

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Petition of Qwest
Corporation to Initiate a Mass-Market
Switching and Dedicated Transport Case
Pursuant to the Triennial Review Order**

Docket No. UT-033044

RESPONSE TESTIMONY OF

RACHEL TORRENCE

ON BEHALF OF

QWEST CORPORATION

FEBRUARY 2, 2004

TABLE OF CONTENTS

| | | |
|-------------|--|-----------|
| I. | IDENTIFICATION OF WITNESS | 1 |
| II. | PURPOSE OF TESTIMONY | 1 |
| III. | RESPONSE TO STACY, MCI/WORLDCOM TESTIMONY | 2 |
| IV. | RESPONSE TO FALCONE AT&T TESTIMONY | 6 |
| V. | RESPONSE TO GIOVANNUCCI, AT&T TESTIMONY | 8 |
| VI. | CONCLUSION | 12 |

1 **I. IDENTIFICATION OF WITNESS**

2 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.**

3 A. My name is Rachel Torrence. My business address is 700 W. Mineral Ave., Littleton,
4 Colorado. I am employed as a Director within the Technical and Regulatory Group of
5 the Local Networks Organization of Qwest Corporation (Qwest). I am testifying on
6 behalf of Qwest.

7 **Q. ARE YOU THE SAME RACHEL TORRENCE WHO FILED DIRECT**
8 **TESTIMONY IN THIS DOCKET?**

9 A. Yes I am.

10 **II. PURPOSE OF TESTIMONY**

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

12 A. The purpose of my testimony is to respond to issues raised in direct testimony filed by
13 Mark L. Stacy on behalf of MCI/WorldCom (Exhibit No. not provided), and Robert
14 Falcone (Exhibit No. RVF-1T) and Anthony J. Giovannucci (Exhibit No. AJG-1T) both
15 on behalf of AT&T regarding access to unbundled dedicated transport.

16 In addition I will clarify the use of the term “transport” within their direct testimony. I
17 will be responding to its use and how it seemingly contradicts the TRO definition of
18 “dedicated transport”.

1 **III. RESPONSE TO MARK L. STACY, MCI/WORLDCOM TESTIMONY**

2 **Q. MR. STACY STATES IN HIS DIRECT TESTIMONY THAT “MCI INTENDS**
3 **TO MOVE TOWARD SERVING ITS MASS MARKET CUSTOMERS USING ITS**
4 **OWN SWITCHING, COLLOCATION AND TRANSPORT FACILITIES IN**
5 **COMBINATION WITH ILEC-PROVIDED LOOPS.”¹ HAVE YOU SEEN ANY**
6 **EVIDENCE THAT THIS IS INDEED OCCURING?**

7 **A.** Absolutely. As demonstrated in my direct testimony (Exhibit No. RT-1T), competitive
8 carriers have a substantial presence in the Seattle MSA. The evidence indicates that
9 many carriers have self-provisioned dedicated transport facilities between many of the
10 wire centers in the Seattle MSA and are also offering facilities on a wholesale basis to
11 other carriers.

12 **Q. ON PAGE 15, LINES 256 THROUGH 262, MR. STACY MAKES THE CLAIM**
13 **THAT FACILITIES “...LIKELY TO BE PURCHASED FROM AN ILEC...(E.G.**
14 **COLLOCATION, TRANSPORT, AND EEL CAPACITY)” ARE NOT REQUIRED**
15 **BY THE ILEC IN SERVING ITS OWN RETAIL CUSTOMERS. PLEASE**
16 **RESPOND.**

17 **A.** The only issue in question in this proceeding is the access to unbundled dedicated
18 transport. By TRO definition, the transport facilities that Qwest is being asked to make
19 available on an unbundled basis are only between its own central offices and exist in the
20 Qwest network primarily for the delivery of traffic generated by its own retail customers.

¹ Direct Testimony of Mark L. Stacy, Redacted (Public) Version (Exhibit No. not provided), December 22, 2003
page 7, line 141 to page 8, line 143.

