

1 BEFORE THE WASHINGTON UTILITIES AND
2 TRANSPORTATION COMMISSION

3 In the Matter of the) Docket No. UT-003013
4 Continued Costing and Pricing) Volume XXXVII
5 of Unbundled Network Elements) Pages 4080-4286
6 and Transport and Termination.)
7 _____)

8 A hearing in the above matter was
9 held on May 6, 2002, at 9:43 a.m., at 1300 South
10 Evergreen Park Drive, S.W., Olympia, Washington,
11 before Administrative Law Judge LAWRENCE BERG.

12 The parties were present as
13 follows:

14 QWEST, by Lisa Anderl and Adam
15 Sherr, Attorneys at Law, 1600 Seventh Avenue, Room
16 3206, Seattle, Washington, 98191.

17 WORLD.COM, INC./MCI, by Michel
18 Singer-Nelson, Attorney at Law, 707 17th Street,
19 Suite 4200, Denver, Colorado, 80202.

20 COVAD COMMUNICATIONS COMPANY, by
21 Megan Doberneck, Attorney at Law, 7901 Lowry
22 Boulevard, Denver, Colorado 80230.

23 AT&T OF THE PACIFIC NORTHWEST,
24 INC., by Gregory J. Kopta, Attorney at Law, Davis,
25 Wright, Tremaine, 1501 Fourth Avenue, Suite 2600,
Seattle, Washington 98101.

Barbara L. Nelson, CCR
Court Reporter

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1 VERIZON, by Jennifer McClellan,
2 Attorney at Law, Hunton & Williams, 951 East Byrd
3 Street, Richmond, Virginia 23219.

4 THE COMMISSION, by Greg Trautman
5 and Mary M. Tennyson, Assistant Attorneys General,
6 1400 S. Evergreen Park Drive, S.W., P.O. Box 40128,
7 Olympia, Washington 98504.

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1 JUDGE BERG: Let's be on the record. This
2 is the first day of a multi-day evidentiary hearing
3 in Docket Number UT-003013, Part D. This case has
4 been captioned In the Matter of the Continued Costing
5 and Pricing of Unbundled Network Elements, Transport
6 and Termination.

7 This hearing is being conducted before the
8 Washington Utilities and Transportation Commission at
9 the Commission's headquarters in Olympia, Washington.
10 Today's date is May 6th, 2002. This hearing is being
11 conducted pursuant to due and proper notice served on
12 March 29th, 2002.

13 My name is Lawrence Berg. I'm the
14 presiding officer assigned to this case. Advising me
15 and the Commissioners is Dr. David Gabel. Dr. Gabel
16 will preside at the bench along with me and Dr. Gabel
17 may pose questions to witnesses from the bench in
18 addition to any questions that I may have.

19 At this point in time, we'll take
20 appearances from the parties, beginning with Staff
21 and moving around the room.

22 MR. TRAUTMAN: Thank you, Your Honor.
23 Gregory J. Trautman, Assistant Attorney General, for
24 Commission Staff.

25 MR. KOPTA: Gregory Kopta, of the Law Firm

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1 Davis, Wright, Tremaine, LLP, on behalf of AT&T
2 Communications of the Pacific Northwest, Inc.

3 MS. DOBERNECK: Megan Doberneck, on behalf
4 of Covad Communications Company.

5 MS. SINGER-NELSON: Michel Singer-Nelson,
6 on behalf of WorldCom.

7 MS. ANDERL: Lisa Anderl, representing
8 Qwest.

9 MR. SHERR: Adam Sherr, representing Qwest.

10 MS. McCLELLAN: Jennifer McClellan, of the
11 Law Firm Hunton and Williams, representing Verizon.

12 JUDGE BERG: Thank you, Counsel. Is there
13 anyone else present who wishes to enter an
14 appearance? Let the record show that there was no
15 response.

16 Are there any matters that the parties wish
17 to address on the record before we begin with the
18 oath and cross-examination of the first witness?

19 MR. KOPTA: Yes, Your Honor. This is Greg
20 Kopta, on behalf of AT&T. We had discussed off the
21 record the stipulation that Qwest and AT&T had
22 entered into with respect to the admission of Exhibit
23 T-2221 and Your Honor's indulgence in allowing us to
24 take that out of order and have that stipulated into
25 the record at this time, as opposed to in the normal

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1 course of when Mr. Stanker's testimony would have
2 been admitted were he going to be present.

3 JUDGE BERG: And I'll just ask, are there
4 any objections? Hearing none, we will admit that
5 momentarily.

6 Let me indicate for the record that a Part
7 D consolidated exhibit list, dated 5/3/2002, has been
8 presented to the court reporter. I will ask that the
9 court reporter, at the start of each witness'
10 testimony, enter all of direct prefiled exhibits and
11 all cross exhibits that are identified for that
12 witness as if they were read into the record in their
13 entirety.

14 At this point in time, we'll identify out
15 of order Exhibit T-2221, the revised response
16 testimony of Ron Stanker, witness for AT&T, dated
17 3/29/02, and that exhibit is admitted into the
18 record. Exhibit T-2220 is identified as the response
19 testimony of Mr. Stanker, dated 12/20/01, and my
20 understanding is that exhibit is withdrawn; is that
21 correct, Mr. Kopta?

22 MR. KOPTA: That's correct, Your Honor.
23 Thank you.

24 JUDGE BERG: All right. You're welcome.
25 Anything else, Counsel? All right. At this point in

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1 time, we're prepared to take the testimony and
2 cross-examination of Verizon witness Mr. Larry
3 Richter. Mr. Richter, if you'd please stand and
4 raise your right hand.

5 Whereupon,

6 LARRY RICHTER,
7 having been first duly sworn, was called as a witness
8 herein and was examined and testified as follows:

9 JUDGE BERG: Thank you, sir.

10 (The following exhibits were identified
11 relating to the testimony of Larry
12 Richter.)

13 Exhibit T-2001, Direct Testimony, LR-1T,
14 dated 11/7/01. 2002, C-2002, Nonrecurring Cost Study
15 for Multiplexing, Version 4.3, LR-2C. 2003, C-2003,
16 Expanded Interconnection Services (EIS) Cost Study,
17 LR-3C. T-2004, Reply Testimony, dated 3/7/02, LR-4T.
18 T-2005, Direct Testimony, Steele, dated 11/7/01
19 (BIS-1T).

20 2006, Multiplexing and Collocation Rate
21 Summary, (BIS-2). 2007, EIS Glossary of Elements,
22 (BIS-3). T-2008, Direct Testimony, Dye, dated 3/7/02
23 (TRD-1T) 2009, Revised Multiplexing and Collocation
24 Rate Summary, (TRD-2). 2010, Revised EIS Glossary of
25 Elements, (TRD-3).

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1 Staff cross exhibits: 2011, Response to
2 Staff's Data Request Number 2 to Verizon. 2012,
3 Response to Staff's Data Request Number 7 to Verizon.
4 2013, Response to Staff's Data Request Number 8 to
5 Verizon. 2014, response to Staff's Data Request
6 Number 9 to Verizon. 2015, Response to Staff's Data
7 Request Number 11 to Verizon. 2016, Response to
8 Staff's Data Request Number 12 to Verizon. 2017,
9 C-2017, response to Staff's Data Request Number 13 to
10 Verizon, including Attachment Number Three,
11 Confidential Attachments. 2018, C-2018, Response to
12 Staff's Data Request Number 3 to Verizon,
13 Confidential Attachments.

14 (Conclusion of exhibits identified for
15 Larry Richter.)

16

17 D I R E C T E X A M I N A T I O N

18 BY MS. McCLELLAN:

19 Q. Good morning, Mr. Richter.

20 A. Good morning.

21 Q. Would you please state your full name and
22 address for the record?

23 A. My name is Larry Richter. My address is
24 600 Hidden Ridge, Irving, Texas.

25 Q. And by whom are you employed?

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1 A. I'm employed by Verizon.

