qwest nonrecurring cost study that
10 you had to look at was the one that Ms. Million filed
11 with her August testimony?

12 A. When I prepared this piece of testimony?

13 Q. Yes.

14 A. That's correct.

15 Q. And that document was identified and admitted
16 as part of the record as Exhibit 1002. Do you have that
17 document with you on the stand?

18 A. The old cost study?

19 Q. Yes.

20 A. It's over there.

21 MS. ANDERL: I will, I think, have some
22 questions that Ms. Roth may want to refer to that
23 document for.

24 JUDGE BERG: All right, we will be off the
25 record while the witness retrieves the document.

03900

1 (Discussion off the record.)

2 MS. ANDERL: Thank you, Your Honor.

3 BY MS. ANDERL:

4 Q. And, Ms. Roth, subsequent to your filing this
5 testimony CT-1360, is it correct that Qwest filed its
6 rebuttal testimony, which included a revised
7 nonrecurring cost study?

8 A. That's correct.

9 Q. And you have that on the stand with you as
10 well?

11 A. C-1010?

12 Q. Yes.

13 A. Yes.

14 Q. Okay. Referring to your Exhibit CT-1360,
15 page 14, your recommendation on lines 13 through 15 that
16 for UNE-C or UNE-P existing Qwest should use the
17 Commission approved customer transfer charge, are you
18 aware of whether Qwest has agreed to do that?

19 A. I am aware Qwest has agreed to do that.

20 Q. Now turning to page 15, and what I want to do
21 is understand your recommendations that are on pages 15
22 and 16, and I don't think I will ask you to disclose any
23 confidential information. On page 15, you have a
24 recommendation at lines 19 and 20 where you have
25 recommended reducing the order processing time at the

03901

1 interconnection service center for the connect and
2 disconnect functions. Do you see that recommendation?

3 A. Yes.

4 Q. Is that recommendation meant to apply to the
5 UNE-P new POTS?

6 A. On page 16, line 3 through 7, that's what it
7 says, those adjustment apply to the UNE-C new POTS.

8 Q. Okay. And so that's a clarification that I
9 wanted to make. On line three where it says these
10 modifications, is it correct that you mean these
11 modifications listed above?

12 A. The two, yes.

13 Q. Okay. And is it correct that in the revised
14 nonrecurring cost study that Qwest submitted, C-1010,
15 Qwest did reduce the order processing time as you
16 recommend?

17 A. For this part?

18 Q. Yes.

19 A. For the new?

20 Q. Yes.

21 A. Yes.

22 Q. And with regard to your recommendation on
23 page 16, lines 1 and 2 where you recommend changing the
24 probability for mechanized orders for UNE-P new, is it
25 correct that in the nonrecurring cost study that Qwest

03902

1 submitted, Exhibit C-1010, Qwest also included that
2 recommendation?

3 A. I believe so.

4 Q. Now starting at line 10 on page 16, line 10,
5 you list six separate and individual recommendations.
6 Are your recommendations 1 and 2 at lines 10 through 13
7 the same as your recommendations 1 and 2 that start on
8 page 15 at line 19 and go over to the top of page 16?

9 A. The number 1 and 2 recommendations on line 10
10 and line 12 on page 16 are reflected. The numbers are
11 reflected in the Exhibit JYR-C4. And to answer your
12 question, they're not exactly the same. The percentage
13 is the same. Well, I should say percentages are the
14 same, and the time estimates are different.

15 Q. And, in fact, Ms. Roth, I don't actually mind
16 if we use your times on the record and your percentages,
17 because we don't consider those to be confidential to
18 Qwest. It's only Qwest's own times and percentages, so
19 maybe we can make it a little bit easier.

20 JUDGE BERG: Is this still page 16 of
21 CT-1360?

22 MS. ANDERL: Yes.

23 CHAIRWOMAN SHOWALTER: And page 15?

24 MS. ANDERL: 15 and 16, yes.

25 BY MS. ANDERL:

03903

1 Q. So I understand correctly then, for UNE-P
2 new, you recommend time at the interconnect service
3 center to be nine minutes; is that right?

4 A. Right.

5 Q. And what's your recommendation for all other
6 UNEs for time at the interconnection service center?

7 A. Based on the exhibit I just cited, I believe
8 is Exhibit C-1363, the minutes is eight minutes.

9 Q. And that is for the interconnection service
10 center typing and screening of the order; is that
11 correct?

12 A. That's correct.

13 Q. Okay. And if you go down to the fourth item,
14 which is input order processor.

15 A. Right.

16 Q. Is that also a function that is performed in
17 the interconnection service center?

18 A. That's correct, and my understanding of
19 Qwest's Exhibit C-1010, Qwest has changed the time to be
20 six minutes for connect and disconnect.

