Exhibit ____ TKM-1T

BEFORE THE WASHINGTON STATE
UTILTIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of Qwest Corporation for Arbitration with Eschelon Telecom, Inc., Pursuant to 47 U.S.C. Section 252 of the Federal Telecommunications Act of 1996	**DOCKET NO. UT-063061**

DIRECT TESTIMONY

OF TERESA K. MILLION

QWEST CORPORATION

Issue Nos. 8-21, 8-22, 9-43 and 9-44.

SEPTEMBER 29, 2006

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I. IDENTIFICATION OF WITNESS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Teresa K. Million. I am employed by Qwest Services Corporation, parent company of Qwest Corporation ("Qwest"), as a Staff Director in the Public Policy organization. In this position, I am responsible for directing the preparation of cost studies and representing Qwest's costs in a variety of regulatory proceedings. My business address is 1801 California St., Room 4700, Denver, Colorado.

Q. PLEASE DESCRIBE YOUR EDUCATION BACKGROUND AND EMPLOYMENT EXPERIENCE.

A. I received a Juris Doctor from the University of Denver, College of Law in 1994 and am licensed to practice law in Colorado. I also have a Master of Business Administration from Creighton University and a degree in Animal Science from the University of Arizona.

I have more than 23 years experience in the telecommunications industry with an emphasis in tax and regulatory compliance. I began my career with Qwest (formerly Northwestern Bell Telephone Company and then U S WEST, Inc.) in 1983. Between 1983 and 1986, I administered Shared Network Facilities Agreements between Northwestern Bell and AT&T that emanated from the divestiture of the Bell System in 1984. I held a variety of positions within the U S WEST, Inc. tax department over the next ten years, including tax accounting, audit, and state and federal tax research and planning. In 1997, I assumed a position that had responsibility for affiliate transactions compliance, specifically

compliance with Section 272 of the Telecommunications Act of 1996 (the "Act"). 47 U.S.C. § 272. In September 1999, I began my current assignment as a cost witness. In this position, I am responsible for managing cost issues, developing cost methods and representing Qwest in proceedings before regulatory commissions.

Q. HAVE YOU TESTIFIED BEFORE THIS COMMISSION BEFORE?

A. Yes. I submitted direct testimony regarding the recovery of OSS (Operational Support Systems) costs in Part A of the TELRIC[1] docket (Docket No. UT-003013), as well as direct and rebuttal testimony in Parts B and D of that docket. In addition, I have testified before this Commission in Parts A, B and D. I also testified recently before this Commission in the McLeod DC Power Complaint (Docket No. UT-063013).

Q. HAVE YOU TESTIFIED BEFORE OTHER STATE REGULATORY COMMISSIONS?

A. Yes. I have presented cost testimony in TELRIC cost proceedings before commissions in Arizona, Idaho, Montana, New Mexico, South Dakota and Wyoming. In addition, I have submitted testimony related to section 272 of the Act in Arizona, Colorado and Nebraska, cost testimony in Colorado related to Operator Services, and in Arizona related to the Arizona Price Plan proceeding. More recently I have filed cost testimony in Colorado, Oregon and Utah in the Triennial Review Remand Order (TRRO) dockets.

[1] TELRIC is an acronym for "total element long run incremental costs."

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to discuss the cost issues raised with respect to Issue Nos. 8-21, DC Power Plant, 8-22, DC Power Reduction Quote Preparation Fee (QPF) and 9-43 and 9-44, Conversions and explain why these issues are better addressed in a separate proceeding.

Q. ARE THESE THE ONLY COST ISSUES THAT SHOULD BE RAISED IN A DIFFERENT PROCEEDING?

A. No. Generally speaking it would be better to address all of the cost issues raised in this arbitration in a separate proceeding because an arbitration, such as this, is a proceeding between two parties, Qwest and Eschelon, that has limited application to the terms and conditions contained in a single interconnection agreement (ICA). It would be presumptuous of Eschelon to believe that its views represent the views of all of the other CLECs doing business in Washington. A separate proceeding, on the other hand, would be open to participation by any and all competitive local exchange carriers (CLECs) and is broadly applicable to all CLECs. Furthermore, Qwest has agreed to a filing process for unapproved TELRIC Rates. Therefore, the merits of interim treatment of unapproved rates should be treated as a part of that process and not as a part of this arbitration. The issues explored in such proceedings are complex and involve analysis of cost models, cost studies and the inputs and assumptions that go into them and are better addressed in those proceedings. The issues that I have identified above provide good examples of the complexity of the cost issues surrounding them.

