

**BEFORE THE**  
**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**IN THE MATTER OF THE CONTINUED )**  
**COSTING AND PRICING OF UNBUNDLED )**      **DOCKET NO. UT-003013**  
**NETWORK ELEMENTS, TRANSPORT, )**                      **PHASE D**  
**TERMINATION, AND RESALE )**

**PHASE D DIRECT TESTIMONY OF**

**BERT I. STEELE**

**ON BEHALF OF**

**VERIZON NORTHWEST INC.**

**SUBJECT: PROPOSED RATES**

**NOVEMBER 7, 2001**

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**I. INTRODUCTION**

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**Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

A. My name is Bert I. Steele. My business address is 600 Hidden Ridge Drive, Irving, Texas 75038. I am employed by Verizon Services Group as Manager-Pricing/Policy, and I am representing Verizon Northwest Inc. (“Verizon” or “Company”) in this proceeding.

**Q. PLEASE SUMMARIZE YOUR EDUCATION AND WORK EXPERIENCE.**

A. I have a Bachelor of Science Degree in Mathematics from Gannon University and a Master of Engineering Degree from Pennsylvania State University. I joined General Telephone Company of Pennsylvania in 1972. Since then, I have worked for various GTE companies in marketing services, pricing, costing, product management, valuation engineering, and regulatory. For the past four years, and prior to the merger with Bell Atlantic, I have been responsible for formulating and implementing pricing and costing policies for GTE’s regulated services as related to the Telecommunications Act of 1996 (“Act”). With Verizon, I am responsible for supporting the Company’s pricing proposals and associated policies for regulated services.

1       **Q.    HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY**  
2       **COMMISSIONS?**

3       A.    Yes.    I have testified on numerous occasions in the area of  
4       telecommunications ratemaking and cost methodologies, and in proceedings  
5       related to the Act.  I have testified in the states of Alabama, California,  
6       Florida, Hawaii, Illinois, Indiana, Michigan, North Carolina, Oklahoma,  
7       Oregon, Pennsylvania, South Carolina, Texas, Virginia, and Wisconsin.

8  
9       **Q.    WHAT OTHER VERIZON WITNESSES HAVE FILED DIRECT**  
10       **TESTIMONY IN THIS PROCEEDING?**

11      A.    Verizon is presenting the testimony of one other witness, Larry Richter, who  
12      supports the Company’s multiplexing and collocation cost studies for each of  
13      the non-recurring and recurring rate elements addressed in my testimony.

14  
15      **Q.    WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

16      A.    My testimony sets forth Verizon’s proposals for the following items:  
17           •    Multiplexing Service Connection Rates  
18           •    Fiber Optic Patchcord Collocation Rates (i.e., optical collocation  
19                connections)  
20           •    Virtual Collocation Rates  
21           •    Dedicated Transit Service Rates

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Verizon’s proposed rates are summarized in my Exhibit BIS-2, and the development and description of each of these rates is detailed in the Company’s cost studies filed as Verizon’s Exhibits LR-2C and LR-3C. The proposed rates are identified as either non-recurring charges (“NRCs”) or monthly recurring charges (“MRCs”). My Exhibit BIS-3 provides a definition for each of the collocation rate elements identified in Exhibit BIS-2.

At the outset, it is important to note that Verizon’s cost studies and proposed prices submitted in this proceeding comport with the total element long run incremental cost (“TELRIC”) approach reflected in the FCC’s pricing rules, a number of which have been invalidated by the U.S. Court of Appeals for the Eighth Circuit.<sup>1</sup> Although Verizon has long opposed the FCC’s TELRIC standard, it has been obliged to use that standard in its studies here, as the Eighth Circuit’s decision has been stayed pending U.S. Supreme Court review.<sup>2</sup> In the meantime, there is considerable uncertainty about the appropriate cost standard to be used in pricing collocation arrangements, and the like. Verizon, thus, reserves the right to modify its multiplexing and

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<sup>1</sup> Iowa Utils. Bd. v. F.C.C., 219 F.3d 744, 759 (8th Cir. 2000).  
<sup>2</sup> Iowa Utils. Bd. v. F.C.C., No. 96-3321 (8th Cir. Sept. 22, 2000) (order granting

1 collocation rates once the cost methodology issue has been resolved at the  
2 federal level.