21 JUDGE BERG: Do we want to -- this sounds
22 like --

23 MS. ANDERL: That's okay, it's something that
24 we have talked about publicly.

25 JUDGE BERG: All right, thank you. Sorry for

03904

1 the interruption.

2 A. So to the extent that my number of eight
3 minutes is higher than Qwest has utilized in the revised
4 cost study, I wouldn't have a problem of six minutes.

5 BY MS. ANDERL:

6 Q. Now the interconnection service center
7 percent of flow through theory, you modified that, and
8 that's the second line on Exhibit C-1363. Your
9 recommendation there is that Qwest should use an
10 assumption of 80% mechanical and 20% manual; is that
11 right?

12 A. That's right.

13 Q. And does that only apply to those UNEs where
14 the current assumptions are as you set forth in the box
15 immediately to the left?

16 A. Right.

17 Q. Ms. Roth, going down, staying on Exhibit
18 C-1363, you make a recommendation to reduce work time
19 for carrier service center phone calls.

20 A. That's right.

21 Q. And can you tell me the basis for that
22 recommended reduction?

23 A. When I look at the cost studies, 30 minutes
24 for a phone call seems high to me, so I went back,
25 looked at all the cost studies that I have looked at for

03905

1 years on some other filings by Qwest. For instance, you
2 would show a duration of a call, and that number shows a
3 range of minutes, and the minutes I have shown here --
4 is that confidential?

5 Q. No.

6 A. Okay. The six minutes I have shown here is
7 at the top of that range of average duration of a call.

8 Q. Okay. And did you understand that the calls
9 that are being discussed here are calls both internally
10 at Qwest and with a customer?

11 A. I have to take a look at that. I just flip a
12 page. If you want the cite, I would give it to you, but
13 it shows intracompany calls, intra, so my understanding
14 is within the company phone calls.

15 Q. Is that -- can you give me the cite for that,
16 please?

17 A. Sure, the old cost study?

18 Q. Yes.

19 A. And I apologize for the exhibit.

20 Q. C-1002.

21 A. 1002, page 217 of 322.

22 Q. Okay.

23 A. At the bottom of the page, last line.

24 Q. All right, I see that. And then if you go up
25 a little ways, that indicates that that's associated

03906

1 with a disconnection; is that right?
2 A. Okay, let's go back to a connection.
3 Q. And if you turn to page 213.
4 A. Yes.
5 Q. On page 213, the second line from the bottom.
6 A. Right.
7 Q. Does that indicate that it's both customer
8 and internal calls?
9 A. I will read what it says. It says, handle
10 customer at internal calls regarding ASR. So I didn't
11 interpret handle customer and internal calls is a calls
12 internally to a company employee and to the customer.
13 Q. I'm sorry, could you say that again.
14 A. Okay. It did not clearly say this phone call
15 is one to the customer and one is a internal calls.
16 Q. On the connection work item, if the service
17 delivery coordinator and carrier service center were
18 handling calls both internally and with the customer,
19 would that change your recommendation in terms of the
20 appropriate amount of work time?
21 A. It may change, depends on what you file.
22 Q. Do you mean it depends on --
23 A. Depends on what you will file to reflect that
24 activities a representative will perform.
25 Q. Now, Ms. Roth, is it correct that the only

03907

1 place that you found the time associated with the
2 customer and intracompany calls was in connection with
3 the enhanced extended links or EELs?

4 A. That's correct.

5 Q. And is it also correct that the enhanced
6 extended link is actually a combination of more than one
7 unbundled network element?

8 A. I believe so.

9 Q. Okay. Ms. Roth, your final recommendation on
10 Exhibit C-1363, which is the probability for
11 non-electronic interconnection.

12 A. Yes.

13 Q. Is non-electronic interconnection in your
14 view the fax order, the record that's received by fax?

15 A. Yes.

16 Q. And the electronic is either the IMA GUI or
17 the IMA EDI interface?

18 A. That's correct.

19 Q. Is it correct that the CLEC determines in
20 each case what type of interface will be used?

21 A. To the extent that Qwest has the interface
22 that they would like to use, yes, they would determine
23 which one they would use.

24 Q. Okay. And do you know in what proportion,
25 manual versus electronic, Qwest is actually receiving

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1 orders?

2 A. Well, I can tell you how I develop this
3 number.

4 Q. I will let you answer that question first,
5 and then I might come back with my question.

6 A. My only knowledge about you receiving the
7 percentage of the orders manually or electronically is
8 based on the Qwest filings in prior Docket UT-960369,
9 and you may have updated that information in this
10 docket.