III. ISSUE 8-21 - DC POWER PLANT

Q. PLEASE DESCRIBE THE NATURE OF THE DC POWER PLANT DISPUTE RELATING TO ISSUE 8-21.

A. Eschelon's position is that the DC Power Plant rate should be applied in the same manner as the DC Power Usage rate on a per-amp used basis for power feed orders greater than 60 amps. Qwest's position is that while the DC Power Usage rate should be applied on a per-amp used basis for power feed orders greater than 60 amps, the DC Power Plant rate should be applied on a per-amp ordered basis regardless of the size of the power feed order.

Q. WHY IS ESCHELON'S CHALLENGE OF THE *APPLICATION* OF THE DC POWER PLANT RATE A CHALLENGE TO THE RATE ITSELF?

A. The problem with Eschelon's position is that it ignores the fact that the *rate* for an element and its *application* on a unitized basis result in the amount of TELRIC cost recovery awarded to Qwest by a Commission. To illustrate, take the example of the price for gasoline. A gas station owner might think that $3.00 was an adequate rate for gasoline unless he was told the amount applied per vehicle, not per gallon of gas. Under that scenario, the gas station owner would likely want to recalculate the rate to account for the average number of gallons per vehicle or some other measure of gallons and come up with a new rate that better reflected the cost of the gasoline *as applied*. For example, the gas station owner might estimate that on average the vehicles filling up at his station had gas tanks with a capacity of 20 gallons of gas. Therefore, he might want to change the rate to $60.00 per vehicle to provide adequate recovery for his cost of gasoline.

The point is the Commission could not make a determination in this arbitration

regarding the appropriate *application* of the power plant rate in a vacuum without also reviewing the construction of the rate itself. For example, if the Commission were to determine that the appropriate application of the power plant rate was to be on the basis of CLEC usage of electrical current, then the calculation of the power plant rate itself should take into account a fill factor related to utilization, but the calculation of that rate that was approved in Part A of Docket No. UT-003013 did not include such a fill factor, because the cost study was not designed to calculate rates on a usage sensitive basis. Because Qwest does not incur costs for its power plant on the basis of the day-to-day usage by the CLECs of the electrical current necessary to power their equipment a fill factor would be necessary to compensate Qwest adequately on a usage basis. The fact is that power plant consists of the power equipment (i.e., batteries, rectifiers and controllers) necessary to provide a fixed amount of DC power *capacity* in a given central office. That capacity is not engineered on the basis of the CLEC's day-to-day power usage, nor is there any mechanism by which the pieces of power equipment themselves are measured or consumed. The CLEC's usage in an office relates to its consumption of electric current provided by local power companies which is then converted to DC power by Qwest's power plant. Qwest believes that these are facts that would best be explored in depth in a separate proceeding, not in an arbitration. The proper forum for such a review of rates and their application is in a proceeding such as a cost docket.

