Exhibit No. _____ (LC-1T)
Docket No. UT-003013

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

DIRECT TESTIMONY OF

LINDA CASEY

ON BEHALF OF

GTE NORTHWEST, INC.

SUBJECT: OSS COSTS AND NON-RECURRING COSTS FOR LINE SHARING AND LOOP CONDITIONING

MAY 19, 2000

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Linda Casey. My business address is 600 Hidden Ridge, Irving, Texas.

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

A. I am employed by GTE Service Corporation as Manager – Costing, appearing on behalf of GTE Northwest Incorporated (hereafter referred to as "GTE" or the "Company").

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND.

A. I received a Bachelor of Arts in English from California State University in Fullerton, California, in 1975.

Q. PLEASE BRIEFLY STATE YOUR WORK EXPERIENCE IN THE TELECOMMUNICATIONS INDUSTRY.

A. I have been employed with GTE for 28 years. I began my career with GTE when I joined General Telephone Company of California. Since then, I have held positions of increasing responsibility in the areas of Operator Services, Ordering and Billing, Customer Operations Planning and Administration, and Access Services. In November 1997, I was promoted to my current position.

Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGER – COSTING?

A. I am responsible for the format, content and methodology of conducting GTE's non-recurring cost studies for Retail, Wholesale and Access services. This includes cost studies submitted for the recovery of GTE Operations Support Systems ("OSS") expense for all states in which GTE operates.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE REGULATORY COMMISSIONS?

A. Yes. I have testified before the Texas Commission and the Washington Utilities and Transportation Commission ("WUTC").

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I will be addressing two areas of costs. The first area deals with the OSS costs that GTE has incurred as a result of the Telecommunications Act of 1996 (the Act). The second area deals with the Non-recurring costs associated with the ordering, provisioning and installation activities for Line Sharing and any Loop Conditioning that is required for Line Sharing.

Q. HOW IS YOUR TESTIMONY FOR OSS COSTS ORGANIZED?

A. First, I will present and explain the documentation GTE submitted associated with the costs for development and use of GTE's OSS.

Second, I will describe the reconciliation process GTE employed to ensure that none of the expense factors for OSS submitted in this cost study are included in GTE's Wholesale Services Recurring and Non-recurring cost studies. This reconciliation process is in compliance with the Seventeenth Supplemental Order.[1]

Third, I will discuss the level of OSS Development and Enhancement (D&E) expenses for the period 1994 - 1999, reflecting the changes and business focus brought about by the Act. As requested by this Commission, GTE has provided a trend analysis of the relationship between Local Wholesale OSS costs and other market segments' OSS costs.[2]

Finally, I will present and explain GTE's cost support for its Non-recurring Charges (NRCs) for Line Sharing and Loop Conditioning.

II. OSS COST STUDY

Q. PLEASE IDENTIFY GTE'S COST SUPPORT FOR ITS PROPOSED OSS PRICES.

A. The OSS cost support is provided in Exhibit LC-2C of my testimony.

[1] Docket No. UT-960369, UT960370 and UT-960371, Seventeenth Supplemental Order, page 30, paragraph 110.
[2] Seventeenth Supplemental Order, page 30, paragraph 109.

Q. IS THE OSS COST STUDY SUBMITTED IN YOUR EXHIBIT THE SAME AS THE OSS COST STUDY SUBMITTED IN DOCKET NOS. UT-960369, UT-960370 AND UT-960371 ON JANUARY 31, 2000?

A. No. GTE's modified study, noted in Exhibit LC-2C of my testimony, more accurately accounts for the costs incurred for OSS transition and transaction costs. The modified study changes the national GTE D&E costs from $58,687,418 for the period of 1996 – 1999 to $43,852,852 for the period of 1996 – 1998. As explained in GTE witness Terri Maria's testimony, an accounting change occurred in 1999 that resulted in software development costs for 1999 being capitalized and amortized by GTE Data Services (GTEDS). GTEDS began billing back the amortized amount for 1999 to GTE affiliates, including GTE Network Services (GTENS), in 2000. The recovery schedules for 1999 costs are shown separately in my Exhibit LC-2C on page 5 – WA 3.

GTE also modified the study to remove forecasted D&E costs for the year 2000 (budgeted cost) so that the modified study now represents only incurred costs. Correspondingly, GTE has included actual transaction-specific costs for 1999, since these costs were not available at the time the previous study was submitted.