2 Q. Do you have in front of you what has been
3 marked as Exhibits T-2001 through T-2004, containing
4 your prefiled testimony and exhibits?

5 A. Yes, I do.

6 Q. Did you prepare or cause to be prepared
7 those exhibits?

8 A. Yes, I did.

9 Q. If I asked you the questions contained in
10 your testimony today, would your answers be the same?

11 A. Yes, they would.

12 Q. And do you have before you what's been
13 marked as Exhibit T-2005, T-2008 through 2010, direct
14 testimony of Bert Steele and Terry Dye?

15 A. Yes, I do.

16 Q. Have you read those exhibits?

17 A. Yes, I have.

18 Q. And are you adopting those exhibits today
19 as your own?

20 A. Yes, I am.

21 Q. If I asked you the questions contained in
22 Exhibit T-2005 and T-2008, would your answers be the
23 same?

24 A. Yes, they would.

25 MS. McCLELLAN: Your Honor, I'd like to

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1 move for the admission of Exhibits T-2001 through
2 T-2004, T-2005, T-2008 through 2010.

3 JUDGE BERG: And Counsel, where parties
4 offer admission of exhibits, I will look up. If
5 anybody has an objection, I'd appreciate just giving
6 me a hi sign. And seeing no indication of any
7 objection, Exhibits T-2001 through T-2005 and T-2008
8 through Exhibit 2010 are admitted.

9 MS. McCLELLAN: With that, Mr. Richter is
10 available for cross.

11 JUDGE BERG: All right. Commission Staff.

12 MR. TRAUTMAN: Thank you.

13

14 C R O S S - E X A M I N A T I O N

15 BY MR. TRAUTMAN:

16 Q. Good morning, Mr. Richter.

17 A. Good morning.

18 Q. I wanted to start just by looking at what's
19 been marked as Exhibits Number 2011 through 2018, all
20 of which are Verizon responses to Staff Data
21 Requests. And I believe they all indicate that these
22 were prepared either by you or under your
23 supervision; is that correct?

24 A. That is correct.

25 Q. And are they all true and correct, to the

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1 best of your knowledge?

2 A. I believe there's one change that needs to
3 be made to Request Number Two.

4 Q. Which is 2011?

5 A. Yes. On the second line, where it
6 identifies the reference of LR-2-C, page five, lines
7 15 through 16, that should read LR-1-T, page five,
8 lines one through three. The response would stay the
9 same.

10 Q. And with that correction noted, would the
11 answers be true and correct, to the best of your
12 knowledge?

13 A. Yes, they are.

14 MR. TRAUTMAN: Your Honor, I would move for
15 admission of Exhibits 2011 through 2018, including
16 the confidential portions.

17 MS. McCLELLAN: No objection.

18 JUDGE BERG: Those exhibits, 2011 through
19 2018, are admitted.

20 Q. I believe my questions will be referring
21 primarily to T-2004, which is your reply testimony of
22 March the 7th of 2002, as well as Exhibit 2017, which
23 was your response to Staff Data Request 13, which had
24 a number of attachments, some of which were
25 confidential.

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1 And I'm looking first at Exhibit 2017. And
2 in response to Staff Data Request 13, is it correct
3 that Verizon has provided data used to calculate
4 cable length?

5 A. That is correct.

6 Q. All right. And in particular, referring to
7 Confidential Attachment One, and that has 18 pages;
8 is that correct?

9 A. That is correct.

10 Q. Is any of the data in this confidential
11 attachment from Washington State?

12 A. No, it is not.

13 Q. Which of the cable runs that are listed in
14 Confidential Attachment One are for virtual
15 collocation?

16 A. I do not know.

17 Q. Which of the cable runs in that attachment
18 are for physical collocation?

19 A. The answer would be the same. I don't
20 know, because we did not identify these lengths as
21 being for caged, cageless or virtual.

22 Q. Is there data available that distinguishes
23 between the types of collocation that are used for
24 the cable runs identified in Attachment One?

25 A. I don't know that for sure, if it would be

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1 available.

2 MR. TRAUTMAN: Your Honor, Staff would like
3 to make a record requisition, to the extent that such
4 information is available, whether Verizon could
5 provide data that would distinguish between the types
6 of collocation used for the cable runs identified in
7 Confidential Attachment One to Exhibit 2017.

8 JUDGE BERG: And just so I can understand
9 when looking at -- Mr. Richter, when I look at
10 Confidential Attachment One, for example, I look at
11 page two of 18, and there are 42 numbered items on
12 this page, is each one of those items a separate
13 cable run?

14 THE WITNESS: Yes, sir.

15 JUDGE BERG: All right. Are there any
16 objections from Verizon to reviewing its data to see
17 if that distinction can be made?

18 MS. McCLELLAN: No, Your Honor.

19 JUDGE BERG: All right. And we'll identify
20 this as Record Requisition Number 2000. Excuse me,
21 let me avoid any confusion between record
22 requisitions and exhibit numbers and go Record
23 Requisition 2500, two-five-zero-zero. And does
24 Verizon understand the request from Staff?

25 MS. McCLELLAN: Yes.

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1 JUDGE BERG: All right. And does Verizon
2 -- or excuse me, Ms. McClellan, do you know when
3 Verizon can respond or when Verizon can indicate when
4 it can respond?

5 MS. McCLELLAN: I think we can indicate
6 when we can respond by Friday. And just as a
7 clarification, to the extent -- on whether or not
8 Verizon objects, to the extent Staff is only asking
9 if the data is currently available, and if it is,
10 they would like it, we don't object. If Staff is
11 asking for us to go and create the data, then we
12 would object.

13 JUDGE BERG: Understood.

14 MR. TRAUTMAN: Correct. We were asking if
15 it's currently available, because he indicated that
16 he wasn't sure.

17 JUDGE BERG: I thought, Mr. Trautman, you
18 were careful to be precise about that regard. So for
19 point of clarification, there's no request that the
20 information be created if it doesn't exist. However,
21 if it does exist on other records, even if it's not
22 consolidated, it should be made available.

23 MS. McCLELLAN: Okay.

24 JUDGE BERG: All right. So on Friday, by
25 Friday, you will know whether or not the information

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1 exists and to the extent to which it exists, and at
2 that point you will be available to indicate when
3 that information can be produced?

4 MS. McCLELLAN: That's right.

5 JUDGE BERG: Is that acceptable, Mr.
6 Trautman?

7 MR. TRAUTMAN: Yes.

8 JUDGE BERG: Thank you very much.

9 Q. Turning now to Exhibit T-2004, which is
10 your reply testimony of March 7th, 2002, and I'm on
11 page five, line nine. And looking at that line, you
12 state, It is appropriate for Verizon to use the same
13 average cable length in developing the virtual
14 facility pole costs as were adopted in Phase A to
15 develop the physical facility pole costs. Do you see
16 that phrase?

17 A. Yes, I do.

18 Q. How can we tell, using the data tabulated
19 in Confidential Attachment One, whether there is or
20 is not a significant difference between the cable
21 lengths for physical collocation and virtual
22 collocation?

23 A. Looking at the data request that was
24 provided, you can't look at that and tell, other than
25 the fact that the cable lengths that are there are

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1 average lengths inside the central office. And
2 because central offices are arranged where certain
3 types of equipment are placed in the same portion of
4 the building, like the main distribution frame is
5 going to be in one portion of the building, the
6 switching equipment is going to be together in
7 another portion of the building, transport equipment
8 will be in a certain space inside the building, all
9 together, and then we would have the collocation
10 area, physical type, in another portion of the
11 building.