Q. HOW IS THE POWER PLANT RATE PRODUCED BY QWEST'S COLLOCATION COST STUDY CONSTRUCTED?

A. Qwest's collocation cost study uses a TELRIC methodology and determines the

average cost per Amp for the types and amounts of power equipment that would be necessary to produce a hypothetical 1000 Amps of power plant *capacity* in any given location. In other words, the cost analyst develops the cost study to answer the question "How much would the power plant cost on a per Amp basis if I were to model enough power equipment to produce 1000 Amps of power capacity?" He or she does this by finding out from a Qwest power engineer how many and what types and sizes of rectifiers, battery strings, BDFBs, power boards, engine/alternators, diesel fuel tanks, etc. are required to model plant capable of producing 1000 Amps of power. The cost analyst then determines the material cost for each of those pieces of equipment, the cost to engineer and install them, the cost for miscellaneous parts and fuel and develops the total investment for a hypothetical 1000 Amp power plant. The total investment is then divided by 1000 to determine the cost per Amp of power plant capacity for that configuration of power plant. The cost analyst could just as easily model the cost per Amp for 500 Amps of capacity or 2000 Amps of capacity. Of course, the amount, types and sizes as well as the total equipment investment would vary based on the capacity of power plant assumed, and that total investment would be divided by the different number of amps corresponding to the modeled power plant capacity in order to yield the per-amp rate.

The point of this discussion is that none of these assumptions has anything to do with the actual electrical current that any telecommunications equipment in a central office might consume. The only "chargeable unit" being developed in Qwest's cost study is the cost of an Amp of power plant capacity, whether it is based on a hypothetical power plant configuration with 1000, 500 , or 2000

Amps of capacity. In Washington, Qwest's Commission-approved power plant rate represents the average cost per Amp for power equipment designed to produce a hypothetical 1000 Amps of power plant capacity. It is not developed, nor is it based on any concept of actual power *usage*. Clearly there is no correlation between the cost per Amp of power plant generated by Qwest's study and Eschelon's contention that it should be applied on a per-Amp-used basis.

IV. ISSUE 8-22 - DC POWER REDUCTION QPF

Q. PLEASE DESCRIBE THE NATURE OF THE DC POWER REDUCTION QPF DISPUTE REPRESENTED BY ISSUE 8-22.

A. While it is not clear from the language in Eschelon's position statement contained in the Issues Matrix, it appears as though Eschelon is challenging the appropriateness of Qwest's QPF (Quote Preparation Fee) charge for both DC Power Reduction and Restoration. Qwest's position is that it is entitled to recover costs incurred for the tasks it performs in producing a feasibility study and quote related to CLEC requests. Qwest proposes to recover those costs via QPF charges for DC Power Reduction and Restoration.

Q. IF QWEST IS ALREADY RECEIVING NONRECURRING CHARGES FOR POWER REDUCTION, WHY IS AN ADDITIONAL QPF CHARGE APPROPRIATE?

A. The nonrecurring charges (NRCs) that are established for power reduction and restoration are related to the Qwest labor and materials associated with performing the work to remove/reduce or restore the power feeds for a CLEC in the central office. The charge for a QPF is related to the engineering, project

management and administrative labor costs incurred by Qwest's Common Systems Planning Engineering Center (CSPEC), Interoffice (IOF) Design Engineering and Collocation Project Management Center (CPMC) to evaluate, plan and manage a CLEC's request for power reduction. There is no overlap in the costs developed for these two types of NRCs. And because Qwest incurs costs to perform all of the tasks associated with both planning and engineering the job and actually performing the power reduction or restoration work, Qwest is entitled to recover both the QPFs and the Power Reduction/Restoration NRCs.

Q. DOES THE ESTABLISHMENT OF A SEPARATE QPF CHARGE SERVE A PURPOSE BEYOND RECOVERY OF QWEST'S COSTS FOR PRODUCING A QUOTE FOR A CLEC?

A. Yes. Establishing a separate QPF charge allows Qwest to recover its costs for planning and engineering a CLEC request regardless of *whether or not* the CLEC decides to have Qwest complete the work once it receives the quote. This accomplishes two goals. First, it provides a simple mechanism for Qwest to bill the CLEC for only the work it performs without having to bill for the entire job and then credit the CLEC back if the CLEC does not follow through on its request. Second, it discourages CLECs from using Qwest resources to conduct business planning that should be their responsibility. In other words, if Qwest is allowed to charge CLECs for the work it performs to develop quotes the CLECs will be incented to seek quotes only after their own business planning efforts indicate that a particular plan makes business sense. Otherwise, there is nothing to prevent the CLECs from abusing the quote process by causing Qwest to incur costs unnecessarily and waste time and resources producing feasibility studies and

quotes for many possible projects just so that they can pick and choose among them and then do the business planning to decide which ones to proceed with. This would place an unfair burden on Qwest and its customers by forcing it to underwrite a part of the CLECs' business planning costs.