Q. PLEASE DESCRIBE THE MAJOR COMPONENTS OF THE OSS COST STUDY.

A. As described in the Commission's Seventeenth Supplemental Order, "there are two types of costs associated with OSS. First, the cost of converting the

operational support systems so that the ILEC's back-office operations are accessible to the CLECs. Second, an ILEC incurs transaction-specific costs each time a CLEC places an order. There is little dispute that this second type of cost should be recovered from the CLEC."[3]

Q. PLEASE DESCRIBE THE COSTING METHODOLOGY GTE EMPLOYED TO DOCUMENT ITS OSS COSTS.

A. GTE's OSS cost study presents actual incremental costs incurred for each of the projects completed between 1996 and 1998 to provide Competitive Local Exchange Carriers (CLECs) access to GTE's OSS, as explained in GTE witness Jerome Holland's testimony. 1999 costs will be incurred based on the accounting change referenced above.

III. OSS TRANSITION COSTS

Q. PLEASE DESCRIBE OSS TRANSITION COSTS.

A. Transition costs include the costs to upgrade GTE's existing OSS and the start-up costs to establish new mechanized systems supporting CLEC functionalities. These infrastructure changes were required to make GTE's OSS functionalities accessible to the CLECs. The transition costs include expenses for modifying or developing systems for pre-ordering, ordering, provisioning, repair/maintenance, and billing. These costs also include the systems D&E for Performance

[3] Seventeenth Supplemental Order, page 25, paragraph 89.

Measurement Reports required to provide CLECs information regarding the level of service that GTE provides for these functionalities.

These transition costs are the result of complying with 1) national standards determined by the industry through the Ordering and Billing Forum ("OBF"), 2) FCC orders requiring Incumbent Local Exchange Carriers (ILECs) to provide access to their OSS functionalities, and 3) state commission mandates.

Q. PLEASE DESCRIBE HOW THE OSS TRANSITION COSTS WERE IDENTIFIED AND TRACKED.

A. Ms. Maria describes the process used to capture all D&E costs for the OSS enhancements completed between 1996 and 1998, and the Data Processing Service Requests (DPSRs) assigned to each OSS Project category. The GTE cost study used the actual incurred expenses for each project through the DPSR tracking system for 1996 through 1998.[4] For the OSS enhancements initiated or completed in 1999, the transition costs are projected differently due to an accounting change by GTEDS for capitalization of software, and GTE's decision to standardize all D&E activity across all GTE Business Units. Ms. Maria offers more information in her testimony regarding this accounting change. GTENS will incur one-fifth of the amortized costs for 1999 projects each year over a five-year period, beginning in the year 2000 through 2004.

[4]Exhibit LC-2C, page 5 – WA 14.

Mr. Holland describes in his testimony each of the OSS projects in detail, and explains how the determination was made to include each project for OSS cost recovery.

Since OSS supports all of GTENS's franchise areas, the transition costs are reported at a total national GTENS level. GTE's pricing witness Robert Tanimura will address the mechanisms for the recovery of OSS transition costs in his testimony.

Q. WHAT ASSUMPTIONS DID GTE MAKE TO PROJECT ESTIMATED OSS TRANSITION COSTS FOR 2000 AND BEYOND?

A. GTE cannot predict the level of future OSS requirements. Therefore, GTE has not included any forecasts of costs for 2000 and beyond. However, GTE will continue to incur additional transition costs to comply with the requirements of the Act. For example, with its *Third Report and Order* and *Advanced Services Order*, the FCC has detailed additional OSS requirements (e.g. pre-qualification of the loop) that incumbent LECs are required to implement. In addition, GTE may incur OSS costs to modify systems if this Commission decides to implement distance-sensitive Unbundled Network Element (UNE) loop rates. Similarly, GTE could incur additional costs if the Commission adopts different OSS Performance Measurements in its current Rulemaking proceeding (Docket No. UT-990261) than those being implemented by GTE in Project 22. GTE will incur one-time D&E costs for any changes to its systems necessary to comply with

these FCC and State Commission mandates. Therefore, GTE reserves the right to seek future recovery as these costs are known.