3  
4 **Q. HOW DO THE COMPANY’S MULTIPLEXING RATES INCLUDED IN**  
5 **THIS PHASE D TESTIMONY RELATE TO THE RATES ESTABLISHED**  
6 **IN PRIOR PHASES OF THIS DOCKET?**

7 A. The 13<sup>th</sup> Supplemental Order adopted Unbundled Network Element (“UNE”)  
8 rates for line sharing and permanent rates to recover Operations Support  
9 Systems (“OSS”) transition, OSS transaction, and National Open Market  
10 Center (“NOMC”) costs. These rates were approved by the Commission’s  
11 16<sup>th</sup> Supplemental Order dated April 20, 2001 and the 20<sup>th</sup> Supplemental  
12 Order dated June 11, 2001. In Phase B of this docket, the Commission is  
13 addressing costs and prices for those UNEs not already addressed in the  
14 previous Generic Docket (UT-960369 et al) or in Phase A of this docket,  
15 including those additional UNEs outlined in the FCC’s UNE Remand Order.<sup>3</sup>  
16 In Phase B, Verizon proposed monthly recurring charges for multiplexing  
17 (i.e., DS-1 to voice grade and DS-3 to DS-1) and a Commission order on all

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motion for partial stay of mandate).

<sup>3</sup> The FCC’s Third Report and Order and Fourth Further Notice of Proposed Rulemaking, In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, adopted September 15, 1999 and released November 5, 1999 (“UNE Remand Order”).

1 Phase B rates is currently pending. Verizon did not, however, submit  
2 proposed service connection charges for its multiplexing recurring rates.  
3 Thus, in this Phase D proceeding, Verizon is filing its proposed non-recurring  
4 service connection rates.

5  
6 **Q. HOW DO THE COMPANY'S COLLOCATION RATES INCLUDED IN**  
7 **THIS PHASE D TESTIMONY RELATE TO THE RATES ESTABLISHED**  
8 **IN PRIOR PHASES OF THIS DOCKET?**

9 A. In Phase A of this docket, the Commission's 13<sup>th</sup> Supplemental Order  
10 approved certain caged, cageless, and adjacent collocation rates proposed by  
11 Verizon (uncontested items). The Order also required Verizon to make  
12 modifications to certain proposed collocation costs and/or rates (contested  
13 items). Verizon filed a tariff filing for the uncontested items on February 21,  
14 2001 and the contested items on March 7, 2001. The Commission approved  
15 these tariffs in its 16<sup>th</sup> Supplemental Order (contested items) dated April 20,  
16 2001 and its 18<sup>th</sup> Supplemental Order (uncontested items) dated May 14,  
17 2001. Also as a result of the 13<sup>th</sup> Supplemental Order, the Commission  
18 established Phase C of this docket to address microwave collocation rates.  
19 Verizon was required to file a microwave tariff, which it did on May 8, 2001.  
20 This tariff filing was approved by the Commission in its 22<sup>nd</sup> Supplemental  
21 Order dated June 14, 2001.

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Certain rates approved in Phase A of this docket support Verizon’s caged, cageless and virtual collocation offerings, (e.g., DC Power non-recurring and recurring rates). In this Phase D proceeding, Verizon has filed additional rates that complete its virtual collocation offering. These rates provide an option to the CLECs to collocate in a virtual arrangement.

**II. MULTIPLEXING SERVICE CONNECTION RATES**

**Q. WHAT COSTS ARE THE PROPOSED MULTIPLEXING NON-RECURRING RATES INTENDED TO RECOVER?**

A. The service connection charges are based on the cost of central office activity to respond to the CLEC order. These charges do not include the recovery of common costs, as the Company is not proposing to mark-up the costs that support its proposed non-recurring rates in this proceeding.

**Q. WHEN SHOULD THE RATES BE APPLIED?**

A. The proposed non-recurring rates for multiplexing consist of service connection charges that apply when a CLEC places a wholesale loop and transport UNE order with a specific request for DS3 to DS1 multiplexing. Separate rates are identified for installation orders and disconnection orders,



1 consistent with the Commission's ruling that disconnection costs should be  
2 recovered in separate disconnect rates.<sup>4</sup> Verizon is not proposing a separate  
3 non-recurring service connection rate for DS1 to DS0 multiplexing since  
4 there are no service connection costs identified for this item. As addressed  
5 by Mr. Richter, all of the material and labor costs for provisioning DS1 to  
6 DS0 multiplexing are included in the Company's monthly recurring rate  
7 proposed in Phase B of this proceeding.

