BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the pricing Proceeding for Interconnection, Unbundled Elements, Transport and Termination, and Resale	)	Docket No. UT-960369
In the Matter of the pricing Proceeding for Interconnection, Unbundled Elements, Transport and Termination, and Resale for U S WEST Communications, Inc.	)	Docket No. UT-960370
In the Matter of the pricing Proceeding for Interconnection, Unbundled Elements, Transport and Termination, and Resale for GTE Northwest Incorporated	)	Docket No. UT-960371
	)	DECLARATION OF THOMAS L. SPINKS

I, Thomas L. Spinks, declare under penalty of perjury under the laws of the State of Washington that the following is true and correct. I submit this declaration on personal knowledge in support of the WUTC's Response to Request for Clarification. I am Staff's expert witness on the Hatfield cost model in this proceeding.

The Commission has posed several inquiries of Staff regarding the HAI 3.1 model runs used in Docket Nos. UT-960369, et al. Staff responds to these inquiries as set forth below.

First, the Commission seeks clarification from the Staff as to how its runs were performed, and in particular, how files labeled hm1.xls through hm8.xls were used and how they are related to each other. Staff responds that files hm1.xls through hm6.xls were produced by the model as intermediate calculations, and were labeled by Staff as hm1.xls through hm6.xls in the

same order that the modified program produced the file. File hm7.xls was produced by the model at the completion of the model run and is the output file normally produced by the model. File hm8.xls was created by Staff to calculate the loop length adjustment factors and the statewide average loop cost. The statewide average loop cost was calculated using the line counts and loop costs found in hm7.xls at columns "A" and "HM" respectively.

The sequence of steps Staff followed to produce its run was to first import the modules and scenario 2B database contained on the disk labeled "Hatfield Model Release 3.1 w/WA Loop Length Analysis." The existing modules were deleted and the imported modules were renamed. For instance, R31_Expense_Wirecenter_415.xls was renamed "r31_expense_wirecenter.xls."[1] The wire center and CBG module programming corrections were made per Dr. Carnall's directions. The next step was to replace the loop length adjustment factors contained in the database table "total_network_investment_factor" with recalculated loop length factors.[2] The new adjustment factors were calculated by first, starting up the model and creating a new U S WEST scenario using the input decisions made by the Commission in the Eighth Supplemental Order in this docket. The Staff run scenario is titled "8thsuppinputs." A baseline run of the model was then performed to obtain the estimates of CBG loop length. Staff used intermediate file f4.xls from the baseline run to calculate the HM31 wire center average loop lengths in order to calculate the loop length adjustment factors shown on sheet 2 of file hm8.xls. The loop length

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[1]The renaming was done because Staff was not certain the model would recognize the module names of the imported files.

[2]Staff believes new loop length adjustment factors need to be calculated because of the change ordered by the Commission to the drop length. The longer drop lengths were not included in the calculation of the loop length adjustment factors in AT&T scenario 2B database.

adjustment factors were then cut and pasted into the HM31.mdb database file table total_network_investment_factor. A second run was then made that produced the files hm1.xls through hm7.xls.

Staff also observed the difference in line counts between the database and the line counts contained in hm7.xls, but does not know why they are different. Staff did not make any line count changes or adjustments to lines in its runs. Staff thought the differences were possibly due to either the database lines being treated as including spare capacity, or that perhaps an adjustment was being made to remove loops provided by DS-1/DS-3 circuits. In any event, it now appears that one source of the difference in cost has been identified, namely, that Staff needs to replace the line counts contained in worksheet hm7.xls column "a" with the line counts contained in the database cbg data table in order to replicate the Commission results.

With respect to Attachment A of the Commission request for clarification of the Staff cost runs, Staff believes it would be helpful if the Commission clarified which of the structure sharing values, for instance .875 versus .88, should be used as input to the cost models. The unrounded values were calculated and used by Staff in the original cost docket but were reported by the model as the rounded up values that appear in Ex.__(TLS-3).

With respect to Attachment B of the Commission request for clarification of the Staff cost runs, Staff has identified several differences between the parameters that were approved and shown in Ex. 7 of Docket UT-951425 at page 1 of 1, and the parameters shown in Attachment B.

Account	Service Life		Future Net Salvage	
	Ex.7	Att. B	Ex.7	Att. B
2116 O.W.E.	14	16		
2423 Bur. Ca.	24	22		
2421 Aer.Ca.-met.			- 26	- 24
2421 Aer.Ca. - non-met			-26	- 24

In addition, for Accounts 2112 Motor Vehicles and 2121 Buildings, Staff used investment weighted average service lives using the subaccounts that make up the accounts as follows:

Motor Vehicles

	$ Plant in Service	Service Life	Weight
Passenger Cars	$ 3,293,312	7.3	24,033,885
Light Trucks	$37,167,382	9.6	356,806,867
Heavy Trucks	$ 6,586,625	13.5	88,919,437
Total	$47,047,319		469,760,189

469,760,189/47,047,319 = 9.98

Large Buildings	$275,151,667	51	14,032,735,017
Small Buildings	$ 30,261,371	33	998,625,243
Total	$305,413,038		15,031,360,260

15,031,360,260 / 305,413,038 = 49.22

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When the weighted average service lives are combined with future net salvage, it produces the depreciation rate used by Staff in its run. The source of the subaccount investment is the U S WEST 1996 FCC Depreciation Rate Study.

DATED and SIGNED at Olympia, Washington, on October 30, 2000.

THOMAS L. SPINKS