Q. IS IT NECESSARY FOR THE COMMISSION TO ADDRESS POWER REDUCTION CHARGES IN THE CONTEXT OF THIS ARBITRATION?

A. No. As is the case with the power plant charges, the appropriate place to consider the various inputs and assumptions contained in Qwest's Collocation cost model for these specific rates is in a separate proceeding, such as a cost docket which could be established for that purpose.

V. ISSUES 9-43 and 9-44 - CONVERSIONS

Q. PLEASE DESCRIBE THE NATURE OF THE CONVERSIONS DISPUTES RELATED TO ISSUES 9-43 AND 9-44.

A. Eschelon's position is that the conversion of its UNE circuits to private line services should be a price change only and should not require a change in circuit IDs. In Eschelon's view this "price-only" change does not justify Qwest charging a nonrecurring charge for the conversion. Qwest's position is that circuit ID changes are necessary for converting UNEs to private line services and, further, that it is entitled to recover costs it incurs to facilitate those conversions. Qwest believes that the issue of UNE to private line conversions is a matter that would better be addressed in a separate proceeding designed to resolve other remaining TRRO-related issues. Qwest is not opposed to having this issue addressed in a second phase of the currently-open Docket No. UT-053025, the TRRO

investigation.

Q. DO CLECS HAVE A CHOICE OTHER THAN TO CONVERT THEIR UNE CIRCUITS TO QWEST PRIVATE LINE SERVICES?

A. Absolutely. For wire centers that the FCC has determined to be non-impaired, Qwest is no longer required to provide access to DS1 or DS3 UNE loops, or DS1 or DS3 inter-office transport. In making such a determination, the FCC has found that sufficient alternatives are available to CLECs in the affected wire centers so that unbundling of ILEC facilities is no longer necessary to permit CLECs to compete in the market. What this means is that for such affected wire centers, CLECs have facilities available to them from other carriers, or they have the ability to construct their own facilities, thereby making reliance on Qwest's DS1 and DS3 UNEs unnecessary. Therefore, if a CLEC remains on Qwest's facilities, rather than disconnecting the UNEs and availing itself of alternative facilities, it necessarily does so because it has evidently determined that converting to Qwest's private line service is the most economic choice among the available alternatives. However, if Qwest were not allowed to charge the CLEC for its costs to perform the conversion, the CLEC's economic assessment of the alternatives would be distorted, possibly leading it to choose Qwest's facilities in situations where another alternative, such as building its own facilities, is more economically sustainable. In addition, if Qwest performs the activities associated with a conversion, but is not allowed to charge the CLEC for such activities, the cost burden is shifted to Qwest's end-user customers, placing Qwest at a disadvantage in a marketplace which the FCC determined to be competitive. Thus, to the extent that Qwest incurs costs to facilitate the CLEC's conversion

from a UNE to a private line service, Qwest should be entitled to assess an appropriate charge.

Q. IS ESCHELON CORRECT THAT QWEST'S CONVERSION OF UNES TO PRIVATE LINE CIRCUITS SHOULD BE A BILLING CHANGE ONLY?

A. No. In fact, the *TRRO* mandated that within twelve months from the effective date of the order CLECs "…*must* transition the affected DS1 or DS3 dedicated transport UNEs to alternative facilities or arrangements."[2] Further, the FCC specifically identified that those alternative arrangements would include "…self-provided facilities, alternative facilities offered by other carriers, or special access services offered by the incumbent LEC."[3] Clearly, the twelve month transition period contemplated by the FCC has come and gone. Thus, for wire centers that the FCC has deemed to be "non-impaired," Qwest is no longer required to provide access to DS1 or DS3 UNE loops or inter-office transport, yet many CLECs remain on Qwest's facilities. This language in the *TRRO* means not only that Qwest is no longer required to price these services at TELRIC rates, but that the FCC recognized an ILEC's existing special access (private line) services as one of the alternatives available to CLECs after transition. UNEs are priced at TELRIC; therefore, in order for Qwest to be able to price these alternative services at something other than TELRIC, *as the TRRO permits*, it is necessary for Qwest to convert UNEs to private line services. What this means from an operational standpoint is that if a CLEC continues to remain on Qwest's facilities at the affected wire centers (instead of disconnecting the UNEs and availing itself

[2] *TRRO*, ¶ 143. [Emphasis added.]

