

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Pricing Proceeding)	
for Interconnection, Unbundled Elements,)	DOCKET NO. UT-960369
Transport and Termination, and Resale)	
)	
In the Matter of the Pricing Proceeding)	
for Interconnection, Unbundled Elements,)	DOCKET NO. UT-960370
Transport and Termination, and Resale for)	
U S WEST COMMUNICATIONS, INC.)	
)	
In the Matter of the Pricing Proceeding)	
for Interconnection, Unbundled Elements,)	DOCKET NO. UT-960371
Transport and Termination, and Resale for)	
GTE NORTHWEST INCORPORATED)	
_____)	

REBUTTAL TESTIMONY OF

RODNEY LANGLEY

ON BEHALF OF

GTE NORTHWEST INCORPORATED

SUBJECT: CLECs' DEEVERAGING PROPOSAL

FEBRUARY 7, 2000

1 **I. IDENTIFICATION OF WITNESS AND BACKGROUND**

2

3 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TITLE.**

4

5 A. My name is Rodney Langley and my business address is 600 Hidden Ridge,
6 Irving, TX 75038. I am employed by GTE Service Corporation as Manager-
7 Costing. I am appearing on behalf of GTE Northwest Incorporated (GTE) in
8 this case.

9

10 **Q. ARE YOU THE SAME RODNEY LANGLEY WHO FILED DIRECT**
11 **RESPONSIVE TESTIMONY IN THIS PROCEEDING?**

12 A. Yes, I am.

13

14 **II. PURPOSE AND SUMMARY OF TESTIMONY**

15

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

17 A. The purpose of my testimony is to respond to the reply testimony of William
18 Page Montgomery representing Advanced TelCom Group, Inc., Electric
19 Lightwave, Inc., GST Telecom Washington, Inc., NewEdge Networks, Inc.,
20 and Nextlink Washington, Inc.

21

22 I will address several areas of Mr. Montgomery's proposal for operational and
23 administrative guidelines and describe its shortcomings and gaps.

1 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

2 A. Montgomery's proposal to administer the pre-ordering, ordering, provisioning
3 and billing of deaveraged unbundled loop rates based on loop lengths should
4 be rejected, because it, like Staff's proposal, is impractical and would, in any
5 event, impose substantial costs on GTE that would have to be passed to the
6 CLECs and would also cause the CLECs to directly incur additional costs for
7 these type activities.

8
9 As I discussed in my responsive direct testimony, loop rate deaveraging has
10 associated administrative impacts and costs that must be addressed and
11 incorporated into the final cost and rate determination by this and other
12 commissions. Mr. Montgomery offers a new but, nevertheless, ineffectual
13 proposal for addressing the administrative costs and processes.

14

15 **III. GTE's CONCERNS WITH CLECs' PROPOSED ADMINISTRATIVE**
16 **AND OPERATIONAL GUIDELINES**

17

18

19 **Q. PLEASE EXPLAIN YOUR CONCERNS.**

20 A. Mr. Montgomery proposes a dual-rate structure solution for deaveraging
21 UNE loop rates which includes allowing each CLEC the option to chose their
22 pricing and billing arrangement and billing units. He further suggests that
23 each CLEC would validate and adjust their bill based upon their own
24 determination of individual loop length.

25

1 While optional billing arrangements are not new to the telecommunications
2 industry, this proposal with its multiple iterations is ill founded, as it does not
3 reflect either the real world operations of a telecommunications company or
4 any semblance of practicality.

5

6 **Q. WHAT ARE THE PROBLEMS WITH CLECs' PROPOSAL?**

7 A. Under Mr. Montgomery's proposal, GTE would allow the CLECs to order
8 either at his two-zone billing arrangement or transition into a distance-based
9 billing arrangement with a three-step process.

10

11 The first option of applying "Zone Average Rate" charges from either "Zone
12 A" or "Zone B" does not pose any significant system or procedural problems,
13 because he proposes two flat-rate charges based on each central
14 office/exchange being uniquely assigned to one zone or the other. While Mr.
15 Montgomery states that "some or many" CLECs would choose the "Zone
16 Average Rate", he fails to recognize that based on the CLECs' previous
17 strategies and the mathematics of the rate scheme, most would not choose
18 this option.