8  
9 **Q. IS VERIZON PROVIDING COST SUPPORT FOR ITS PROPOSED**  
10 **MULTIPLEXING CHARGES?**

11 A. Yes. Verizon witness Richter addresses the cost support for Verizon's  
12 proposed multiplexing non-recurring charges. Mr. Richter provides a  
13 detailed review of the cost study methodology, inputs, and results, as well as  
14 the technical aspects of provisioning multiplexing. The multiplexing study,  
15 sponsored by both Mr. Richter and me, has been filed as part of Verizon's  
16 Exhibit LR-2C.

17  
18 **Q. HAVE YOU PROVIDED AN EXHIBIT LISTING THE PROPOSED**  
19 **NON-RECURRING RATES FOR MULTIPLEXING?**

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<sup>4</sup> See paragraph 471 of 17<sup>th</sup> Supplemental Order, dated August 30, 1999, in Docket No. UT-960369 et al.

1 A. Yes, the proposed non-recurring rates for multiplexing are included in my  
2 Exhibit BIS-2.

3

4 **III. FIBER OPTIC PATCHCORD COLLOCATION RATES**

5

6 **Q. WHAT RATE ELEMENTS ARE BEING PROPOSED THAT PROVIDE**  
7 **AN OPTICAL CONNECTION BETWEEN A COLLOCATOR'S**  
8 **EQUIPMENT AND VERIZON'S FIBER DISTRIBUTION PANEL?**

9 A. The Company is proposing non-recurring and recurring rates for the  
10 following fiber optic patchcord rate elements. The rates are applicable for  
11 caged, cageless and virtual collocation arrangements.

- 12 • Fiber Optic Patchcord Pull (NRC)
- 13 • Fiber Optic Patchcord Termination (NRC)
- 14 • Fiber Optic Patchcord – 24 Fiber Connectorized (NRC)
- 15 • Facility Termination – Fiber Optic Patchcord (MRC)
- 16 • Cable Duct Space – Fiber Optic Patchcord (MRC)

17

18 **Q. WHAT COSTS ARE THE PROPOSED PATCHCORD RATES**  
19 **INTENDED TO RECOVER?**

20 A. The fiber optic patchcord non-recurring rates recover the labor cost to  
21 engineer, install and terminate the cable that connects the collocation

1 arrangement to the Company’s Fiber Distribution Panel (“FDP”). The CLEC  
2 has the option of providing its own cable (i.e., patchcord) or Verizon will, at  
3 the CLEC’s request, provide the necessary cable, which would be covered by  
4 the separate fiber optic patchcord cable (material – 24 fiber) non-recurring  
5 rate. Next, the fiber optic patchcord recurring rate recovers the labor and  
6 material costs of the optical connection at the FDP, as well as the on-going  
7 costs to maintain the FDP. Finally, the cable duct space MRC for the fiber  
8 patchcord recovers the costs for tray or duct that houses the fiber patchcord.

9  
10 **Q. PLEASE EXPLAIN VERIZON’S PROPOSED FIBER PATCHCORD**  
11 **RATE STRUCTURE AND THE TREATMENT OF COMMON COSTS.**

12 A. The monthly recurring rates for all collocation elements include an equal  
13 percentage mark-up above their TELRIC for recovery of the Company's  
14 forward-looking common costs (i.e., a fixed-allocation pricing approach).  
15 Verizon applied a fixed allocator of 24.75%, as was approved by the  
16 Commission in the 17<sup>th</sup> Supplemental Order dated August 30, 1999 in Docket  
17 Nos. UT-960369 et al.

18  
19 Verizon is not proposing to mark-up the costs that support its proposed non-  
20 recurring rates in this proceeding. As such, these non-recurring rates are  
21 based on the cost of the activities with no additional mark-up applied for the

1 recovery of common costs.

