

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**IN THE MATTER OF THE CONTINUED)
COSTING AND PRICING PROCEEDING)
FOR INTERCONNECTION, UNBUNDLED) DOCKET NO. UT- 003013
ELEMENTS, TRANSPORT AND)
TERMINATION, AND RESALE)**

DIRECT TESTIMONY OF

DAVID L. BEHRLE

STAFF MANAGER - ECONOMIC ISSUES

ON BEHALF OF

GTE NORTHWEST, INC.

SUBJECT: LINE-SHARING MONTHLY RECURRING COSTS

MAY 19, 2000

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Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is David L. Behrle. My business address is 201 N. Franklin Street, Tampa, FL 33602.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed as Staff Manager-Economic Issues for GTE Service Corporation. In this capacity, I am responsible for supporting various GTE cost studies including the Washington operations of GTE Northwest Incorporated ("GTE" or "Company").

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. I obtained a Master of Science in Mathematics from Illinois State University in 1979. My undergraduate studies were at Illinois College, where I was awarded a Bachelor of Arts in 1974 in both Mathematics and Physics. My telephony career spans 26 years. I started with GTE-Illinois in 1974 as a traffic technician and was responsible for central office traffic studies. Over the next 15 years, I held positions in forecasting, costing, pricing and usage analysis. From April 1989 to October 1997, I worked for Sprint-Florida, Incorporated in the Tariffs & Regulatory Department and had costing, docket management, pricing, regulatory and tariff responsibilities. In October of 1997, I rejoined GTE in my current position.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE WASHINGTON**
2 **UTILITIES AND TRANSPORTATION COMMISSION (“COMMISSION”)?**

3 A. No.

4
5 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY**
6 **COMMISSIONS?**

7 A. Yes. I have testified on behalf of GTE in Alabama, Illinois, Indiana, Missouri,
8 Pennsylvania, and Wisconsin. In addition, I have recently filed direct testimony in Idaho
9 and Texas.

10

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. The purpose of my testimony is to present GTE’s cost support in this proceeding for the
13 line-sharing monthly recurring rates. GTE witness Linda Casey will present GTE’s cost
14 support in this proceeding for the line-sharing non-recurring charges.

15

16 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

17 A. Yes. I am sponsoring Exhibit DLB-2C, which contains GTE’s monthly recurring costs
18 for line-sharing.

19

1 **Q. WHAT TYPES OF LINE-SHARING DOES GTE PROPOSE?**

2 A. As introduced by GTE policy witness John Boshier, GTE is offering competitive local
3 exchange carriers ("CLECs") the ability to share the same copper loop¹ using three
4 different configurations.

5
6 In the first configuration, the CLEC will own and provide the splitter in a virtual
7 collocation-like arrangement. This first configuration is preferred by GTE. In the second
8 configuration, the CLEC will own and provide the splitter in a physical collocation
9 arrangement. In the third configuration, GTE will own and install a splitter in its wire
10 center, which will be mounted in a bay and then provide the cabling and terminations
11 necessary to hand off the high frequency portion of the loop to a collocating CLEC. In
12 this third configuration, as more fully described by Mr. Boshier, GTE will provide the
13 voice service path to the Main Distribution Frame ("MDF") and the cross-connection
14 cabling to and from the splitter. Diagrams of these three configurations are shown in
15 Boshier Exhibits JJB-4, JJB-5, and JJB-6 respectively.

16

17 **II. LINE-SHARING RECURRING COST - CLEC OWNED SPLITTER**

18

19 **Q. HOW WERE THE COSTS FOR THE TWO CLEC OWNED SPLITTER**
20 **CONFIGURATIONS DERIVED?**

¹At this time, only loops served 100% by copper will be made available for line-sharing.

1 A. In these two line-sharing configurations, the CLEC provides the splitter. In configuration
2 #1, the splitter is placed in a virtual collocation-like arrangement and leased to GTE. In
3 configuration #2, the splitter is placed in a physical collocation arrangement. In both of
4 these configurations, GTE does not incur the cost of a splitter. Consequently, the monthly
5 recurring charge identified in the GTE owned splitter configuration is not applicable.
6 However, in configuration #1, GTE will incur the costs of installing, operating and
7 maintaining the equipment on behalf of the CLEC. GTE is currently in the process of
8 developing these equipment installation, operation and maintenance costs. In addition,
9 GTE will incur nonrecurring costs associated with service ordering and cross connect
10 activities for both of these configurations. GTE witness Linda Casey explains in her
11 testimony how the costs associated with service ordering and cross-connect activities
12 were derived.