12 So the thought is that, yes, it's a
13 distance, an average distance from the physical
14 collocation to the MDF, it's a distance from the
15 transport area to the collocation, and when we're
16 dealing with averages, when we get into virtual
17 collocation, when we place the equipment in the
18 lineups that are available for virtual collocation,
19 it's going to be some distance from there to the MDF.
20 It may be closer than the physical collocation, it
21 may be farther.

22 And by the same respect, when you go from
23 the virtual collocation to the transport area, it may
24 be farther or shorter than it was for the physical or
25 cageless area to get to that equipment. So when

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1 we're dealing with averages, which is what we have
2 here, and the quantity of items on the list that
3 produces the average listing, it would seem
4 appropriate that the averages would be the same when
5 dealing with physical, cageless or virtual
6 collocation.

7 Q. Looking at the confidential attachment,
8 would you agree that, although the data used to
9 calculate the cable lengths may be for physical
10 collocation, that the office arrangements for both
11 physical and virtual collocation are similar and that
12 the lengths would be the same?

13 MS. McCLELLAN: I wonder if you could
14 repeat it, because I couldn't understand it, so I'm
15 not sure --

16 THE WITNESS: I got lost.

17 JUDGE BERG: Here's my -- Mr. Trautman, it
18 sounded to me that you were asking for that class of
19 cables, that being cables that run to a collocation
20 environment, whether the average is the same for
21 virtual as it would be for physical collocation; is
22 that correct?

23 MR. TRAUTMAN: Yes.

24 THE WITNESS: Yes. And if I may add, after
25 we had gotten the request, we did do a quick look in

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1 Washington at three central offices where we have
2 virtual collocation. And in looking at that, the
3 average cable lengths for transmission type cable,
4 it's approximately, on an average between those three
5 central offices, 188 feet, where in our cost study we
6 have 202, which is extremely close.

7 And I don't think the power -- let me see
8 if the power cable is in here, also. Yes, it is.
9 And in looking at the power cable at those three
10 central offices here in Washington, the average power
11 cable is 127 feet, where in our Attachment One for
12 the cable length for the power from the BDFB to the
13 cage was 123 feet. So it's a difference -- a very
14 minor difference there of four feet, whether you look
15 at the transmission type cables or if you look at the
16 power cables versus what we had in the physical
17 collocation cost study.

18 Q. Okay. The numbers that you just provided,
19 were those for virtual collocation?

20 A. Yes, those were for virtual collocation.

21 Q. Which specific offices?

22 A. It was at the Redmond, Primary Center and
23 Kirkland central offices.

24 Q. I thought you said three?

25 A. That -- Redmond --

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1 Q. Oh, and --

2 A. -- Primary Center and Kirkland.

3 Q. At line seven, staying on page five, you
4 state, No general conclusions can be made regarding
5 whether cable distances for virtual collocation
6 equipment are shorter or longer than cable distances
7 for physical collocation equipment. Do you see that?

8 A. Yes, I do.

9 Q. So if that's the case, how could the
10 distances be the same or nearly the same?

11 A. Well, what I'm saying there, you can't make
12 a conclusion that the -- just because you have
13 virtual collocation, that the cables, on average, are
14 going to be more or less than the distances that we
15 had taken in our cost study for physical.

16 And I go back to the original statements.
17 The central offices, the equipment inside the central
18 offices are grouped in certain areas, so it's going
19 to be a set run from that equipment to other type of
20 equipment that you're trying to get access to. So
21 those -- inside the central offices, equipment is put
22 in basically the same location area. So those
23 distances aren't going to change.

24 The only thing that would change would be
25 your point inside the CO that you're measuring from.

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1 So when you deal with averages, you're going to be
2 closer to some -- to the MDF, like I said previously,
3 but at the same time, if you're closer to the MDF,
4 you're going to be farther away from the transport.
5 So when you average those out, then you're going to
6 come up with the same.

7 Q. Turning to page six of your reply
8 testimony, at line one, you state, By placing BDFBs
9 in the telecommunications equipment area, the power
10 cable lengths to the equipment are relatively short.
11 Is that correct?

12 A. That is correct.

13 Q. And BDFB stands for battery distribution
14 fuse bay?

15 A. Yes, it does.

16 Q. Okay. What would you consider a relatively
17 short cable?

18 A. I don't think I can put a footage on that
19 question, but from an engineering perspective --
20 because when you deal with power, the greater the
21 distance, the more loss of power. So from an
22 engineering perspective, you want to keep those
23 distances as short as possible. And as we see in our
24 cost study, when you look at the averages of all the
25 places that we have, the distances from the BDFB to

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1 the equipment averages 123 feet, so some are going to
2 be shorter, some are going to be longer.

3 Q. So you would not quantify that statement as
4 to what you would regard as relatively short?

5 A. I don't think I can put a number to it,
6 because short could be as close as 25 to 30 feet, and
7 depending on where the BDFB to the first piece of
8 equipment, it could be 70 feet. It would be an
9 engineering decision that's made on an individual
10 case basis in that particular central office feeding
11 specific equipment in that central office.

12 Q. If you could turn now to Attachment Three
13 of Exhibit 2017, and I believe this attachment of
14 four pages is not confidential.

15 JUDGE BERG: Excuse me, give me that
16 reference one more time.

17 MR. TRAUTMAN: Attachment Three, and it's
18 Exhibit -- of Exhibit 2017. The same data request,
19 Attachment Three.

20 MS. ANDERL: That's not a part of my
21 exhibit.

22 MS. McCLELLAN: Yeah, the copy that you
23 gave me, I don't think Attachment Three was included.
24 Do you have an extra copy for us?

25 MR. TRAUTMAN: You don't have it?

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1 MS. McCLELLAN: No.

2 MR. TRAUTMAN: Your own exhibit?

3 MS. McCLELLAN: Well, we got what you gave
4 us and --

5 JUDGE BERG: Let me just say that Exhibit
6 2017/C-2017, as submitted for cross and marked, does
7 not include Confidential Attachment Three as part of
8 this exhibit.

9 MR. TRAUTMAN: It's not confidential.

10 JUDGE BERG: Okay, it's a nonconfidential.
11 So all we have in the nonconfidential portion that I
12 can see is the one-page cover to the exhibit.

13 MS. McCLELLAN: Actually, the witness does
14 have a copy, so if --

15 MR. TRAUTMAN: Well, I don't have, because
16 we just gave it to get it copied.

17 JUDGE BERG: All right. Do we need to take
18 a short recess, Mr. Trautman --

19 MR. TRAUTMAN: Yes.

20 JUDGE BERG: -- so you can put your hands
21 on that?

22 MR. TRAUTMAN: Yes.

23 JUDGE BERG: Would you also put your hands
24 on sufficient copies to distribute to all of our
25 counsel and the bench? I'll need five -- make six

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1 copies for myself. All right. And Mr. Trautman, I
2 know you've been working closely with your adviser,
3 Mr. Griffith. Do you want to wait for Mr. Griffith
4 to return?

5 MR. TRAUTMAN: Yes, because I don't have
6 the attachment. He does.

7 JUDGE BERG: All right. Let's take a break
8 for at least five minutes to 10:15, and we'll come
9 back on the record and see where we're at.

10 (Recess taken.)

11 JUDGE BERG: We'll be back on the record.
12 Let me just state for the record that Attachment
13 Three to Verizon's response to Staff Data Request
14 Number 13 is being treated as part of Exhibit 2017.

15 MR. TRAUTMAN: Thank you.

16 Q. Mr. Richter, looking to Attachment Three,
17 and I'm looking now at the top of page two of that
18 attachment, and near the top of the page is an
19 average number of 123 feet. Do you see that?