[3] *Id*. at ¶ 142.

of alternative facilities), Qwest *must* convert those UNEs to private line services. If Qwest were not allowed to convert the UNE circuits to private line circuits, the FCC's non-impairment findings in the *TRRO* would essentially be rendered meaningless. In addition, if Qwest were to perform the activities associated with a conversion, but were not allowed to charge the CLEC for those activities, the cost burden would be unfairly shifted to Qwest and its end-user customers, thereby placing Qwest at a disadvantage in a marketplace which the FCC has determined to be competitive. Again, to the extent that Qwest incurs costs to facilitate the CLEC's conversion from a UNE to a private line service, Qwest should be entitled to assess an appropriate charge.

Q. IS THERE ANY MERIT TO ESCHELON'S SUGGESTION THAT LITTLE OR NO EFFORT IS NEEDED TO CONVERT A UNE CIRCUIT TO A SPECIAL ACCESS/PRIVATE LINE CIRCUIT?

A. No. The conversion of a UNE circuit to a special access/private line circuit involves three functional areas within Qwest's ordering and provisioning organizations. The personnel within these three functional areas involved with a conversion are: (1) the Service Delivery Coordinator ("SDC"), (2) the Designer and (3) the Service Delivery Implementor. Within each of these three job functions, there are a variety of steps that Qwest must undertake to assure itself that the data for the converted circuit is accurately recorded in the appropriate systems.

First, the SDC must review and confirm the data in the Access Service Request ("ASR") and assure that the data is accurately transferred into two service orders

required to change billing from the Customer Record and Information System ("CRIS") billing system to the Integrated Access Billing System ("IABS") billing system.[4] The SDC is the primary contact for the CLEC, and he/she provides the CLEC end-to-end order coordination from request to order completion. In addition, the SDC must change the circuit identifier ("circuit ID") to reflect the fact that the circuit will now be recognized as a private line rather than a UNE circuit once the order is complete.[5] Finally, the SDC must check the accuracy of Work Force Administration ("WFA") and Service Order Assignment Control ("SOAC") data.[6]

The Designer reviews and validates the circuit design and assures that the design records for the converted circuit match the current UNE circuit, as well as that no physical changes to the circuit are needed. The Designer also reviews the circuit inventory in the Trunk Integrated Record Keeping System ("TIRKS") database to ensure accuracy and database integrity.[7] This effort assists other Qwest

[4] An ASR is an industry-standard order form used by a carrier, such as a CLEC, for the ordering of a carrier-to-carrier service. The CRIS billing system is used for the majority of residential and business account bills for exchange services. It calculates, prints, and mails bills to individual retail end-user customers for retail products, and to CLECs for some interconnect (wholesale) products. The IABS billing system is focused on access or facility-driven billing, whose functionality includes switched and special service orders, meet-point billing, mechanized adjustments for interexchange carriers and other facilities-based CLEC accounts.

[5] The circuit ID is an alpha/numeric identifier whose sequence of letters and numbers define the characteristics of a particular circuit and which indicates attributes of the circuit, such as the LATA and jurisdiction, as well as the type of circuit, service code and service modifiers. In addition, the circuit ID contains a serial number for the circuit to ensure that no duplication occurs, and an identifier for the region in which the circuit is physically located. The circuit ID follows Telcordia standards and allows lower-level tracking for maintenance and reporting purposes.