IV. OSS TRANSACTION COSTS

Q. PLEASE DESCRIBE OSS TRANSACTION COSTS.

A. Transaction costs are ongoing data processing and system maintenance costs that are incurred each time a CLEC places an order through a Local Service Request (LSR) These costs are attributable solely to the provisioning of CLEC requests, and pertain to the OSS systems used for pre-ordering, ordering, and provisioning. These costs are not currently recovered through GTE's Monthly Recurring cost study or GTE's revised Non-recurring cost study, which will be filed in Phase B of this proceeding.

Q. WHAT IS THE FIRST STEP IN DETERMINING WHOLESALE OSS TRANSACTION SPECIFIC COSTS?

A. GTE first categorized systems based on whether the functionality of the systems are recurring or non-recurring or both (shared) activities. For example, billing and repair functions are considered recurring services, since the customer, or end-user, does not pay a NRC each time they contact GTE for a billing or repair activity (i.e., to question a charge on their bill, make payment arrangements or report trouble on their telephone line). Some systems, such as GTE's Automated Work Assignment System (AWAS) are "shared" between Recurring and Non-

recurring activities. AWAS is utilized to assign repair activities (Recurring work) to technicians, and is also utilized to assign service order activities (Non-recurring work) to technicians.

The Recurring systems costs are **not included** in the OSS transaction-specific costs. Recurring systems costs are included in GTE's MRCs produced by GTE's Integrated Cost Model (ICM), which will be filed in Phase B of this proceeding. GTE proposes to recover these costs through Recurring rates.

Q. ARE THE NON-RECURRING SYSTEMS COSTS INCLUDED IN THE OSS TRANSACTION-SPECIFIC COSTS?

A. Yes. OSS Transaction-specific Costs are the OSS costs for the on-going maintenance and data processing for GTE's systems that support pre-ordering, ordering, and provisioning. GTE has classified these systems as non-recurring systems. (GTE also has recurring systems that support repair/maintenance and billing. As stated above, the recurring systems are not included in the OSS transaction-specific costs.)

Q. WHAT ARE THE REMAINING STEPS TAKEN TO DETERMINE OSS TRANSACTION-SPECIFIC COSTS?

A. GTE took the following additional steps to determine the transaction-specific costs associated with the Local Wholesale market segment.

(1) Just as a system may be shared between Recurring and Non-recurring activities systems may also be shared between Retail, Local Wholesale, and Access market segments. For example, GTE's National Order Collection Vehicle (NOCV) system supports all three of these market segments for order processing. Therefore, GTE further identified the Non-recurring systems into the following categories:

(a) Retail only,

(b) Local Wholesale only,

(c) Access only, and

(d) Shared systems;

(2) GTE then pulled the 1999 incurred Information Technology and Data Processing (IT/DP) expense data from the Systems Information Repository (SIR) database; and

(3) Using the 1999 actual Retail, Access and Wholesale order volumes data, GTE allocated the shared systems on-going data processing and maintenance costs to the market segments noted above. The Local Wholesale market segment on-going system expenses are the sum of the Local Wholesale shared systems expense and the Local Wholesale only systems expense.[5] The Total Local Wholesale costs GTE seeks to recover are found on page 5 - WA 3 of my Exhibit LC-2C.

[5]Exhibit LC-2C, pages 5 – WA 25 - 26.

V. OSS COST RECONCILIATION FOR RECURRING AND NON-RECURRING COSTS

Q. DO GTE'S NON-RECURRING COST STUDIES INCLUDE OSS COSTS?

No. GTE filed its Total Element Long Run Incremental Cost (TELRIC) Recurring Study for UNEs in June 1997 (Docket No. UT-960369, UT960370 and UT-960371). GTE subsequently filed a modified Recurring cost study in compliance with the Seventeenth Supplemental Order in that docket. These studies used expense factors developed from 1995 year-end data. Since the base year was 1995, the modified Recurring cost study included no Post-Act OSS costs.

Q. DO GTE'S NON-RECURRING COST STUDIES INCLUDE OSS COSTS?

A. The Non-recurring cost study submitted in August 1998 in Phase II of UT-960369, et al, included OSS transition costs as shared/fixed costs. The Commission adopted GTE's cost study with certain modifications, but did not order GTE to remove these OSS costs. Therefore, consistent with the Commission's finding that ILECs were entitled to recover interim OSS costs,[6] GTE did not remove these costs from its compliance study filed in November 1999.

[6] Seventeenth Supplemental Order, page 29, paragraph 107.