20 A. Yes, sir.

21 Q. Is this average number relatively short, in
22 your opinion?

23 A. In my opinion, it would be. And it's,
24 again, it's based on an engineering perspective. As
25 I said, the 123 feet comes as an average of all the

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1 locations that are listed here in various central
2 offices, and the engineers' goal is to place the
3 equipment that's going to receive the power -- let me
4 back up. You want to place the BDFB, which is the
5 battery distribution fuse bay, in a general area of
6 the equipment that you're going to serve with that
7 BDFB. So you will want it to be in that area. Now,
8 some of the lengths are going to be longer and some
9 are going to be shorter, and that's how you come up
10 with an average here of 123.

11 Q. And again, you would say that that's
12 relatively short, in your opinion?

13 A. I'll say again, it's going to be very
14 difficult to put a specific number to relatively
15 short. Again, I'd just say, from an engineering
16 perspective, we're going to place the BDFB in a
17 location that produces the shortest power runs to the
18 equipment that it's going to serve. That's the main
19 goal.

20 Q. Well, I understand that. That wasn't my
21 question.

22 A. Okay. Sorry.

23 Q. So you're saying you can't quantify it?

24 A. That's correct.

25 Q. All right. Do you see the term BDFB near

4106

1 the top of the third column, from the right in that
2 exhibit, or I guess the fourth column from the left,
3 either way you look. It says BDFB to cage length?

4 A. Yes.

5 Q. Okay. The term BDFB, does that always
6 refer to a power distribution bay?

7 A. Yes.

8 Q. Okay. Are there any cases where the power
9 cables are connected directly to the battery power in
10 the office?

11 A. There could be instances where it would
12 come specifically from the power board, but I would
13 say that, in those cases, the central office is going
14 to be extremely small, that you would go directly to
15 the main power board. So in most -- in the majority
16 of the cases, you want some type of distribution,
17 which is what the BDFB does, in the location of where
18 your equipment is, and that's what generates the
19 shortest distances for the power cable. If you
20 continually go back to the main power board, your
21 distances are going to be much longer.

22 Q. Are any of the lines in Attachment Three --
23 there are 114 lines -- are any of those connected
24 directly to the battery power in the office?

25 A. No, they're all feeding from a BDFB.

4107

1 Q. Now, looking at the 123-foot average length
2 at the top, how exactly was this number calculated?

3 A. To the best of my knowledge, it is the
4 average of all of the lengths that are listed, the
5 114. That is the average length of all of the
6 lengths that relate specifically to those central
7 offices.

8 Q. Perhaps more specifically, is the number --
9 is it simply an average of all of the numbers that
10 are in the third column from the right, looking down?

11 A. Yes, it --

12 Q. Is it an average of those numbers, or is it
13 a weighted average of those lengths, taking into
14 account the number of cable runs on the far
15 right-hand column?

16 A. It's going to be an average distance from
17 the BDFB to the cage, in this particular case, so it
18 would be an average distance. It would not be
19 adjusted based on the quantity of cable runs. It was
20 just a simple average of the lengths that are listed
21 in the column identified as length.

22 Q. At line number two, there's a cable length
23 of 375 feet. Do you see that?

24 A. Yes, sir.

25 Q. Is that length relatively short?

4108

1 A. Not being the engineer, I will have to say,
2 if you look at the other distances that are here, you
3 know, it ranges from 80, 75 feet, 170 feet. If you
4 look through there, you can see various distances.

5 Q. Looking at line number two, there's -- the
6 number of cable runs is 16. Do you see that?

7 A. Yes, sir.

8 Q. Is this cable run for virtual collocation?

9 A. I do not know.

10 Q. Is the cable run for adjacent collocation?

11 A. Would not be for adjacent collocation.

12 Q. And on the same page of the exhibit, there
13 are three other lines that have either 12 or 16 cable
14 runs. Do you see those?

15 A. Yes, I do.

16 Q. And are any of those cable runs for virtual
17 collocation?

18 A. I would not know.

19 Q. And would any of these cable runs be for
20 adjacent collocation?

21 A. They would not be for adjacent collocation.

22 Q. Okay. On page four, looking at line 96,
23 the cable length listed is 425 feet from the BDFB.
24 Is that length relatively short, in your opinion?

25 A. Not being an engineer, but the engineer is

4109

1 going to place the BDFB in the appropriate area to
2 generate the shortest cable runs for power to the
3 equipment that's going to be served.

4 Q. So is that a yes, no, or you can't tell?

5 A. I can't give a specific number to
6 relatively close.

7 Q. And is that particular cable run for
8 adjacent collocation?

9 A. No, it's not for adjacent collocation.

10 Q. Okay. At the top of the third column, this
11 is on all of the pages, there's the phrase BDFB to
12 cage length. Do you see that?

13 A. Yes, I do.

14 Q. Does that mean that all of this data is for
15 caged collocation?

16 A. It could be for cageless. This data was
17 taken early on in collocation and was used in the
18 development of our physical and cageless cost study,
19 and the locations that had collocation at that time
20 were used in the study to determine the average
21 lengths for these cables.

22 Q. If it includes cageless, why is -- why does
23 it have the phrase BDFB to cage length?

24 A. That I couldn't say. I couldn't say that
25 it's totally one or the other or is exclusive of the

4110

1 other, because there may have been some cageless
2 collocation at that time.

3 Q. Is there a difference in cable lengths
4 between caged and cageless collocation?

5 A. For power, the engineer has the same
6 objective, and that is to put the BDFB in an area
7 that provides the shortest cable routes to the
8 equipment that's going to be served, and if you're in
9 a caged environment, then it's going to be in an area
10 that can supply power to the cages based on the
11 shortest distance. Cageless would be the same.

12 Q. Well, the goal may be the same, but my
13 question was is there a difference in, generally
14 speaking, in cable lengths between caged and cageless
15 collocation?

16 A. That I don't know.

17 Q. Now, is it correct that there are no
18 virtual collocation cable lengths in the data in
19 Attachment Three?

20 A. As I said before, I don't know, and subject
21 to the record requisition, that will tell us.

22 MR. TRAUTMAN: So perhaps, Your Honor, we
23 should make the record requisition clear. We had
24 previously made reference only to Attachment One, as
25 far as obtaining data to determine the types of

4111

1 collocation, and we'd like to apply that to
2 Attachment Three, as well.

3 JUDGE BERG: Let's set that up as a
4 separate request, separate parallel request, so that
5 would be record Requisition Number 2501, and we'll
6 look for some early indication from Verizon on
7 Friday, as well.

8 Q. And when was the data in Attachment Three
9 collected?

10 A. I don't recall the exact dates that it was
11 collected.

12 Q. In Exhibit T-2004, page five, line 18, you
13 state that power is then distributed via power cables
14 to units called battery distribution fuse bay. Do
15 you see that? I've only -- I'm quoting part of the
16 sentence.

17 A. Yes.

18 Q. Okay. Is the power cabling between the
19 power plant and the BDFB included in any of the power
20 cable lengths in Attachment Three?

21 A. No.

22 MR. TRAUTMAN: That's all the questions I
23 have. Thank you.

24 JUDGE BERG: Any questions from other
25 counsel? Cross-examination questions? I have a few

4112

1 questions from the bench.

2

3

E X A M I N A T I O N

4 BY JUDGE BERG:

5 Q. Mr. Richter.

6 A. Yes, sir.

7 Q. Is there anything about virtual and
8 physical collocation or Verizon's virtual and
9 physical collocation space design that would make it
10 more likely than not that virtual and physical
11 collocation would occur in the same general central
12 office space, either -- and just to break it down
13 once more, is there anything about the nature of
14 virtual and physical collocation or the way that
15 Verizon provides collocation space that would put
16 virtual -- make it more likely that virtual
17 collocation would happen in one space and physical
18 would happen in another, or that they'd both happen
19 in the same general space?

20 A. The virtual and physical will be in --
21 unless it's a very small office, are going to be in
22 different portions of the central office. And that
23 virtual would be placed in existing relay racks next
24 to Verizon's equipment, whereas physical, because
25 we're looking at a lot more space, that being cages

4113

1 ten-by-ten or more room that the CLEC would need,
2 it's going to be in another portion of the central
3 office that has that vacant space. Virtual would
4 apply -- would be installed in vacant relay racks
5 that's already installed in the office.