[6] WFA is a mechanized system which supports and simplifies the coordination, tracking, pricing, and assigning of work requests, while SOAC is a Telcordia system that controls the flow of service order activity from Qwest service order processors ("SOPs") to other "downstream" systems. Based on the service order input, SOAC determines which operations systems need to be involved in activating service, and provides instructions and sequencing to those operations systems.

[7] The TIRKS database is a Telcordia application that tracks and inventories central office and outside plant facilities. TIRKS contains the inventory information to update equipment components, frame data, circuit assignments, and other data related to telephone equipment.

departments that are "downstream" from the Designer to ensure that there is no service interruption for the CLEC's end-user customer.

Finally, the Service Delivery Implementer has overall control for order provisioning. He/she verifies the Record-In and Record-out orders and completes the update of the circuit orders in the WFA system.[8]

Q. IS QWEST ENTITLED TO CHARGE CLECS FOR THE NONRECURRING COSTS OF CONVERTING CIRCUITS FROM UNES TO PRIVATE LINE SERVICES?

A. Yes. Qwest incurs costs in the process of converting UNE transport or high-capacity loops to alternative facilities and arrangements and therefore should be permitted to assess an appropriate tariffed charge. In the case of the conversions of UNEs to alternative facilities, *but for* the conversion, Qwest would not have to incur the costs of performing the associated tasks.

Q. WHY DOES QWEST BELIEVE THAT IT IS NECESSARY FOR THE CIRCUIT ID TO BE CHANGED WHEN CONVERTING A UNE TO A PRIVATE LINE CIRCUIT?

A. The whole point of the conversion is that the product is changing from that of a wholesale UNE purchased only by CLECs through Interconnection Agreements (ICAs) to a service purchased by CLECs, other interconnecting companies and

[8] Record-In and Record-out orders are the in- and out-service orders that establish the "new" private line service for the CLEC and that disconnect the existing UNE by moving the circuit data from one billing system to another. These in- and out-service orders also reflect the updated circuit data for all the various databases which track circuit status/activity.

Qwest's retail customers through tariffs or contracts. These two products are clearly distinguishable from each other, not only by price and classification, but also by the customers to whom they are available and by the different ordering, maintenance and repair processes used for them. Because of this change in the nature of these circuits from UNE products to private line services, and because these circuits are billed, inventoried and maintained differently in Qwest's systems, Qwest must process them as an "order-out" and an "order-in," and thus change the circuit identifiers to move them from one product category to the other. Circuit IDs identify in a number of Qwest's systems, including the TIRKS database and the WFA system, among other things, whether a circuit is a UNE or a private line, what type of testing parameters apply, and which maintenance and repair center is responsible for that circuit.

In order to ensure that the conversion process is transparent to the CLEC and its customers' services, Qwest interjects a number of manual activities into the process so that certain automated steps do not occur that could otherwise result in disruption of those services. The purpose of many of the tasks included in the conversion process is to avoid placing the CLECs' end-user customers at risk. To date, after more than 500 conversions involving this type of circuit ID change, Qwest is not aware of any complaints from CLECs about customers whose service has been disrupted by this conversion process. Therefore, Eschelon's emphasis of the risk of failure in Qwest's process to the CLECs' customers is merely a smokescreen and proves exactly why Qwest undertakes those steps, thereby making the conversion transparent.

Q. IS THE CHANGING OF THE CIRCUIT ID MERELY A CONVENIENCE FOR QWEST'S RECORD KEEPING?

A. No. The FCC rules require that telephone carriers accurately maintain records that track inventories of circuits. Specifically, 47 C.F.R. 32.12(b) and (c) provides as follows:

> (b) The company's financial records shall be kept with sufficient particularity to show ***fully*** the facts pertaining to all entries in these accounts. The detail records shall be filed in such manner as to be readily accessible for examination by representatives of this Commission.
>
> (c) The Commission shall require a company to maintain financial and other subsidiary records in such a manner that specific information, of a type not warranting disclosure as an account or subaccount, will be readily available. When this occurs, or where the full information is not otherwise recorded in the general books, the subsidiary records shall be maintained ***sufficient detail to facilitate the reporting of the required specific information***. The subsidiary records, in which the full details are shown, shall be sufficiently referenced to permit ready identification and examination by representatives of this Commission [FCC]. (Emphasis added.)