Since that time, GTE has separated its OSS costs and filed a stand-alone OSS study on January 31, 2000 for consideration in setting permanent OSS rates as required by the Seventeenth Supplemental Order.

GTE will file a new Non-recurring cost study in Phase B of this proceeding using updated cost information to replace the Non-recurring costs approved in UT-960369. This new study will not include any OSS costs identified in its OSS Cost study.

Q. WHY DOES GTE PLAN TO UPDATE ITS NON-RECURRING COST STUDY?

A. It is prudent to update cost studies whenever processes and systems change, because those changes impact the costs GTE incurs to process CLEC requests. Additionally, since the Non-recurring cost study was filed, there has been new FCC and Commission direction to address the UNE-Platform and Remand Order requirements.

GTE's updated Non-recurring cost study reflects a new study design that incorporates costs for all of the new UNE requirements. As discussed later in my testimony, the study supports the Line Sharing and Loop Conditioning costs filed in Phase A of this proceeding. In addition, it supports the remaining UNEs to be filed in Phase B of this proceeding. The new study also incorporates the results of recent work time studies. For example, in August of 1999, GTE performed work

time studies in the National Open Market Center (NOMC) which processes CLEC Local Service Requests (LSRs). These new work times reflect the productivity impact of several years of OSS implementation. As new OSS solutions are planned, GTE's costing group prepares forecasts of the impacts they will have on costs. These "forward-looking" costs will be reflected in GTE's updated Non-recurring cost study.

VI. OSS TREND ANALYSIS

Q. PLEASE DISCUSS THE RESULTS OF GTE TRENDED EXPENDITURES FOR OSS D&E FOR THE PERIODS PRIOR TO AND AFTER THE IMPLEMENTATION OF THE ACT.

A. As required by the Commission, GTE submitted costs that trended OSS costs from 1994 through 1999.[7] Specifically, GTE was required to provide data on the trend in OSS computer hardware and software databases prior to the passage of the Act and demonstrate whether Post-Act expenditures differ significantly from Pre-Act expenditures. It is clear that GTE first experienced a small portion of its OSS costs for implementation of the Act in 1996 and ramped up its OSS expenditures for meeting the requirements of the Act during 1997, 1998, and 1999.[8] Simultaneous development of GTE's Retail and Access OSS occurred in order to keep pace with technological advancements in those markets. As

[7] Seventeenth Supplemental Order, page 30, paragraph 109.
[8] Exhibit LC-2C, pages 5 – WA 31-36.

explained by Ms. Maria, the OSS transition costs for implementing the Act were tracked separately for regulatory reporting requirements.

Q. DID GTE MAKE ANY ADJUSTMENT TO EXPENDITURES IN ORDER TO TAKE ANNUAL RELEVANT VARIABLES INTO ACCOUNT?

A. No. GTE's trending comparison was based on total GTE expenditures, further separated between the Local Wholesale expenditures, and expenditures for other GTE market segments. Any annual variables, such as labor rates or costs for hardware and software would not vary appreciably between market segments in any given year. Therefore, GTE did not present an adjusted trend analysis.

VII. LINE SHARING NON-RECURRING COSTS

Q. PLEASE IDENTIFY GTE'S NON-RECURRING COSTS FOR LINE SHARING.

A. The summary of Non-recurring costs for Line Sharing can be found on pages 1-WA 10-11 of my Exhibit LC-2C.

Q. WHAT ARE NON-RECURRING COSTS?

A. Non-recurring costs are the costs incurred for receiving, provisioning and service activating activities associated with CLEC requests. For example, when a CLEC orders a two-wire loop, it pays for the cost of the loop through a MRC. This MRC, however, does not reflect the costs an ILEC incurs for:

(1) Service ordering activities (processing the order);

(2) Provisioning the order; and

(3) Completing central office cross-connect activity.

These Non-recurring costs are captured through Non-recurring charges (NRCs). I have included these costs on pages 1-WA 10-11 of my Exhibit LC-2C.

Q. SHOULD THE COMMISSION APPLY THE NON-RECURRING COSTS RESULTING FROM GTE'S NOVEMBER 15, 1999 COMPLIANCE FILING FOR LINE SHARING?

A. No. As I discussed earlier in my testimony, GTE's November 15, 1999 compliance non-recurring cost study does not reflect the most current data.