11 Q. Okay. Can you point me to what type of
12 filing you're thinking about when you reference the
13 percentage that you recommend?

14 A. Is a confidential filing, is a compliance
15 filing to the Commission's 17th Supplemental Order on
16 OSS.

17 Q. And is it your testimony that that document
18 reflected that Qwest was receiving orders manually
19 approximately 25% of the time?

20 A. Actually, it's lower than that number.

21 Q. And your recommendation is 25%?

22 A. Right.

23 Q. Where does that assumption apply in the
24 study? Can you direct me to a place in Ms. Million's
25 nonrecurring cost study where it shows the probability

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1 and where we would make the change that you recommend?

2 A. I will try. I think is only to one or two
3 services, but take me a few minutes to find it.

4 Q. That is my last question though, so I can't
5 move on to something else.

6 A. Okay. I think we're safe to go to the, I
7 can't find the beginning of it, but starting with the
8 what you pronounce as a UDIT, unbundled dedicated
9 interoffice transport.

10 Q. Okay.

11 A. From DSO.

12 Q. And do you have a page reference?

13 MS. TENNYSON: Ms. Roth, are you referring to
14 1002 or 1010, which exhibit?

15 THE WITNESS: 1002.

16 MS. TENNYSON: Okay.

17 BY MS. ANDERL:

18 Q. Okay.

19 A. Okay, the first page would be page 281 of
20 322.

21 Q. Okay.

22 A. On the little letter right under the service
23 delivery coordinator it says.

24 Q. And that lists the probability that you're
25 recommending be changed?

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1 A. Right. And I think from there on, the rest
2 of the pages other than the preparation fees and the
3 rest of the cost study all listing that percentage that
4 I recommended change, this change to.

5 Q. Okay. So basically from here through the end
6 of the study, other than the field verification
7 activities, you think that it applies to the elements
8 that are listed in here?

9 A. That's correct.

10 MS. ANDERL: Thank you very much, Ms. Roth.
11 I have no further questions.

12 THE WITNESS: Thank you.

13

14 E X A M I N A T I O N

15 BY CHAIRWOMAN SHOWALTER:

16 Q. I have one question, and for purposes of
17 reference, I think we could look at Exhibit 1365, page
18 five and maybe the previous pages. My question is what
19 your recommendation on line splitting does or doesn't
20 include. And in particular, we had testimony from other
21 parties urging the Commission to prohibit an ILEC from
22 terminating provisioning of DSL service in the case
23 where the customer migrates voice service from the ILEC
24 to a competitor. And I don't see you address that
25 explicitly in your testimony, so I want to know if you

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1 have addressed it implicitly in a way that I may not
2 understand.

3 A. No, I did not either way, because the
4 WorldCom witness, I believe also AT&T witness, have
5 changed their positions after I filed this testimony,
6 but I probably can tell you what I think now.

7 Q. Well, we'll see if we get an objection, but
8 yes, I would like to know what your view is on that
9 recommendation, i.e., the recommendation that we
10 prohibit, either we prohibit the ILEC from dropping the
11 DSL service or require them to continue it.

12 A. Okay. The first concern Staff has with that
13 recommendation would be that this type of high capacity
14 services are not tariffed at the state level, and we
15 would address that legal or jurisdictional concern in
16 our brief. Second, that we have existing rules at this
17 Commission for discontinuance of a service, and I don't
18 believe under the current rule the ILEC will be
19 prohibited from, you know, discontinuing that type of
20 service for a customer.

21 Q. All right. So then those seem to be legal
22 constraints that you're suggesting are on us?

23 A. Right.

24 Q. Which we certainly need to consider. Will
25 you go one step further, what about the policy in the

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1 event we aren't subject to legal constraints or those
2 legal constraints change?

3 A. It's not a good policy to continue require
4 ILEC to provide that service after the Commission -- if
5 the Commission requires ILEC providing line splitting on
6 a UNE-P. The way I think about this is that once you
7 rent the whole house out to split the line is a way that
8 to promote competition, I think that is why we have line
9 sharing and line splitting, is that to providing
10 customer with more choices and for data service or voice
11 services.

12 And if the record in this case has not shown
13 that the services that we refer to the high capacity
14 services is declining from the market that data CLEC are
15 providing currently, then I believe that with the line
16 splitting order which is relatively new that the market
17 will providing the customer with more choices of data
18 service. And to keep ILEC hostage in that sense, I
19 don't think is a good public policy to make.