13
14 As explained by GTE witness Boshier, GTE proposes that the terms and conditions for
15 this type of configuration be negotiated on a case-by-case basis.

1 **III. LINE-SHARING RECURRING COST - GTE OWNED SPLITTER**

2
3 **Q. HAVE YOU PREPARED AN EXHIBIT THAT IDENTIFIES GTE'S COST FOR**
4 **CONFIGURATION #3 WHERE GTE OWNS THE SPLITTER?**

5 A. Yes. The monthly recurring line-sharing cost support for the third configuration, where
6 GTE owns the splitter, is provided as Exhibit DLB-2C to this testimony. Exhibit DLB-
7 2C includes the following:

8
9 Schedule 1: Introduction - Line-Sharing Cost Development for
10 GTE Owned Splitters

11 Confidential Schedule 2: Incremental Cost for GTE Owned Splitter

12 Confidential Schedule 3: xDSL Line-Sharing Incremental Investments

13
14 **Q. HOW WERE THE MONTHLY RECURRING COSTS FOR THE GTE OWNED**
15 **SPLITTER CONFIGURATION DERIVED?**

16 A. The cost structure includes one recurring element. The recurring cost reflects the
17 incremental cost (incremental to the provision of line-sharing) to GTE of providing the
18 equipment (e.g., cables, splitter, etc.) which enables line-sharing to occur. A description
19 of the equipment involved in line-sharing is provided in GTE witness John Boshier's
20 testimony.

1 **Q. HOW WAS THE MONTHLY RECURRING COST DEVELOPED?**

2 A. The cost support for the recurring element can be found in Schedules 2 and 3 of Exhibit
3 DLB-2C. Schedule 3 identifies the unit costs of each piece of equipment required to
4 enable line-sharing to occur in this particular configuration. Included in this schedule are
5 unit costs for the splitter, relay rack, cables, splitter termination, and jumpers.
6 Engineering and installation costs are also identified. The total investment of material
7 and labor is then expressed, by these two categories, on a per unit of capacity basis.
8 Schedule 2 takes the per unit material investment for the bay mounted scenario, applies
9 material loadings, and then adds the engineering and installation cost to obtain total per
10 unit investment. Annual expense factors (e.g., capital recovery, composite income tax,
11 maintenance and support, and property tax) are then applied to total investment, and the
12 expenses of maintaining the three MDF jumpers are also identified. Together, these
13 expenses sum to yield a total annual cost per unit. This annual cost result is then divided
14 by 12 to express the capacity cost on a monthly basis. Finally, this capacity cost is
15 divided by a 75% utilization factor to derive the total element long run incremental cost
16 (TELRIC) for this element, consistent with paragraph 682 of the Federal Communications
17 Commission's (FCC) First Interconnection Order.²

²FCC First Report & Order (on interconnection) paragraph 682, August 8, 1996.

IV. OTHER ISSUES

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Q. HAS GTE DETERMINED A COST FOR TROUBLE ISOLATION?

A. No. Not at this time. GTE is still in the process of studying this service and reserves the right to supplement our filing at a later time. In the interim, the cost will be developed on a case by case basis.

Q. ARE THERE OTHER COSTING ISSUES TO BE ADDRESSED IN THIS PROCEEDING?

A. GTE is not aware of any additional cost issues at this time, but reserves the right to provide cost study support for any new issues that may arise during the course of this proceeding.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

SCHEDULE 1

LINE-SHARING COST SUPPORT FOR GTE OWNED SPLITTERS

Introduction

Attached is monthly recurring cost support for GTE's incremental investments to provision line-sharing, where GTE owns the splitter.

This cost study relies on the following assumptions:

1. GTE owns, installs and maintains the splitter;
2. The splitter is located in a GTE wire center, mounted in a bay; and
3. No loop costs have been allocated to line-sharing.

The following two schedules support the costs:

Schedule 2 - provides a summary calculation of the monthly recurring cost for the bay mounted splitter.

Schedule 3 - provides cost detail supporting Schedule 2.