Q. PLEASE DESCRIBE THE ORDERING PROCESSES FOR CLEC LINE SHARING REQUESTS.

A. The CLEC may submit a LSR to establish a Line Sharing service electronically or manually, via facsimile. Electronically submitted LSRs are received by one of GTE's NOMCs. GTE has three NOMCs, located in Durham, North Carolina; Ft. Wayne, Indiana; and Coeur d'Alene, Idaho. If the CLEC submits the LSR manually, GTE's off-line work group in San Angelo, Texas enters the LSR into GTE's Secure Integrated Gateway System (SIGS). Once entered into SIGS, the order flows into the NOMC for processing.

Q. HOW WERE COSTS DEVELOPED FOR ORDERING?

A. GTE's Costing group conducted work time studies in the Durham NOMC during August 1999 to capture the time per order spent by the service representatives and in the off-line center in San Angelo (during December, 1999) to capture the time to enter a manual order into SIGS.

The costs were developed by multiplying the work times by the Loaded Labor Rate (LLR) for NOMC representatives and San Angelo representatives.

These costs were then adjusted, where applicable, to reflect forward-looking costs for order processing. While the manual costs for entering orders into SIGS is not expected to change in the foreseeable future, costs for processing orders once they are in SIGS will be reduced as a result of the OSS D&E projects planned during 2000 and beyond.

Q. PLEASE DESCRIBE THE IMPACT THESE IMPROVEMENTS WILL HAVE ON COSTS FOR ORDERING.

A. Based on work time studies in the NOMC during August 1999, the order processing time for the Line Sharing connection (new) order was approximately 53 minutes. These work times reflect the impacts on processes and procedures from the OSS projects on pages 5- WA 8 through 5 – WA 11 that show a completion date prior to August 1999. The forward-looking costs are based on projected productivity improvements that will occur between September 1999 and

the end of the year 2000. These planned investments in OSS reduce that time to approximately 33 minutes. This is a productivity improvement of approximately 38%.[9]

Q. PLEASE DESCRIBE THE PROVISIONING PROCESSES FOR CLEC LINE SHARING REQUESTS.

A. To provision the LSR, GTE's Facility Assignment Center (FAC) must assign the GTE Splitter (the hardware that allows the end-user's copper loop to be partitioned between voice and data frequencies) from facility inventory systems and update facility databases to recognize the data portion of the loop. The FAC also prepares a jumper list, which designates the wire (s) used to connect equipment and cable on a central office distribution frame and the CLEC termination point.

Q. HOW WERE COSTS DEVELOPED FOR PROVISIONING?

A. GTE's management methods and reports define individual activities as "touches" in the FAC. This activity measure was collected by the cost managers from NOCV based on the number of "touches" for various order types. The total productive minutes of the FAC for "Service Order Touches" is divided by the total number of "touches" to create the "Minutes per Touch" calculation. The "Cost per Touch" is calculated by multiplying the "Minutes per Touch" by the LLR for the FAC.

[9] Exhibit LC-2C, pages 5-WA 10-11.

Q. WHAT ARE THE SPECIFIC PROVISIONING ACTIVITIES THAT RESULT IN THE "COST PER TOUCH" CALCULATION?

A. There are two scenarios that drive the number of activities required to provision Line Sharing orders. These are (1) installation or removal of the GTE-owned central office splitter and (2) installation or removal of the CLEC-provided central office splitter.

For installation of the GTE-owned splitter, the FAC performs the following activities:

- Obtains vacant GTE splitter assignment from the Mechanized Assignment Records Keeping / Automatic Assignment Information System (MARK/AAIS) system and updates the inventory records / status accordingly.
- Performs Kill/Build of existing service to initialize the service in MARK/AAIS as a Line Sharing line and indicates the GTE central office splitter being utilized, as well as the CLEC Digital Subscriber Line Access Multiplexer (DSLAM) terminal block assignment of the main distribution frame (MDF).
- Prepares the "Jumper List Comment" in MARK/AAIS to send MARK/AAIS Jumper List to frame personnel.

For removal of the GTE-owned splitter, the FAC performs the following activities:

- Performs Kill/Build of existing service to remove the Line Sharing service in MARK/AAIS.
- Prepares "Jumper List Comment" in MARK/AAIS to send MARK/AAIS Jumper List to frame personnel.

The FAC performs the same activities for the CLEC-owned splitter, except that there is no requirement to obtain the vacant GTE splitter assignment.