Thus, Qwest is required to maintain subsidiary records in sufficient detail to align specific circuits with the billing, accounting, and jurisdictional reporting requirements related to the services that these circuits support. In other words, Qwest must be able to distinguish for purposes of tracking and reporting its UNE products separately from its other products, such as its tariffed private line services. Qwest accomplishes this through the use of circuit IDs and other appropriate codes, depending on the systems affected by the requirement. However, not only does changing the circuit ID facilitate the proper reporting of these two products, as Qwest is required to do, but it also ensures that the CLEC will receive support for testing, maintenance and repair from the appropriate Qwest centers. As I explained above, UNEs and private line circuits are ordered,

maintained and repaired differently and out of different centers and systems because they are different products and, thus, carry different circuit IDs. Even Eschelon acknowledges in its "position" column in the Joint Issues Matrix that the circuit ID is used "to identify the service for billing and repair matters."

Because the *TRRO* entitles Qwest to charge CLECs something other than TELRIC rates for the DS1 and DS3 facilities provisioned out of non-impaired wire centers, Qwest must re-classify those facilities from UNEs to private line services. In order to sufficiently support its accounting, repair and maintenance for UNEs versus its private line services, Qwest must have accurate circuit identifiers that properly track circuits separately in systems such as TIRKS and WFA. In the long run, Qwest is able to maintain, track and service all of its customers, including CLECs and their end-user customers, better and more efficiently if it is able to identify accurately the types of services and facilities it is providing to these respective categories of customers. It would be grossly inefficient, expensive and wasteful for Qwest to make changes to its myriad of operation support systems, processes and tracking mechanisms, such as circuit IDs, in order to accommodate each new regulatory nuance regarding how it offers its services to its customers and its competitors. Qwest has already expended hundreds of millions of dollars to enhance and modify its ordering, provisioning and inventory systems to be able to appropriately track facilities it has been required to provide as UNEs. It should not now have to spend millions more to modify its systems one more time in order to track these same facilities yet another way. The costs associated with this type of system/process rework simply do not make sense in a competitive environment, and such costs would

place an unfair burden on Qwest, especially when Qwest already has systems and identifiers in place to track existing private line services.

Q. IS IT TRUE THAT WHEN QWEST ORIGINALLY CONVERTED CLECS' PRIVATE LINE CIRCUITS TO UNES, THEY WERE ALLOWED TO KEEP THEIR PRIVATE LINE CIRCUIT IDS?

A. Yes. However, this was so only because those CLECs objected to Qwest's efforts to convert those private line circuit IDs to circuit IDs representing UNE products. Qwest only offered that option on a very limited basis for embedded circuits ordered before April 2005. The reason for discontinuing that practice in 2005 was that Qwest discovered that, after allowing the circuit IDs to remain unchanged initially, it was experiencing difficulty in managing the large number of circuits. Further, Qwest was incurring a substantial amount of expense on the resources necessary to manually track those circuits individually outside of Qwest's systems. This tracking is necessary in order for Qwest to maintain its subsidiary records accurately so that maintenance and repairs on those circuits could be handled out of the appropriate service centers. Therefore, as of April 2005, that option is no longer available, and thus, any circuit additions or changes made to circuits after that date are required to change circuit IDs as well. Currently, there are fewer than 7% of all DS1 and DS3 UNEs that still have private line circuit IDs. Qwest has accounted for those circuits in its conversion cost study, and thus does not include activities, or the associated costs, triggered by a change of circuit ID for those "grandfathered" circuits in its conversion costs.

Q. WHAT IS QWEST PROPOSING TO USE FOR CONVERSION RATES IN ESCHELON'S ICA?

A. Qwest proposes to charge Eschelon $36.86 for converting UNE loops to private line circuits and $126.01 for converting unbundled dedicated interoffice transport (UDIT) to private line circuits based on the rates contained in other CLECs' ICAs.