20 CHAIRWOMAN SHOWALTER: Okay, thank you.

21 JUDGE BERG: Further cross-examination?

22 MS. MCCLELLAN: No, sir.

23 MS. ANDERL: No.

24 JUDGE BERG: Redirect, Ms. Tennyson?

25 MS. TENNYSON: I do have one question.

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1

2

R E D I R E C T E X A M I N A T I O N

3

BY MS. TENNYSON:

4

Q. Ms. Roth, Ms. Anderl was asking you about the
5 CTC, the customer transfer charge, and referencing your
6 testimony 1360 at page 14. And I believe your testimony
7 reflected that that was done before Qwest filed its
8 updated cost study; is that correct?

9

A. That's correct.

10

Q. Do you believe it's still appropriate to use
11 the Commission approved charges from 960369 given the
12 new cost study that Qwest has filed, or do you have any
13 recommendations in that regard?

14

A. Conceptually the customer transfer charge
15 from the last case should be used for UNE-P existing
16 line in this docket. However, the input may need to be
17 updated to reflect the six minutes that Qwest has
18 willingly and voluntarily provided in the new cost study
19 C-1010 attached to Teresa Million's testimony.

20

Q. And could you tell us just in general terms
21 what the effect of that would be if you used the six
22 minutes? Would it be lower or higher in terms of the
23 rate?

24

A. That would be further reduce the rate and
25 charges reflected in the revised study.

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1 Q. Okay. If I'm understanding correctly then,
2 the rate that was produced when you -- when you filed
3 your testimony, you looked at the old cost study, and
4 your recommendation would have been for a rate that was
5 lower, produced a rate that's lower than that in the
6 original Qwest proposal in this case but would be higher
7 than what would result if you use the revised cost study
8 and input the six minutes?

9 A. I agree with you.
10 MS. TENNYSON: Okay, I have nothing further.
11 JUDGE BERG: All right.
12 MS. ANDERL: No, Your Honor.
13 JUDGE BERG: Ms. Roth, at this time, your
14 testimony is concluded. Thank you very much for being
15 here. You're excused from the hearing.
16 Counsel, I would like you to stay present.
17 There are a few administrative matters that I would like
18 to take care of on the record. But the system portion
19 of the hearing is adjourned.
20 CHAIRWOMAN SHOWALTER: Thank you, everyone.
21 JUDGE BERG: Counsel, first of all, on the
22 record, I would like to check to see if any of the
23 parties support or let me say if any of the parties wish
24 to join Commission Staff's request to file replies to
25 responses to Bench Request 42.

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1 MS. ANDERL: We may wish to do so, Your
2 Honor, after we have had an opportunity to review the
3 responses. We certainly don't oppose Staff having an
4 opportunity to do so.

5 JUDGE BERG: All right.

6 MR. HARLOW: I think WorldCom already
7 responded, and Covad does not intend to respond. It's
8 not an issue they're pursuing.

9 MS. MCCLELLAN: I guess for clarification,
10 you're asking whether we want the opportunity to respond
11 to the other parties' responses to the --

12 JUDGE BERG: Yes, I'm not looking for a
13 statement of opposition. I'm just looking to see who is
14 joining or might also want the opportunity.

15 MS. MCCLELLAN: I believe Verizon would like
16 the opportunity to do that.

17 JUDGE BERG: All right.

18 MS. STEELE: As will AT&T and the other
19 clients we represent.

20 JUDGE BERG: All right.

21 Off the record.

22 (Discussion off the record.)

23 JUDGE BERG: There's been some discussion
24 regarding the change to the schedule for filing of
25 opening briefs, and opening briefs previously were

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1 scheduled to be filed on Friday, May 25th. That date is
2 revised to be Tuesday, May 29th. And likewise on that
3 basis, the date for filing reply briefs will be changed
4 from Friday, June 15th, to Tuesday, June 19th.

5 Let's be off the record again.

6 (Discussion off the record.)

7 JUDGE BERG: There's been some additional
8 discussion regarding the brief outline or the outline of
9 the parties to follow in preparing briefs. The parties
10 have submitted an outline which reflects a consensus
11 among all parties. If the Commission has any specific
12 issues or discussion points to add to the brief outline,
13 they will notify the parties on or before April 27,
14 2001.

15 And on one other item, the parties all have
16 information that the FCC is preparing an order to go
17 along with decisions made regarding reciprocal
18 compensation. However, if that reciprocal compensation
19 order from the FCC is not made publicly available before
20 May 1st, then the Commission will schedule a prehearing
21 conference to discuss the impact on briefing that issue
22 and to consider alternative proposals with regards to
23 the briefing of the reciprocal compensation issues.

24 And with that, we stand adjourned.

25 (Hearing adjourned at 11:55 a.m.)