Q. PLEASE DESCRIBE THE CENTRAL OFFICE PROCESSES FOR CLEC LINE SHARING REQUESTS.

A. As previously described, a jumper list is prepared for the central office technician. A jumper list contains specifications for the due date of the work to be done, indicates work that should be completed at the same time to minimize disruption in service, and indicates the office equipment and the cable pair information.

The technician installs or removes the jumper(s) based on the requirements set out in the jumper list.

Q. HOW WERE COSTS DEVELOPED FOR THE CENTRAL OFFICE ACTIVITIES?

A. Special "jumper-running" studies were completed to develop the time to run one jumper. The time per jumper was multiplied by the central office technician LLR to develop the cost per jumper.

The central office costs for Line Sharing are based on the number of jumpers run for installation and removal of Line Sharing service. The costs are separated for GTE-owned splitter and CLEC-provided splitter configurations. The CLEC-

provided splitter configuration includes the cost of jumper wire needed to connect the CLEC splitter to the GTE frame.

VIII. LOOP CONDITIONING NON-RECURRING COSTS

Q. WHAT IS LOOP CONDITIONING?

A. Loop Conditioning is the removal of load coils and/or bridged taps from the local cable pairs. While load coils and bridged taps are an intregal part of the copper, voice grade communications network, they impede the transmission of digital signals. If the CLEC requires copper pairs without load coil(s) or bridged tap(s) for the digital service it offers its customers, then the CLEC has the option of ordering Loop Conditioning from GTE.

Q. WHAT ARE THE ACTIVITIES REQUIRED FOR LOAD COIL AND / OR BRIDGED TAP REMOVAL?

A. When the CLEC requests a conditioned loop for a customer and the cable pair is loaded or has bridged taps, a request is sent to the local engineering department to analyze the network and draft a work order for the pair(s) to be deloaded or for the bridged tap(s) to be removed. The Engineering group will create a work order that will be sent to the Outside Plant Construction forces outlining the work necessary to deload the cable pair or remove bridged tap(s). The Outside Plant Construction splicing group will complete the work order and advise the engineering group upon the completion of the activity. The Engineering group

will then advise the GTE service center the order can be worked. All records are updated showing the change in the conditioning of the pair.

Q. HOW DID GTE DEVELOP THE NON-RECURRING COSTS ASSOCIATED WITH LOOP CONDITIONING ACTIVITIES?

A. Noted below are the steps used for calculating costs for (1) Load Coil removal and (2) Bridged Tap removal. The summary of these costs can be found on pages 1-WA 10-11 of my Exhibit LC-2C.

(1) Load Coil Removal – The first criteria used in determining the cost of removal are the footages of aerial/buried and underground cable. This is because the amount of time for load coil removal differs based upon the type of cable. Washington-specific data was used to develop these costs.

The second criteria used are the number of load coils to be removed. Load coils are placed on copper voice grade loops based on their distance from the central office using engineering distances for maximum transmission results. Washington-specific inventory of cable length was used to calculate the average number of load coils to be removed.

Based on these two cost criteria, GTE developed the average time per work order to remove load coils. This time was multiplied by the LLR for a Construction Cable Splicer. These costs are weighted by the ratio of aerial/buried to underground cable, and based upon 21 kilofeet or 27 kilofeet of cable.

(2) Bridged Tap Removal – The engineering activities for bridged tap removal are the same to determine the number and location of load coils on a cable pair. The Construction Cable Splicer time was developed by subject matter experts (SMEs) in conjunction with field forces involved in bridged tap removal. Costs for removal are based on single and multiple occurrences of bridged taps per cable pair.

IX. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. GTE has developed a comprehensive OSS cost study that accurately captures the costs that GTE has incurred for 1996 through 1998 as a result of the requirement to provide CLECs access to GTE's OSS functionalities. Costs for 1999 have been identified and will be recovered over a 5-year amortization schedule that GTE has included in its study. GTE has performed careful reconciliations between its Recurring and Non-recurring reporting and tracking systems to ensure that costs are not duplicated and are properly included in the appropriate market segments.

GTE anticipates that it will continue to incur OSS costs and reserves the right to address these costs in future proceedings as they become known. GTE is entitled to recover the costs it must necessarily expend to satisfy the requirements of the regulatory mandates.

GTE has also captured the Non-recurring costs associated with Line Sharing and Loop Conditioning. GTE incurs these costs to provision services to CLECs and is entitled to recover such costs.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.