2

3 **Q. WHEN SHOULD THE RATES BE APPLIED?**

4 A. The engineering NRC applies per project, while the facility pull NRC applies  
5 for each cable run between the collocation arrangement and the FDP. The  
6 termination NRC and MRC are applied for each fiber optic (strand)  
7 termination at the FDP. Finally, the cable material NRC is optional and  
8 applies for each cable requested by the CLEC. Further detail regarding these  
9 rate elements is provided in my Exhibit BIS-2 and in Verizon Exhibit LR-3C.

10

11 **Q. IS VERIZON PROVIDING COST SUPPORT FOR ITS PROPOSED**  
12 **FIBER OPTIC PATCHCORD RATES?**

13 A. Yes. Mr. Richter addresses the cost support for Verizon's proposed  
14 collocation prices. Mr. Richter reviews the cost study inputs and the  
15 technical aspects of provisioning collocation service. He also provides an  
16 overview of the cost study and the methodology used. The collocation study,  
17 sponsored by both Mr. Richter and me, has been filed as part of Company  
18 Exhibit LR-3C.

19

20 **Q. WHAT NON-RECURRING AND RECURRING RATES ARE BEING**  
21 **PROPOSED FOR FIBER OPTIC CONNECTIONS?**

1 A. The rates are provided in my Exhibit BIS-2.

2

3

#### IV. VIRTUAL COLLOCATION RATES

4

5 **Q. WHAT IS VIRTUAL COLLOCATION?**

6 A. With virtual collocation, Verizon installs and maintains CLEC provided  
7 equipment that is dedicated to the exclusive use of the CLEC in a collocation  
8 arrangement. The CLEC provided equipment is installed on a relay rack in the  
9 Verizon central office. Like caged or cageless collocation, the CLEC  
10 provides the fiber optic facilities that connect Verizon's entrance manhole to  
11 the CLEC's virtually collocated equipment.

12

13 **Q. WHAT RATE ELEMENTS ARE BEING PROPOSED FOR VIRTUAL**  
14 **COLLOCATION?**

15 A. The Company is proposing non-recurring and recurring rates for the  
16 following virtual collocation rate elements. These are in addition to the  
17 collocation rate elements approved by the Commission in the 16<sup>th</sup> and 18<sup>th</sup>  
18 Supplemental Orders in Docket No. UT-960369 et al that apply universally to  
19 caged, cageless and virtual collocation arrangements.

- 20
- Engineering / Major Augment Fee – Virtual (NRC)
  - Virtual Equipment Installation (NRC)
- 21

- 1           • Virtual Software Upgrades (NRC)
- 2           • Virtual Card Installation (NRC)
- 3           • Virtual Equipment Maintenance (MRC)
- 4

5           **Q.   WHAT COSTS ARE THE PROPOSED RATES INTENDED TO**  
6           **RECOVER?**

7           A.   The non-recurring rates recover the labor cost to engineer, install and make  
8           changes (e.g., software upgrades) to the CLEC provided equipment. The  
9           recurring rates recover the on-going costs to maintain the virtual collocated  
10          equipment and to recover the floor space costs for the relay rack that houses  
11          the equipment. The recurring rate also recovers the costs of the relay rack  
12          that houses the virtual collocation equipment. More detail concerning the  
13          rate elements and the costs they recover is provided in my Exhibit BIS-3 and  
14          in Company Exhibit LR-3C.

15

16          **Q.   PLEASE DESCRIBE VERIZON’S PROPOSED COLLOCATION RATE**  
17          **STRUCTURE.**

18          A.   As is the case for all collocation rate elements, the monthly recurring rates  
19          include an equal percentage mark-up above their TELRIC for recovery of the  
20          Company's forward-looking common costs (i.e., a fixed-allocation pricing  
21          approach). Verizon applied a fixed allocator of 24.75% as was approved by

1 the Commission in the 17<sup>th</sup> Supplemental Order dated August 30, 1999 in  
2 Docket Nos. UT-960369 et al. The Company is not proposing to mark-up the  
3 costs that support its proposed non-recurring rates in this proceeding.  
4