1 They were not constructed solely for the purpose of being unbundled. Mr. Stacy's
2 statement that these facilities are not required to service Qwest's retail customers is
3 inaccurate. As such, Mr. Stacy's subsequent conclusion that the operational processes
4 and resultant cost of procuring, placing, and managing of these facilities are over and
5 above costs incurred by the ILECs is flawed. His conclusions regarding the complexities
6 associated with operational and economic impairment surrounding the access to
7 unbundled dedicated transport are suspect at best.

8 **Q. DOES MR. STACY'S REFERENCE TO TRANSPORT BETRAY A**
9 **MISUNDERSTANDING AS TO THE DEFINITION OF DEDICATED**
10 **TRANSPORT AS DEFINED IN THE TRIENNIAL REVIEW ORDER?**

11 A. Yes, I believe it does. On lines 1231 through 1233 of his testimony,² Mr. Stacy states that
12 "availability of and access to collocation space is meaningless in a CLEC network unless
13 the CLEC is able to reach the end user customer's loop and extend it to its own switch via
14 available transport capacity." The TRO is quite clear that unbundled dedicated transport
15 is only between Qwest switches/wire centers. To imply that this transport capacity
16 extends to the CLEC's "own switch" is outside the TRO definition.

17 Further on lines 1243 through 1245 of his testimony,³ Mr. Stacy states that CLECs "will
18 rely heavily on their ability to use ILEC provided transport to extend individual customer
19 loops to their own local switching facilities" and later on line 1258 he states that

² *Id.* at page 62 to 63.

³ *Id.* at page 63 to 64.

1 “...CLEC’s need for transport both in terms of their need to extend loops to their own
2 switches or in terms of meeting demand for the transport necessary to originate and
3 terminate calls.” Both statements demonstrate a misunderstanding as to the definition of
4 unbundled dedicated transport. Again, unbundled dedicated transport is not intended to
5 extend to a CLEC’s switching location, nor as Mr. Stacy implies does the definition of
6 unbundled transport include any portion of the loop. Given this basic misunderstanding
7 of the definition of unbundled dedicated transport and its application, his conclusions
8 regarding impairment have no basis under the law.

9 **Q. MR. STACY SPECULATES ON HOW THE COMMISSION CAN WORK**
10 **TOWARD REDUCING IMPAIRMENT THAT MCI ALLEGES IS RELATED TO**
11 **TRANSPORT ISSUES.⁴ PLEASE RESPOND TO HIS COMMENTS.**

12 A. Mr. Stacy’s discussion on the perceived levels of impairment and on removing the
13 ILEC’s obligation to provide UNE transport is completely inappropriate and irrelevant to
14 the issues regarding unbundled transport being addressed in this proceeding. The FCC
15 has determined that in the presence of competition in a given route, a finding of non-
16 impairment must be made. The only issue to be determined in this proceeding is whether
17 competition is present and whether it exists in the location and the levels needed for the
18 Commission to declare a finding of non-impairment. Mr. Stacy is introducing topics and
19 opinions that are not germane to the docket and confuse the issue with irrelevant rhetoric.

⁴ *Id.* at page 57, line 1333 to page 69, line 1370.

1 **Q. IN HIS TESTIMONY, MR. STACY DISCUSSES THE ADVANTAGES OF**
2 **CONCENTRATED DS0 EELS.⁵ PLEASE RESPOND TO HIS STATEMENTS.**

3 A. Mr. Stacy's discussion on the advantages of concentrated EELs is irrelevant to the
4 unbundled dedicated transport issue that this being addressed in this docket. This docket
5 addresses whether the commission can make a determination of non-impairment in routes
6 between Qwest central offices in the Seattle MSA. It does not address the viability of
7 products desired by CLECs.

8 At this point in time, concentrated EEL is not a product that Qwest offers nor is Qwest
9 under any obligation to do so in the State of Washington. EELs are currently being
10 offered using dedicated transport and will continue to be offered following the outcome
11 of this proceeding. The only issue at hand is whether the transport element is offered at
12 TELRIC, in the absence of competition in a route, or at market based rates once the
13 commission makes a finding of non-impairment.

14 Finally, the FCC's TRO explicitly rejected a similar request by MCI for "concentrated
15 EELs at a DSO level."⁶ The FCC declined to issue rules require concentrated DS0 EELs
16 because the "record demonstrates that DS0 EELs could increase loop costs and may raise
17 several additional operational issues. Accordingly [the FCC is] not convinced . . . that
18 [it] should require incumbent LECs to include concentration when they provide UNEs to
19 requesting carriers."

