The costs for all BHC activities are then aggregated into a total BHC direct nonrecurring cost, and annual cost factors are applied to estimate shared and common costs.

BHC Cost Results - The nonrecurring BHC cost study is provided on the CD (Exhibit TKM-2) as Exhibit TKM-3. The BHC nonrecurring cost (TELRIC plus Common) is $31.39 ~~45.96~~ per loop for installation ~~ed.~~and $19.69 per loop for disconnection.

Analysis of Work Activities - My testimony provides an analysis of the work activities, work times and probabilities for each work center that will be involved when a BHC loop is requested by a CLEC. The study identifies costs for following work centers:

- Interconnection Service Center ("ISC")
- Loop Provisioning Center
- Design Center
- Central Office Resource Administration Center ("CORAC")
- Central Office Technicians
- CLEC Coordination Center ("QCCC")

As described in my testimony, Qwest will experience efficiencies via the BHC process that reduce the cost as compared to the basic loop installation option. Central Office technician time is reduced, and QCCC work is significantly reduced.

Volumes Data

Exhibit TKM-4 provides an estimate of the aggregate Qwest UNE-P migration volumes that would be experienced over the FCC's 27 month migration period. Exhibit TKM-5 provides an analysis of the potential UNE-L volumes in the highest volume office in Washington. My testimony describes each of these exhibits in detail, and explains how this data should be used. The testimonies of Mr. Pappas and Ms. Barrick will draw conclusions from the data and explain how the data should be used in evaluating Qwest BHC proposal.

Recommendation

The Commission should accept the TELRIC study filed by Qwest as basis for the BHC nonrecurring rates.

would make to the frame to do pre-wiring and cuts.[1] As Mr. Brigham suggested during the forum, based on a rough estimate of the process as originally proposed, Qwest's TELRIC plus common costs would have been at or below an average of $40-$45 per loop for both installation and disconnection costs.

As I will discuss in detail below, because of a number of changes Qwest made to the process at the request of the CLECs, Qwest's TELRIC plus common cost for the currently proposed BHC process has increased to $31.39~~45.96~~ per loop for installation and $19.69 per loop for disconnection. This cost is still considerably lower than Qwest's cost for the basic loop installation that is available today.[2]

B. General Methodology

Q. WHAT COSTS DOES QWEST'S NONRECURRING BHC TELRIC STUDY IDENTIFY?

A. The Qwest BHC nonrecurring cost study identifies the one-time costs that are incurred at the time a customer's UNE loop is provisioned using the BHC process. These costs result from a CLEC batch order and are labor-related. For example, the BHC study includes the labor costs for a central office technician to run a jumper to connect a loop to a CLEC switch. In addition, the BHC nonrecurring cost study includes the costs Qwest will incur to develop the mechanized systems necessary to

[1] As described later in my testimony, Qwest originally proposed that both the pre-wiring and hot cut activities be performed on the due date.

[2] As discussed later in my testimony, Qwest estimates the cost of basic installation to be approximately $75 for the first loop and $60 for each additional loop at a customer location. In the states where Qwest is filing its BHC study states have ordered basic installation rates for the first loop between $4.33 and $65.00.