5 **Q. WHEN SHOULD THE VIRTUAL COLLOCATION RATES BE**  
6 **APPLIED?**

7 A. The Engineering / Major Augment Fee applies to each virtual collocation  
8 arrangement that is designated as a major augmentation. Major augments are  
9 those requests that add telecommunications equipment that require additional  
10 AC or DC power systems; heating, ventilation and air conditioning (“HVAC”)  
11 system modifications; or a change in the size of the collocation arrangement.  
12 The Equipment Installation NRC is applied on a per quarter rack (or quarter  
13 bay) basis. The Software Upgrade NRC is applied per base unit when Verizon,  
14 upon a CLEC request, installs software to upgrade equipment for an existing  
15 virtual collocation arrangement. The Card Installation NRC is applied per  
16 card when the Company, again upon CLEC request, installs additional cards  
17 for an existing virtual collocation arrangement. Finally, the Equipment  
18 Maintenance MRC is applied on a per quarter rack (or quarter bay) basis.  
19 Additional detail concerning the application of the virtual collocation rates is  
20 provided in my Exhibit BIS-3.  
21

1       **Q.    IS VERIZON PROVIDING COST SUPPORT FOR ITS PROPOSED**  
2       **VIRTUAL COLLOCATION PRICING?**

3       A.    Yes.  Again, Mr. Richter addresses the cost study that supports Verizon’s  
4       proposed virtual collocation rates.  The collocation study has been filed as  
5       part of Company Exhibit LR-3C.

6  
7       **Q.    HAVE YOU PROVIDED AN EXHIBIT LISTING THE PROPOSED**  
8       **RATES FOR VIRTUAL COLLOCATION?**

9       A.    Yes, the proposed non-recurring rates for virtual collocation are included in  
10      my Exhibit BIS-2.

11  
12      **Q.    DO THE COST STUDY AND PROPOSED RATES INCLUDED IN THIS**  
13      **COMPANY FILING INCLUDE ANY OTHER VIRTUAL**  
14      **COLLOCATION ITEMS?**

15      A.    Yes.  The Company’s collocation filing also includes the cost and proposed  
16      rate, on a per linear foot basis, for Category 5 (metallic) Cable.  The rate is  
17      applicable for caged, cageless and virtual collocation arrangements.<sup>5</sup>  This  
18      cable non-recurring rate recovers the material costs for the cable.  With this,  
19      the CLEC has the option of providing its own cable (i.e., Category 5 cable) or

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<sup>5</sup> Verizon did not submit proposed rates for Category 5 (metallic) cable in Phase A.



1 Verizon will, at the CLEC's request, provide the necessary cable. My  
2 Exhibits BIS-2 and BIS-3, as well as Company Exhibit LR-3C, provide the  
3 supporting information for Category 5 Cable (i.e., Facility Cable – Category  
4 5 Connectorized).

5  
6 **V. DEDICATED TRANSIT SERVICE RATES**

7  
8 **Q. WHAT IS DEDICATED TRANSIT SERVICE?**

9 A. Dedicated Transit Service (“DTS”) allows interconnection between CLECs,  
10 providing a dedicated path between collocation arrangements (caged,  
11 cageless, and virtual) of the same or of two different CLECs within the same  
12 Verizon premises. DTS is available for DS0, DS1, DS3, and dark fiber  
13 connections. In addition, the Company will provide other technically feasible  
14 cross-connection arrangements, including lit fiber, on an Individual Case  
15 Basis (“ICB”) as requested by a CLEC. The Company will offer DTS to  
16 requesting CLECs as long as such access is technically feasible.

17  
18 DTS is only available when both collocation arrangements (either caged,  
19 cageless, and/or virtual) being connected are within the same Verizon  
20 premises, provided that the collocated equipment is used for interconnection  
21 with Verizon and/or for access to Verizon's unbundled network elements.

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**Q. WHY IS VERIZON FILING DTS RATES?**

A. The filing is being made in compliance with the FCC’s Fourth Report and Order, In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147, adopted July 12, 2001 and released August 8, 2001 (“Collocation Remand Order”), to reflect amendment of the rules pertaining to collocation.

**Q. WHAT RATE ELEMENTS ARE BEING PROPOSED FOR DTS?**

A. The Company is proposing non-recurring rates for the following service order and service connection elements. Rates are provided for DS0 (or voice grade levels), DS1/DS3 and optical (dark fiber) levels.