⁵ *Id.* at page 73, line 1456 to page 77, line 1545.

⁶ TRO at ¶492.

1 **IV. RESPONSE TO ROBERT V. FALCONE, AT&T TESTIMONY**

2 **Q. WHEN DISCUSSING THE TRANSPORT FUNCTION, MR. FALCONE**
3 **CONCLUDES THAT AN INCUMBENT LEC IS NOT REQUIRED TO INVEST**
4 **IN TRANSPORT BETWEEN COLLOCATION IN ONE CENTRAL OFFICE**
5 **AND A REMOTELY LOCATED SWITCH FOR ITS OWN CUSTOMERS'**
6 **LOOPS.⁷ PLEASE RESPOND TO THIS STATEMENT.**

7 **A.** Mr. Falcone's conclusion demonstrates a lack of understanding as to the Qwest network
8 architecture. It is true that an ILEC such as Qwest would not have a collocation in its
9 own central office. It would not need to establish a collocation at a location that it
10 already owns. However, the ILEC must still establish transport facilities between its
11 switches for the delivery of its own customer's calls from an originating switch location
12 to other distant, remotely located switches. This transport facility serves the exact same
13 purpose for Qwest as it would for the CLEC. In fact, this is the very same transport
14 facility that CLECs are demanding on an unbundled basis. This transport between Qwest
15 switches is a vital element of the Qwest network as it is in any ILEC network and for Mr.
16 Falcone to suggest that the ILEC is not required to make such an investment is simply
17 inaccurate.

18 **Q. MR. FALCONE TESTIFIES AT LENGTH ABOUT "BACK HAUL" ISSUES**
19 **FACED BY CLECS.⁸ PLEASE RESPOND TO HIS COMMENTS.**

⁷ Direct Testimony of Robert V. Falcone (Exhibit RVF-1T), December 22, 2003, at page 26, lines 5 to 9.

⁸ *Id.* at page 16, line 2 to page 19, line 2.

1 A. There is no disputing that backhaul from the Qwest network to a CLEC's switch is a
2 necessity. But I stress that backhaul is outside the definition of dedicated transport as put
3 forth by the FCC in the TRO and being addressed in this proceeding. However, speaking
4 from a network architecture perspective, the level of backhaul is a direct function of the
5 switch location. The CLEC must weigh the costs of deploying a switch to serve a given
6 geography against the cost of provisioning longer trunks over which to backhaul traffic
7 from its switch to its collocations or interconnections with the Qwest network. It is first
8 and foremost a business decision. And while I would agree that CLEC switches
9 generally cover larger geographic areas, it is also true that CLEC switches generally
10 target the more profitable markets and with no obligation to serve the less desirable
11 POTS customers.

12 Upon a finding of non-impairment within a given route, it is only the dedicated transport
13 between CLEC collocations in Qwest central offices that would be impacted. The
14 backhaul from the Qwest network to the CLEC switch is subject to special access rates.

15 **Q. DO YOU AGREE WITH MR. FALCONE WHEN HE STATES THAT “WHEN**
16 **THE TRANSMISSION CAPABILITY IS PROCURED FROM THE ILEC**
17 **RATHER THAN SELF PROVISIONED, THE CLEC’S TRANSPORT COST HAS**
18 **POTENTIALLY INCREASED AS A RESULT OF THE TRO”?**⁹

19 A. Not necessarily. It may potentially change, but not necessarily increase. While the FCC
20 ruled that transport from an ILEC switch to the CLEC switch location can no longer be

⁹ *Id.* at page 27, lines 15 to 17.