6 Q. All right. And so if we were to be looking
7 at the development of an average cable length, then,
8 that would cover both -- that would cover all
9 collocation, both virtual and physical, in general,
10 the cable lengths to a physical collocation will be
11 longer than a virtual collocation, but on an
12 office-to-office basis, the average of virtual and
13 physical should be similar?

14 A. Yes. And that's what I've tried to
15 explain, that when you're in a virtual collocation
16 arrangement, you may be, because you're going to be
17 -- you may be closer to the MDF than a cage would be,
18 but by the same token, it would be farther from the
19 virtual collocation to the transport area, whereas in
20 the physical cage, it may be much closer to the
21 transport. So as you run cables, the average -- and
22 that's what we're dealing with here -- the averages
23 should be the same. And as we did in the three
24 offices where we looked at the -- here in Washington,
25 where we actually have virtual collocation and we

4114

1 went out and measured those, we're extremely close.
2 It was 188 feet on the transmission-type cables and
3 we were a little bit farther on the power cables. It
4 was 127 feet, versus the 123 that we have in our cost
5 study.

6 Q. Thank you. With regards to Exhibit 2017,
7 Attachment Three, you indicated that this data was
8 accumulated at some earlier point in time, but you
9 didn't recall the exact dates. Is there a window on
10 that? Can you say it was at least before such and
11 such a date?

12 A. This data was used in our previous cost
13 study that was developed, so I'm going to say it was
14 in the '97, '98 range, because that's when
15 collocation started to pick up. And as you look at
16 the places that we have listed here where we had data
17 from, that's where the majority of our collocations
18 were taking place at that particular time. And you
19 know, looking at the various states that we have and
20 the quantity of central offices, central offices
21 resemble central offices from state-to-state. I
22 mean, they don't change that much in size. And as I
23 said earlier, equipment is placed in specific
24 locations inside the central office, so the -- it
25 would be the same from central office to central

4115

1 office.

2 Q. And from jurisdiction to jurisdiction?

3 A. From jurisdiction to jurisdiction, yes,
4 sir.

5 JUDGE BERG: All right. That's all of my
6 questions. Dr. Gabel.

7

8 E X A M I N A T I O N

9 BY DR. GABEL:

10 Q. Good morning, Mr. Richter. I'd like to ask
11 you about a different topic in your direct testimony,
12 which is Exhibit 2001. For example, at page five,
13 line two, you refer to a time and motion study.

14 A. Hold on one second, please, sir. That was
15 page five?

16 Q. Yes, sir.

17 A. Yes, sir, okay.

18 Q. You refer to a time and motion study at
19 line two. Do you see that?

20 A. Yes, I do.

21 Q. Okay. And I'd also, I guess, point to page
22 20 of that same Exhibit 2001, line nine, you also
23 refer to time and motion studies?

24 A. Yes, sir.

25 Q. All right. Now, Mr. Richter, do I recall

4116

1 correctly you were a witness in Phase B of this same
2 docket?

3 A. Yes, sir.

4 Q. Okay. When you refer to time and motion
5 studies in this Phase D proceeding, are you referring
6 to the same time and motion studies that were
7 supervised by -- I don't remember what consulting
8 firm, but that were discussed extensively in Phase B,
9 or are these new time and motion studies?

10 A. These would be the same time and motion
11 studies that were used in the previous filings. I
12 would say that the time and motion study mentioned on
13 page five is for running jumpers in the central
14 office, and then the one on page 20 relates to the
15 ordering portion in the NACC, where we actually did
16 the time and motion study for that activity.

17 Q. In both situations, running the jumpers and
18 the NACC time and motion study, that was a time and
19 motion study, the same group of studies that were
20 supervised by the consulting firm and that was
21 discussed in Phase B?

22 A. That is correct. And the firm was Arthur
23 Andersen --

24 Q. Thank you.

25 A. -- in conjunction with --

4117

1 Q. Trying to keep their name out of this.

2 A. We used them before they got into trouble.

3 Q. So Mr. Richter, in Phase B, Staff, as I
4 recall, and if you -- or do you recall in Phase B
5 that Staff had some concerns about the use of the
6 Arthur Andersen's study?

7 A. I remember quite a few questions, yes.

8 Q. Okay. And so in your Phase D nonrecurring
9 cost studies, do you use just the observed time -- do
10 you recall -- well, let me restate. Do you recall in
11 Phase B that there was a discussion about the
12 observed time in the time and motion study and that
13 what you actually used in the Phase B cost studies
14 was that there was a trueup to account for additional
15 time for your workers where you didn't -- where you
16 needed to take into account all of the recorded labor
17 time of the people who are involved in implementing
18 these orders?

19 A. Yes, sir. If I may, in the ordering
20 process, there were two different time studies that
21 were done. One was a work sampling, which was based
22 on observations every 15 minutes, and that portion
23 was done in the NOMC, the National Market Center.

24 A time and motion study was performed in
25 the National Access Customer Center, the NACC, where

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1 we actually did a time and motion study on the sample
2 group. The work sampling study also had a sample
3 group, but what we're referring to here is the orders
4 that we're discussing here are ASRs, Access Service
5 Requests, and those would come through the NACC. So
6 that -- the information that's here would be based on
7 the actual time and motion study where an observer
8 set with one of their representatives, versus in the
9 work sampling study, observations are made on the
10 sampling group every 15 minutes, the number of
11 observations is multiplied times the 15 minutes, and
12 then that works with the total productive time in
13 that work center for those folks.

14 And then the difference, what you're
15 referring to, I believe, is the indirect time, which
16 is that portion or those activities that are
17 performed within the center for activities that are
18 more complex, rather than the sample group that we
19 had. It would take much more time to do those
20 activities. Then we would generally have the
21 associates who are actually taking orders in online.

22 So it was more of the offline activities,
23 and also included meetings and sessions with their
24 supervisor or actually going back to the CLEC for
25 clarification and so forth.

4119

1 Q. So where you refer to the time and motion
2 studies, both at page five and page 20, would there
3 be an adder for this indirect time? Would that only
4 occur in the NACC study or would it also be at page
5 five? Would there be --

6 A. It would not be in the page five, which is
7 the jumper running. It would not be there. That's
8 time to actually run the jumper. The NACC, of
9 course, would fall into the criteria, as we just
10 discussed.

11 Q. Okay. And would there be anyplace else in
12 the study where there would be the indirect time
13 added on to the observed time, other than for the
14 NACC?

15 A. Not that I can think of at this time,
16 because the only time that comes into play is in the
17 ordering portion.

18 DR. GABEL: Thank you, Mr. Richter.

19 MS. McCLELLAN: Very briefly, Your Honor.

20

21 R E D I R E C T E X A M I N A T I O N

22 BY MS. McCLELLAN:

23 Q. Mr. Richter, if you could look back at
24 Exhibit 2017. And you got some questions from Staff
25 about whether any of the central offices listed in

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1 Attachment One or Attachment Three were Washington
2 central offices. Do you remember that?

3 A. Yes, I do.

4 Q. Why were -- why weren't Washington central
5 offices used in the study?

6 A. At the time that the data was collected for
7 this study, we went to those locations where we had
8 the most collocation taking place, and at that
9 particular time, there was only a small amount of
10 collocation taking place in Washington and some other
11 states, that we went to the states that had the most
12 activity because central offices are basically the
13 state -- the same from state-to-state. The
14 information that was gathered in these states would
15 represent, on average, information that could be used
16 in doing a study in the state of Washington.

17 Q. And I believe you said that Verizon did a
18 spot check of central offices in Washington that have
19 virtual collocation. Do you recall you said there
20 were only three?