Q. ISN'T THE CONVERSION OF DS1 AND DS3 UNES TO PRIVATE LINE SERVICES JUST LIKE THE CONVERSION OF UNE-P TO QPP?

A. No. First, it is important to note that the circumstances associated with the change of DS1 and DS3 products from UNEs to private lines are very different from those associated with the change from UNE-P to Qwest Platform Plus™ ("QPP"). In the case of DS1s and DS3s, the circuits are only changing from UNEs to Qwest's existing private line services in the wire centers that have been determined to be non-impaired; in all other wire centers, DS1s and DS3s will continue to be classified as UNEs. In the case of UNE-P, the loop portion of the product remains a UNE in all wire centers, while the switching and shared transport components of UNE-P are no longer classified as UNEs at all. Clearly, Qwest did not have an existing product that combined both UNE and non-UNE components available to CLECs. Therefore, when it was no longer required to provide UNE-P, Qwest voluntarily created a new product (i.e., QPP) in order to replace UNE-P.

Second, because of the nature of Qwest's QPP product, the *loop portion* of the product is identified by the telephone number for purposes of billing, maintenance

and repair, not by a circuit ID. Therefore, because the telephone number does not change, and nothing about the character, form or function of the loop changes whether it is part of UNE-P or QPP, no conversion of the UNE loop occurs. In addition, QPP can be billed differently through the assignment of new universal service order codes ("USOCs") without consideration for other systems or centers. Eschelon points out that Qwest has accomplished the transition from UNE-P to QPP not by changing circuit IDs, but by merely re-pricing the service. However, unlike DS1s and DS3s, *there is no circuit ID* associated with the loop in the case of a finished service such as UNE-P or QPP. Furthermore, as part of UNE-P, the QPP elements were already being billed out of the Customer Record Information System ("CRIS") billing system, and thus a change in USOCs was all that was necessary to effectuate new rates. Clearly, the way in which Qwest tracks the loop for purposes of repair and maintenance does not change as a result of the conversion from UNE-P to QPP. Thus, Eschelon's comparison is not meaningful.

In the case of DS1 and DS3 UNEs, however, the character of the product offering is changing, and both products (UNE and private line) are identified by circuit IDs. As I discussed above, DS1s and DS3s are available as UNEs at TELRIC rates only to CLECs. Thus, in wire centers that continue to be identified as "impaired" going forward, Qwest must still offer those products as UNEs. In order to charge a rate for the DS1 and DS3 services in the non-impaired wire centers at something other than TELRIC, as Qwest is entitled to do under the FCC's *TRRO* decision, Qwest must re-classify them as something other than UNEs. In the case of UNE-P, Qwest was not converting a UNE product to an

existing tariffed offering because, as explained above, QPP did not previously exist. In the case of DS1s and DS3s, however, Qwest has a product offering that is a tariffed equivalent to its UNE offering. Thus, in converting the UNE product to a tariffed private line product, Qwest must change the circuit ID in order to properly track these differently-classified products in the appropriate systems.

Q. PLEASE SUMMARIZE ISSUES 9-43 AND 9-44.

A. Qwest is required to perform the work activities identified above and included in its conversion cost study in order to transition circuits that CLECs purchase when a UNE is converted to a private line circuit, including the changing of the circuit ID. Qwest's process is transparent to CLECs and is designed to ensure that there is no disruption to CLEC end-user customers.

It makes sense in a competitive environment for Qwest to use its existing systems, processes and identifiers (and thus not develop and establish new, costly ones) to be able to distinguish between UNEs and private line services for purposes of provisioning, maintenance and repair. In the long run, Qwest will be able to serve all of its customers, including CLECs and their end-user customers, better and more efficiently if it is able to accurately identify the types of services and facilities that it is providing to these respective categories of customers. Therefore, if a CLEC does not choose to use alternative facilities to replace the Qwest UNE circuits that the CLEC is no longer entitled to purchase at TELRIC rates, Qwest should be allowed to charge that CLEC for the activities that Qwest undertakes to convert those circuits from UNEs to private line services.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.