19

20 However, the other component of his proposal is significantly different. This
21 proposal claims to have a solution that avoids extensive and "...possibly
22 quite expensive systems modifications..." (Montgomery at 10) by allowing
23 the CLEC to "...claim an offset against the average amount billed..."

1 (Montgomery at 11) in a three step process that is neither realistic nor
2 “simple” as stated by Mr. Montgomery.

3
4 The three-step process requires 1) the ILEC to bill at an average rate for the
5 first month’s bill, 2) the CLEC to determine the “actual” loop length, and 3)
6 the CLEC to “claim” an offset to its bill at an end user and loop level. There
7 are several fallacies to this proposal.

8
9 **Q. WHAT ARE THE FALLACIES OF THIS PROPOSAL?**

10 A. First, there would be substantial costs to this approach in the billing
11 adjustment requirements to migrate from the “first monthly bill” to the
12 distance-sensitive billing scheme.

13
14 Second, there would be additional costs to adjust the individual CLEC
15 account record to reflect the distance-sensitive rate. Without permanent
16 adjustments to end user/account-level accounts, every month’s billing would
17 necessitate monthly claims and will likely create adjustments and disputes
18 problems. The CLECs should have objections to this facet of their proposal,
19 as they would be required to initiate their “offset claims” on a monthly basis.

20
21 Third, there are serious concerns about the methodology to be used in the
22 CLECs’ proposal to determine the end user location and calculate the
23 distance. The CLECs’ propose to determine the exact location of the end

1 user with “off-the-shelf software” to be based on either a latitude/longitude
2 or street addresses.

3
4 For latitude/longitude, one suggestion might be global positioning satellite
5 (GPS) methodologies, but those would require a trip to each end user
6 location to take a GPS reading. This would be a very expensive approach.
7 This would produce a distance in airline mileage not facility length/loop
8 length. A significant difference does exist between the route length and the
9 airline distance. The net result is an expensive methodology that would not
10 produce the desired outcome.

11
12 Likewise, a street address methodology would be unreliable in some
13 instances where there are campus-style-building complexes, as well as, for
14 locations where street addresses are not specific or even consistent
15 measures, e.g., rural locations.

16
17 Fourth, having the customer determine the measurements for service billing
18 is akin to having the bank customer counting the money in a check-cashing
19 transaction and then asking the teller to verify it later in a claim or having the
20 customer measure the gallons of gas being dispensed into his automobile
21 and then paying the station owner. In the CLECs’ proposal, there is no
22 assurance that the distance has been determined accurately and would have
23 to be verified by the ILEC, creating additional costs.

1 Fifth, this proposal completely ignores the issue of pre-ordering and the
2 determination of loop length. There will be no capability of pre-ordering
3 utilizing this proposal which the CLECs will expect in order to determine the
4 loop length and to provide quotes to their end-users.

5
6 **Q. HOW WOULD THE CLECs' PROPOSAL IMPACT GTE?**

7 A. Under Mr. Montgomery's proposal, GTE would incur considerable costs to
8 handle bill adjustments, verify loop length, handle claims, develop alternative
9 pre-ordering methodologies, and staff personnel to administer the manual
10 efforts associated with the CLECs' proposal. This methodology, if approved
11 by this Commission, would result in a unique approach not likely to be used
12 in any other jurisdiction and, consequently, it would establish unique
13 processes and costs applicable only to GTE's operations in the state of
14 Washington.

15
16 **Q. WHAT ARE GTE'S RECOMMENDATIONS?**

17 A. The proposal by Mr. Montgomery is hypothetical and flawed, with procedural
18 and operations gaps and it is, therefore, rendered expensive, impractical,
19 and unmanageable. The Commission should discount this approach for
20 these reasons.

21
22 As I stated in my responsive direct testimony, this Commission must
23 recognize that GTE, U S WEST and other ILECs will incur system and

1 administrative costs to support any deaveraging loop rate proposal, but those
2 costs can be minimized by adopting a rate plan that is administratively
3 manageable. GTE's wire center zone proposal presents such an
4 administratively manageable approach.

5

6 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

7 A. Yes.