21 A. That is correct.

22 Q. Does Verizon view a sample size of three
23 central offices for a cost study to be a reliable
24 sample size?

25 A. Three is not a large enough quantity to

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1 really do a lot of basis on, but it does represent,
2 for the information that you have, what's taking
3 place. And --

4 Q. But -- I'm sorry.

5 A. I would just say that the distances that we
6 found in doing the virtual checking of these central
7 offices, that the lengths of the cable come extremely
8 close to the averages that we had from the other
9 data.

10 Q. But in developing a cost study to develop
11 cost of prices, if you are having an average, you
12 prefer to use a sample size larger than three to
13 calculate your estimated cost?

14 A. Yes, you want to have, you know, a large
15 amount of information so that your information has
16 some validity to it.

17 Q. And just to clarify, you said that Exhibit
18 2017 was the cost study used in the previous docket.
19 Just to clarify, did you mean this is the same cost
20 as used in Phase A for Verizon's collocation cost
21 study, Phase A of this proceeding?

22 A. What was used in the previous proceeding
23 was the same cable lengths --

24 Q. Right.

25 A. -- in developing the cost, yes.

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1 MS. McCLELLAN: Okay. I have no further
2 questions.

3 JUDGE BERG: Anything further from Staff?

4 MR. TRAUTMAN: No, Your Honor.

5 JUDGE BERG: All right. No further
6 questions from the bench. Mr. Richter, thank you
7 very much for being here and testifying today.
8 You're excused.

9 THE WITNESS: Thank you. It was my
10 pleasure.

11 JUDGE BERG: And Counsel, would we be
12 prepared to segue right into Ms. Million's testimony?

13 MS. ANDERL: Yes, Your Honor. It will take
14 a few moments to move all of the notebooks up there.

15 JUDGE BERG: All right. We'll be off the
16 record.

17 (Recess taken.)

18 JUDGE BERG: Let's be back on the record.
19 We've concluded with Verizon's witnesses for this
20 proceeding and we're now going to proceed with
21 Qwest's witnesses. The first Qwest witness is Ms.
22 Teresa Million. Ms. Million, if you'd please stand,
23 raise your right hand.

24 Whereupon,

25 TERESA K. MILLION,

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1 having been first duly sworn, was called as a witness
2 herein and was examined and testified as follows:

3 JUDGE BERG: Thank you.

4 (The following exhibits were identified
5 relating to the testimony of Teresa K.
6 Million.)

7 Exhibit T-2020, Direct Testimony of Teresa
8 K. Million, TKM-T26.) 2021, Compact Disc with Cost
9 Studies, Models and Workpapers, Supplemental Compact
10 Disc with Cost Studies, Models and Workpapers,
11 (TKM-27 and TKM-27 Supplemental). 2022, Summary of
12 Study Results, (TKM-28). 2023, Nonrecurring Elements
13 Cost Study, Study ID #5923 (TKM-29.) C-2024,
14 Nonrecurring Cost Study Backup Documentation,
15 (TKM-C30).

16 2025, Collocation: Space Inquiry Cost
17 Study, aka Space Availability Report, Study ID #5931,
18 November 2001, (TKM-31). 2026, Direct CLEC to CLEC
19 Interconnection Cost Study; Study ID #5928, November
20 2001, (TKM-32). 2027, Channel Regeneration Cost
21 Study, Study ID #5929, November 2001, (TKM-33.)
22 2028, Collocation: Space Optioning Cost Study, aka
23 Space Reservation Option, Study ID #5930, November
24 2001, (TKM-34). 2029, Collocation: Virtual Remote
25 Terminal Cost Study, Study ID #5933, November 2001,

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1 (TKM-35).
2 2030, Collocation: Remote Terminal Cost
3 Study, Study ID #5932, November 2001, (TKM-35A).
4 2031, Collocation: Fiber Termination Equipment Cost
5 Study, aka OCn Termination, Study ID #5934, October
6 2001, (TKM-36). 2032, Capital Lease RTU-Per Line
7 Port TELRIC Cost Study, Study ID #5914, October 2001,
8 (TKM-37). 2033, Premium Port Increment TELRIC Cost
9 Study, Study ID #5913, October 2001, (TKM-38). 2034,
10 ISDN BRI Port Cost Study, aka Digital Line Side Port,
11 Study ID #5854, October 2001, (TKM-39.)
12 2035, CLASS, Call Trace TELRIC Cost Study,
13 Study ID #5912, October 2001, (TKM-40). 2036,
14 Unbundled Packet Switching UNE Ordered Lives Cost
15 Study, Study ID #5918, October 2001, (TKM-41). 2037,
16 Unbundled Network Elements, OCn Capable Loop, OCn
17 E-UDIT and UDIT EEL Recurring Cost Study, Study ID
18 #5889, October 2001, (TKM-42). 2038, Unbundled
19 Network Elements Cost Study, aka Dark Fiber, Study ID
20 #5907, October 2001, (TKM-43). 2039, DS1 Trunk Port
21 Cost Study, Study ID #5637, October 2001, (TKM-44).
22 2040, DSO Analog Trunk Port Cost Study, ID
23 #5638, (TKM-45). 2041, PRI ISDN Trunk Port Cost
24 Study, Study ID #5853, October 2001, (TKM-46). 2042,
25 DID/PBX Trunk Port Service Cost Study, Study ID

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1 #5870, October 2001, (TKM-47). 2043, 8XX Database
2 Query Service Cost Study, Study ID #5871, October
3 2001, (TKM-48). 2044, SS7 Signaling Cost Study,
4 Study ID #5636, (TKM-49).
5 T-2045, supplemental Direct Testimony,
6 Million, (TKM-T50). 2046, Summary of Study Results,
7 (TKM-51). 2047, Diskette of Cost Studies, Models and
8 Workpapers, (TKM-52). 2048, Poles, Ducts, ROW,
9 Unbundled Packet Switching Supplemental Nonrecurring
10 Elements, (TKM-53). T-2049, Rebuttal Testimony of
11 Teresa K. Million, TKM-T54.
12 2050, Summary of Study Results, Revision to
13 TKM-28, (TKM-55). 2051, Channel Regeneration Cost
14 Study, ID #6189, (TKM-56). T-2052, Supplemental
15 Rebuttal Testimony of Million, (TKM-T57). 2053,
16 Qwest's responses to New Mexico Staff Data Requests
17 Numbers 03-005, 006, 009, 010, 011, 018, 022, 023,
18 024, (TKM-58). 2054, Qwest's Responses to New Mexico
19 Staff Data Requests Numbers 03-025, 03-026, 03-027,
20 (TKM-59).
21 2055, Exhibit TKM-03 from Part A of this
22 docket, (TKM-60).
23 WorldCom cross exhibits: 2056, Qwest Data
24 Request Response WUTC 04-071 and Attachment A. 2057,
25 Order and Amendment to the Interconnection Agreement

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1 between MCImetro and Qwest Corporation. 2058, Qwest
2 Washington SGAT, Third Revision, Exhibit A. 2059,
3 Qwest's Washington SGAT, Third Revision.
4 2060, Arizona Corporation Commission,
5 Docket Number T-00000A-00-0194, Phase II, Recommended
6 Decision. 2061, Qwest PowerPoint Presentation,
7 Wholesale Remote DSL Collocation Products. 2062,
8 Partial Transcript of Arizona Qwest Wholesale Cost
9 Proceeding, Docket Number T-00000A-00-0194. 2063,
10 C-2063, Qwest Response to WorldCom Data Request
11 Number 02-015 in Part A of this docket and
12 Confidential Attachment A. 2064, Qwest Response to
13 WorldCom Data Request Number 01-025 in Part D of this
14 docket.
15 Covad cross exhibits: 2065, Executive
16 Summary, Washington, Unbundled Elements, 1996
17 Nonrecurring Cost Summary, June 1998, response to
18 Covad Data Request 6S2 and Attachment A. 2066, SBC
19 Accessible Letter, Attachment 1-A. 2067, Qwest
20 Response to Covad Data Request 22. 2068, Qwest
21 Response to Covad Data Request 27. 2069, Qwest
22 Response to Covad Data Request 34.
23 2070, Qwest Response to Covad Data Request
24 67. 2071, Qwest Response to Covad Data Request 68.
25 2072, Qwest Response to Covad Data Request 71. 2073,

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1 C-2073, Qwest Response to Covad Data Request 72, and
2 Confidential Attachment A. 2074, C-2074, Qwest
3 Response to Covad Data Request 75A and Confidential
4 Attachment A.