- Service Order – Semi-Mechanized
- Service Order – Manual
- Service Connection – CO Wiring
- Service Connection - Provisioning

**Q. WHAT COSTS ARE THE PROPOSED DTS RATES INTENDED TO RECOVER?**

A. These non-recurring rates are intended to recover Verizon’s costs for orders received and service connection performed on behalf of the CLECs.

1 Ordering charges are based on the costs for processing CLEC requests by  
2 Verizon's customer service representatives. Rates for CLEC orders are also  
3 identified for the OSS Transition NRC at \$3.27 and the OSS Transaction NRC  
4 at \$3.76, per order, consistent with the Commission's ruling in prior phases  
5 of this docket. The service connection charges are based on the cost of  
6 facility assignment and other activity necessary to get the CLEC's request  
7 properly into service. Additional detail is provided in Company Exhibit LR-  
8 3C.

9  
10 **Q. PLEASE DESCRIBE VERIZON'S PROPOSED DTS RATE**  
11 **STRUCTURE.**

12 A. Verizon is proposing separate non-recurring rates or charges for manual (e.g.,  
13 facsimile request) and semi-mechanized orders. In addition, Verizon has  
14 filed separate service connection charges for CO Wiring and for  
15 Provisioning. Finally, the Company has filed separate rates for installation  
16 and disconnection of DTS consistent with the Commission's 17<sup>th</sup>  
17 Supplemental Order in Docket UT-960369 et al.

18  
19 **Q. DO THE PROPOSED DTS RATES INCLUDE RECOVERY OF**  
20 **COMMON COSTS?**

21 A. No. Verizon is not proposing to mark-up the costs that support its proposed

1 non-recurring rates in this proceeding. As such, the non-recurring rates are  
2 based on the cost of the activities.

3

4 **Q. WHEN SHOULD THE DTS RATES BE APPLIED?**

5 A. The DTS rates should apply when CLECs request, consistent with the FCC's  
6 Collocation Remand Order, that a dedicated path be established between the  
7 same or two different CLECs within the same Verizon premises. The  
8 ordering charge applies per DTS order, with the manual charge applied when  
9 the semi-mechanized ordering interface is not used. The service connection  
10 charge for CO Wiring applies for each circuit (i.e., for each DS0, DS1, DS3  
11 or fiber strand), while the charge for Provisioning applies to each DTS order.  
12 Additional detail regarding the application of the DTS rates is provided in my  
13 Exhibit BIS-3.

14

15 **Q. IS VERIZON PROVIDING COST SUPPORT FOR ITS PROPOSED**  
16 **VIRTUAL COLLOCATION PRICING?**

17 A. Yes. Mr. Richter addresses the cost study that supports Verizon's proposed  
18 DTS rates. The DTS study has been filed as part of Company Exhibit LR-3C.

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20 **Q. WHAT RATES ARE BEING PROPOSED FOR DTS?**

21 A. The non-recurring rates are provided for in my Exhibit BIS-2.

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**VI. SUMMARY**

**Q. PLEASE SUMMARIZE YOUR DIRECT TESTIMONY.**

A. My direct testimony addresses the pricing methodology applied to develop Verizon’s proposed rates for: service connection charges for multiplexing; fiber optic patchcord collocation; virtual collocation; and, dedicated transit service in response to the FCC’s Collocation Remand Order. Verizon’s overall pricing policy is to align rates with their underlying costs and to assess the rates to the “cost causer.” As a general principle, no additional mark-up is applied to non-recurring charges, while monthly recurring charges are based on TELRIC plus a mark-up of 24.75%, as was approved by the Commission in the 17<sup>th</sup> Supplemental Order dated August 30, 1999 in Docket Nos. UT-960369 et al.

Verizon proposes a straightforward series of cost-based non-recurring and monthly recurring charges, as summarized in Exhibit BIS-2. These rates are intended to recover Verizon’s costs for work performed on behalf of the CLECs. Finally, Verizon’s cost studies and proposed prices comport with the FCC’s TELRIC methodology that has been disapproved by the Eighth Circuit. While Verizon is obliged to continue to support those studies in this

1 proceeding, it does so with the reservation that it may need to make rate  
2 revisions when the cost methodology question is resolved at the federal level.

3

4 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

5 A. Yes, it does.