1 obtained as an unbundled element, it allowed for market forces to dictate the costs for
2 dedicated transport between ILEC switches in routes that have been proven to contain
3 alternatives to the ILEC transport facilities. In addition, the TRO now allows for CLECs
4 to co-mingle different types of traffic onto a single facility. Once a finding of non-
5 impairment is made by the Washington Commission on any given route, not only will
6 CLECs have alternatives to using Qwest facilities, CLECs may choose to shift their
7 traffic from dedicated transport over to spare capacity on their existing special access
8 trunks. By co-mingling, carriers need purchase only one transport facility instead of two
9 which translates into lower costs for the CLECs. As such, a finding of non-impairment
10 cannot necessarily be seen as an automatic an increase in cost. In addition, if the cost of
11 self-provisioning transport becomes more economically attractive than obtaining
12 transport from an ILEC, this could be seen as an incentive for increased CLEC
13 deployment of facilities and technologies which could only improve the competitive
14 market in telecommunications. It must also be stated that if no alternative transport
15 facilities exist, the status quo is maintained with no financial impact to the CLEC
16 whatsoever.

17 **V. RESPONSE TO ANTHONY J. GIOVANNUCCI, AT&T TESTIMONY**

18 **Q. MR. GIOVANNUCCI TESTIFIES AT GREAT LENGTH IN HIS DIRECT**
19 **TESTIMONY ON THE OBSTACLES FACED BY AT&T WHEN IT ATTEMPTS**
20 **TO BUILD DEDICATED TRANSPORT FACILITIES.¹⁰ PLEASE RESPOND.**

¹⁰ Direct Testimony of Anthony J. Giovannuci (Exhibit No. AJG-1T), December 22, 2003, pages 11 to 21.

1 A. No one knows better the obstacles and costs associated with building the types of
2 transport facilities Mr. Giovannucci is referencing better than an incumbent LEC like
3 Qwest. ILECs are faced with those very obstacles, costs, and delays. But unlike AT&T,
4 an ILEC with its POLR responsibilities cannot just choose to not build. However, this is a
5 moot point in the context of access to unbundled dedicated transport for a variety of
6 reasons.

7 First, Mr. Giovannucci states that the lack of sufficient traffic is a deterrent to the
8 building of facilities. However, when a sufficient community of interest exists and there
9 are enough revenues to be claimed in a given route for AT&T to justify a build, the same
10 would probably hold true for other CLECs or wholesale providers. The fact is that in
11 many routes, such as those I have identified in the Seattle MSA, AT&T and others saw
12 enough market potential that they chose to go ahead and build transport facilities despite
13 the problems, trials, and tribulations they might encounter. It is only in these routes that
14 Qwest is seeking a determination of non-impairment. In routes where no alternative
15 providers exist, Qwest would be required to make available access to unbundled
16 dedicated transport under the current terms and conditions.

17 Mr. Giovannucci also cites the downturn in the economy and poor conditions in the
18 telecommunications industry as factors to be considered. The less-than-rosy economy
19 and the condition of the telecommunications industry do not affect AT&T exclusively.
20 Again, other similarly situated carriers would experience the same concerns. The fact
21 remains, Qwest is only seeking a finding of non-impairment in routes that have a proven
22 competitive presence. If no competition exists in a route, Qwest would still have to meet

1 its obligation to make available access to unbundled dedicated transport under current
2 terms and conditions.

3 Mr. Giovannucci claims that demands made on AT&T by government agencies and
4 municipalities also affect the decision to build or the timeliness of a build. Generally,
5 those issues faced by AT&T, such as acquisition of rights-of-way, fees, and regulations
6 also apply to any and all other similarly situated carriers. And at the risk of sounding
7 redundant, in many routes, such as those I have identified in the Seattle MSA, AT&T and
8 other carriers saw enough market potential that they chose to go ahead and build transport
9 facilities despite the problems, trials, and tribulations they might encounter. It is only in
10 these routes that Qwest is seeking a finding of non-impairment.

11 **Q. ONCE THE COMMISSION HAS MADE A FINDING OF NON-IMPAIRMENT**
12 **ON THE ROUTES SUBMITTED BY QWEST, MR. GIOVANNUCCI**
13 **RECOMMENDS PARAMETERS FOR THE COMMISSION REGARDING A**
14 **MIGRATION PERIOD.¹¹ PLEASE RESPOND TO THOSE SUGGESTIONS**

15 .A. I believe that Mr. Giovannucci's recommendations to the Commission are inappropriate.
16 Based on an erroneous interpretation of a portion of TRO ¶703, Mr. Giovannucci
17 concludes that nine months is an appropriate transition period.¹² In fact, the nine month
18 references a period, beginning on the effective date of the TRO, for the states to conclude
19 considerations of disputes. It was not a direct reference to a migration period for the

¹¹ *Id.* at page 40, line 13 to page 41, line 4.