5 2075, Qwest response to Covad Data Request
6 76A. 2076, Qwest response to Covad Data Request 77.
7 2077, Qwest Response to Covad Data Request 78. 2078,
8 Qwest Response to Covad Data Request 82. 2079, Qwest
9 Response to Covad Data Request 83.

10 2080, affidavit of Georgeanne Weidenbach,
11 Minnesota Docket Number P421/CI-01-1375, (RC-6).
12 2081, Qwest Response to Covad Information Request,
13 Minnesota Docket Number P421/CI-01-1375, 34S1. 2082,
14 Qwest Response to Covad Information Request,
15 Minnesota Docket Number P421/CI-01-1375, 59. 2083,
16 Qwest Response to Covad Information Request,
17 Minnesota Docket Number P421/CI-01-1375, 66. 2084,
18 Qwest Response to Covad Information Request,
19 Minnesota Docket Number P421/CI-01-1375, 70.

20 Staff cross exhibits: 2085, Qwest response
21 to Staff's Data Request Number 16. 2086, Qwest
22 Response to Staff's Data Request Number 67. 2087,
23 Qwest response to Staff's Data Request Number 71,
24 plus Supplemental Response. 2088, Qwest Response to
25 Staff's Data Request Number 73. 2089, Qwest Response

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1 to Staff's Data Request Number 74.
2 C-2090, Exhibit 114, sub-exhibit 6, page
3 17, from UT-960369. 2091, Exhibit Extracted from
4 Qwest Supplemental Exhibit TKM-C27. 2092, 47 USC
5 Section 224, with emphasis on sub (g).

6 (Conclusion of exhibits relating to the
7 testimony of Teresa K. Million.)

8

9 D I R E C T E X A M I N A T I O N

10 BY MS. ANDERL:

11 Q. Good morning, Ms. Million.

12 A. Good morning.

13 Q. Could you please state your name and your
14 business address for the record?

15 A. My name is Teresa K. Million, and my
16 business address is 1801 California Street, Room
17 4700, Denver, Colorado.

18 Q. By whom are you employed?

19 A. Qwest Services Corporation.

20 Q. Ms. Million, did you file testimony in this
21 docket in four parts, the first one marked as Exhibit
22 T-2020?

23 A. Yes.

24 Q. The second piece of testimony marked, for
25 purposes of this proceeding, as Exhibit T-2045, the

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1 third piece as Exhibit T-2049, and the fourth piece,
2 rather, as Exhibit T-2052?

3 A. Yes, I did.

4 Q. And did each of those testimonies have
5 attached exhibits that were referenced in that
6 testimony?

7 A. Yes, they did.

8 Q. Ms. Million, is that testimony true and
9 correct, to the best of your knowledge?

10 A. Yes, it is.

11 Q. Do you have any changes or corrections to
12 make, other than perhaps minor typographical errors
13 that don't affect the substance of the testimony?

14 A. No, I do not.

15 MS. ANDERL: Your Honor, we would offer
16 exhibits that have been identified as Ms. Million's
17 direct testimony, rebuttal testimony, and all of the
18 exhibits attached thereto, Exhibit T-2020 through and
19 including 2055.

20 JUDGE BERG: Hearing no objections,
21 Exhibits T-2020 through 2055 are admitted.

22 MS. ANDERL: And Ms. Million is available
23 for cross-examination.

24 JUDGE BERG: All right. Ms. Singer-Nelson.

25 MS. SINGER-NELSON: Thank you.

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1

2

C R O S S - E X A M I N A T I O N

3

BY MS. SINGER-NELSON:

4

Q. Good morning, Ms. Million.

5

A. Good morning.

6

Q. All right. I'm going to first go to your direct testimony that's been marked as T-2020.

8

A. I have it.

9

Q. I notice on page one of your testimony, you identify your employer and explain your position, but I notice that there's an absence of your educational background. Could you please provide that here for the record?

14

A. Certainly. I have a bachelor of science degree in animal science that I was granted in 1978 from the University of Arizona; I have a master's in business administration that I was granted in 1989 from Creighton University in Omaha, Nebraska; and I have a law degree from the University of Denver that I was granted in 1994.

21

Q. I also noticed that there's an absence of an explanation of your telecommunications background. Can you please go through that for the record?

24

A. Certainly. I have worked for Qwest or one of its predecessors since August of 1983, so nearly

25

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1 19 years. During that time, I've worked in a variety
2 of regulatory-type fields, including administration
3 of the shared network facilities agreements that were
4 the result of divestiture in 1984. I spent ten years
5 working in the tax department, doing research and
6 planning and that format of regulation. And since
7 then, I have been working in areas such as affiliate
8 transactions and most recently in the policy and law
9 department doing cost study preparation and
10 witnessing.

11 Q. And I notice that your title is director,
12 service cost/cost witness --

13 A. Yes.

14 Q. -- in the policy and law department. How
15 long have you held that position?

16 A. Since September of 1999.

17 Q. Can you briefly describe your
18 responsibilities in that job?

19 A. Certainly. I oversee and participate in
20 the preparation of cost studies. While the cost
21 analysts who do the studies do not work directly for
22 me, and actually work under another director, I work
23 closely with the cost analysts when they're preparing
24 the studies and in understanding the information that
25 they're gathering for the cost studies, and then I

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1 prepare testimony and witness on behalf of Qwest in a
2 number of states in regulatory proceedings such as
3 this.

4 Q. So is it correct that you're not an
5 engineer?

6 A. No, not at all.

7 Q. And is it correct that you're not an
8 economist?

9 A. No, I'm not.

10 Q. Is it correct that you don't have
11 experience as a central office technician?

12 A. No, I do not.

13 Q. And you have no experience as an outside
14 plant technician?

15 A. No, I do not.

16 Q. You also don't have experience as a switch
17 engineer; is that right?

18 A. No, I don't.

19 Q. Do you have any accounting background?

20 A. Yes, I do. As I stated, I spent ten years
21 in the tax department for Qwest and 13 years in total
22 in their finance organization.

23 Q. Have you prepared a cost study?

24 A. No, I have not.

25 Q. So you didn't prepare any of the cost

4133

1 studies that are attached to your testimony?

2 A. No, I did not.

3 Q. And the people who actually did prepare
4 those cost studies are not going to be testifying
5 this week; is that right?

6 A. No, they will not.

7 Q. Who are some of those people who prepared
8 the cost studies? For example, who prepared -- let's
9 see, in your Exhibits 31 through 49, that notebook,
10 I think the first one, TKM-32 is Exhibit 2026, I
11 think. Do you know who prepared that cost study?

12 A. Yes, this cost study was prepared by a cost
13 analyst by the name of Victoria Bishara.

14 Q. Is there an identification of that person
15 anywhere in this document?

16 A. I would doubt it.

17 Q. In any of the cost studies, can you tell
18 from looking at the study itself who actually
19 prepared it?

20 A. No, that's not likely that you could,
21 because there's a fairly good size pool of cost
22 analysts that work on a variety of these cost
23 studies, and so depending on who might be working on
24 one at a particular time, it might be a different
25 cost analyst.

