

1 relative to Zone 5. If the Zone 5 price were five times the Zone 1 price, the AT&T
2 method would consider a 50-cent error in the price for a Zone 1 loop to be more
3 significant than a \$2.49-cent error in the price for a Zone 5 loop.

4
5 **Q. What is the practical effect of this bias in the AT&T method?**

6 A. The practical effect is that more wire centers end up being assigned to the high-
7 cost zones and fewer wire centers are assigned to the low-cost zones. This skews
8 prices downward across all zones without affecting the weighted average loop
9 price. Prices in the low-cost zones are more accurate, but overall accuracy is
10 lower.

11
12 **Q. Have you prepared exhibits with the specific zone groupings and zone rates
13 that Staff recommends?**

14 A. Yes. Exhibit ____ (GB-2) presents Staff's recommended zones for Qwest using
15 ~~the core and fringe approach.~~ Exhibit ____ (GB-3) provides our recommendation
16 ~~for Qwest if the Commission decides not to use the core and fringe approach.~~
17 Exhibit ____ (G-4) provides our recommended zones for Verizon. ~~In each~~
18 ~~exhibit, I have provided the results optimized using the sum of squared errors~~
19 ~~method and the results using AT&T's method.~~