¹² *Id.* at page 40, footnote 74.

1 transition of unbundled dedicated transport. Based on this erroneous conclusion, Mr.
2 Giovannucci goes on to recommend that: 1) there should be a transition period of nine
3 months during which CLECs may order new dedicated transport on routes where the
4 Commission has determined that the triggers have been met; 2) CLECs should have a
5 transition period equal to that applied to line sharing and mass market switching; and 3)
6 CLECs should not be required to migrate any customer to non-UNE facilities until the
7 end of an existing service contract term. This is contrary to the expressed opinion of the
8 FCC in the very same TRO, ¶703 where it states:

9 First, we require incumbent and competitive LECs to use section 252(b) as a
10 default timetable for modification of interconnection agreements that are silent
11 concerning change of law and/or transition timing. We find that a delay in the
12 implementation of the new ruled we adopt in the Order will have an adverse
13 impact on investment and sustainable competition in the telecommunications
14 industry. Therefore, to ensure that there is no undue delay in commencing the
15 renegotiations of interconnection provisions, the effective date of the rule we
16 adopt in this Order shall be deemed the notification or request date for contract
17 amendment negotiations under this default approach. ...

18 Clearly the FCC has defined section 252(b) as a default timetable for modification of
19 interconnection arrangements and made clear that speedy implementation of the rules
20 was intended. Mr. Giovannucci's recommendations that they be given a nine month
21 transition period during which AT&T and other CLECs can continue to do business
22 under the "old rules" and the intended procrastination before negotiating interconnection
23 agreements directly contradicts the language and intent of the TRO. Additionally, Mr.
24 Giovannucci's recommendation that until a migration is complete, dedicated transport
25 should remain at TELRIC rates ignores the FCC's recognition that where competition
26 exists, Qwest and other ILECs are entitled to market based rates for their infrastructure.

1 It is important to note that from a network perspective, in the routes where the
2 Commission finds no impairment, the “migration” is strictly a change in billing. There is
3 no change in the actual physical network facility. The only physical changes that will be
4 required will occur when the CLEC chooses to use an alternative carrier (someone other
5 than the Qwest). In that instance, it becomes a business decision on the part of that
6 CLEC, and Qwest and other ILECs should not be required to subsidize a CLEC’s
7 business plan by only being allowed to charge less than market based rates for its
8 facilities.

9 **Q. DOES QWEST HAVE ANY RECOMMENDATIONS AS TO A MIGRATION**
10 **TRANSITION PERIOD?**

11 A. Yes. Qwest believes that transition should occur immediately upon the effective date of
12 the order declaring a finding of non-impairment. As previously stated, migration is
13 strictly a change in billing. There is no change in the actual physical network facility. A
14 nine month migration period is excessive given the minimal work needed to accomplish
15 the changes in billing.

16 **VI. CONCLUSION**

17 **Q. THERE HAVE BEEN QUESTIONS RAISED ABOUT THE ERRATA FILING**
18 **YOU MADE ON JANUARY 16, 2004. CAN YOU PLEASE DESCRIBE WHAT**
19 **YOU DID IN THAT ERRATA FILING?**

20 A. Yes, in that errata filing I corrected a number of typographical errors in order to properly
21 identify the CLECs via alpha-numeric codes.

1 **Q. DID YOU ADD TRANSPORT ROUTES TO YOUR TESTIMONY?**

2 A. No, not really. Some parties have complained that I added four (4) new routes to my
3 transport testimony, but that is not correct. The TRO defines a route as a connection
4 between wire center or switch “A” and wire center or switch “Z”.¹³ Routes 26 to 29 in
5 my errata filing are combination of routes already shown. For example, route 26 has the
6 same A and Z points as route 11. I included routes 26 to 29 in my errata simply to
7 illustrate that Qwest had the ability to prove “no impairment” on these routes in multiple
8 ways.

9 **Q. DOES THIS CONCLUDE YOUR RESPONSE TESTIMONY?**

10 A. Yes.

¹³ TRO paragraph 401