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1 Q. Is it fair to say that Qwest employees
2 prepared the cost studies that are attached to your
3 testimony?

4 A. Oh, absolutely.

5 Q. Are there any exceptions to that?

6 A. No, none.

7 Q. Did anyone outside of the employment of
8 Qwest evaluate the validity of the cost study before
9 you submitted them here in this docket?

10 A. No, they did not.

11 Q. Would you say that generally the subject
12 matter expert that provided the estimate in the cost
13 -- in your cost studies would be the same person that
14 performed the work?

15 A. Yes, that would be the case.

16 Q. In every case?

17 A. I think, as I probably explained in
18 testimony, they're people who either are currently
19 performing the work or have performed the work in the
20 past or they supervised the work. There are a
21 variety of functions that those people might perform
22 and they might be at any stage within that. They may
23 have been somebody who performed it in the past and
24 is now supervising the people who perform it, but
25 certainly in the collaborative process that I've

4135

1 described in my testimony, the people who perform the
2 work are involved in determining what the estimates
3 are for times, for example, whether or not they
4 happen to be the person who is identified as the SME,
5 or subject matter expert, in that case.

6 Q. Now, for each cost study attached to your
7 testimony, do you know how the preparer was
8 instructed as to the assumptions he or she should
9 make or --

10 A. I would say yes, I could state that the
11 cost analyst, for example, in the case of the
12 nonrecurring study, has a set of instructions that he
13 goes through or she goes through with the SMEs and
14 the group of people that are going to be evaluating
15 time estimates and probability estimates, and they
16 describe to them that what they're looking for is a
17 forward-looking process that assumes any improvements
18 to the process or mechanizations that are going to
19 take place in the next 12 to 18 months from the time
20 when they're making the estimate. There are those
21 kinds of assumptions.

22 Also assumptions that say don't include in
23 your time estimate trouble. Assume -- in other
24 words, assume a job that's going to flow
25 appropriately and is not going to take additional

4136

1 steps to track down the source of problems or down
2 time on systems, that kind of thing. So those types
3 of times are not included in the estimate and they're
4 directed specifically not to consider those kinds of
5 time.

6 There are a series of instructions, and I
7 believe that they're included -- the description of
8 those instructions is included in my exhibit -- I
9 believe it's Confidential Exhibit 2024, what was
10 referred to as TKM-C-30. There are pages within that
11 documentation that explain specifically what kinds of
12 direction are given to the SMEs who are performing
13 the time estimates and probability estimates.

14 Q. So are you saying that there are -- that
15 the instructions for each of the cost studies as to
16 the assumptions that the preparers were supposed to
17 use are actually written down?

18 A. Well, they're not necessarily written when
19 they're given to the person doing the estimate. That
20 typically happens more in a meeting setting or a
21 group collaborative setting where the cost analyst
22 sits down with the SME or a group of SMEs and
23 explains what they should be doing in terms of
24 looking at times and probabilities and what
25 assumptions they should be making, but then he

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1 records or has recorded in his documentation or in
2 her documentation what those instructions are that
3 have been relayed to the SMEs.

4 So I guess the way I would answer that --
5 or if I can clarify that, no, a set of written
6 instructions is not handed out, but yes, we do have
7 what those instructions are written down and included
8 in our documentation.

9 Q. Okay. And so if, to the extent that there
10 were any instructions, you're saying that they would
11 be reflected in the attachments -- or in Exhibit
12 C-2024; is that what you're saying?

13 A. Yes, I guess, for example, if you look at
14 page 26 of that exhibit, under service delivery
15 coordinator, the first -- it's the first page of Tab
16 Four, there's a section entitled Time Estimates and
17 Probabilities of Occurrence, and about midway down
18 the page, just above the bullet points, it says,
19 Instructions provided to the SMEs for the
20 determination of time estimates and probability of
21 occurrence include the following key assumptions, and
22 then there are several of those that are included
23 there.

24 These are the types of instructions that
25 the cost analyst provides to the SMEs each time they

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1 have one of these meetings or discuss gathering the
2 data for time estimates and probabilities. And I
3 think you'll find that same set of instructions
4 consistently throughout this entire binder on the
5 first page of every different type of function that's
6 being performed.

7 Q. Okay. Now, Qwest did not prepare time and
8 motion studies to support the cost studies; is that
9 right?

10 A. No, they did not.

11 Q. Turning back to your direct testimony,
12 Exhibit 2020, page four, you discuss the economic
13 principles there that apply --

14 A. Yes.

15 Q. -- in Qwest cost studies. So that you say
16 that the Qwest TELRIC studies identify the
17 forward-looking long run direct costs that would
18 result from the provision of an interconnection
19 service or network element, plus the incremental cost
20 of shared facilities and operations. You continue,
21 These studies identify total element costs - the
22 average incremental cost providing the entire
23 quantity of the element, and the assumptions, methods
24 and procedures used in Qwest cost studies are
25 designed to yield the realistic, most efficient

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1 forward-looking cost in replacing the entire
2 telecommunication network.

3 A. Yes.

4 Q. Is that -- did I read that accurately?

5 A. Yes, you did.

6 Q. Then on page -- in the next Q and A, you
7 say that your testimony in Part B included
8 descriptions of the TELRIC principles Qwest adhered
9 to in developing the cost studies filed in this phase
10 of the proceeding; is that right?

11 A. Yes, I did.

12 Q. And one of those assumptions was that the
13 cost studies were based on Qwest's actual experience
14 or company practice.

15 A. I would disagree with that
16 characterization. What we talk about is our actual
17 experience and practice assuming forward-looking
18 assumptions. In other words, we start, in the
19 nonrecurring studies, for example, with a base of
20 what is it that we're doing today for this process.
21 And as the SME and as the person who's involved
22 day-to-day in this process, what is it that we
23 foresee that we're going to be doing in the future to
24 change that process, to try to improve that process,
25 and what systems changes do we see coming or do we

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1 know about that are going to possibly impact that
2 process and improve the process going forward? And
3 so --

4 Q. Okay. Excuse me, Ms. Million. So are you
5 saying that you did not say in your testimony in Part
6 B of this docket that one of the assumptions for
7 Qwest's cost studies was that they were based on
8 Qwest's actual experience or company practice?

9 A. Well, I know that I said -- I have said in
10 testimony there and probably in testimony here that
11 that forms a basis for, but there's more -- it
12 doesn't stop there. I mean, you've picked up a
13 couple of words out of an entire set of testimony
14 that goes on then further to say -- and that is
15 qualified by a forward-looking view that looks at
16 what process improvements and system improvements we
17 know are coming in the next 12 to 18 months.

18 So yes, those words are in there, and yes,
19 that sentence is in there, but it's not all by
20 itself. That's not the only thing I've said about
21 that.

22 Q. Again, at page 16 of your direct testimony,
23 you do state that the studies consider -- and I'm
24 looking at -- starting at lines seven through 19,
25 that section of your testimony, specifically lines 10

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1 and 11. You state that those studies consider the
2 actual processing and provisioning activities that
3 are either in place today or scheduled to be
4 implemented.

5 A. Correct.

6 Q. Is that at Qwest?

7 A. Yes, absolutely.

8 Q. So actually scheduled to be implemented at
9 Qwest?

10 A. Yes.

11 Q. How do your subject matter experts know
12 what is scheduled to be implemented at Qwest?

13 A. Well, the subject matter experts are people
14 who, as I said, are either involved in the day-to-day
15 processing, they may supervise the activity, they may
16 be in the work center where the activity is taking
17 place, and as part of the ongoing process of those
18 centers and those activities is a practice of
19 reviewing the work, setting new goals, trying to
20 establish improvements in the way things are
21 processed.

22 Just like any business, we don't have a
23 static set of processes that we follow and then say,
24 Gee, aren't we good, we never have to do anything
25 more to improve. We constantly, in business units,

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1 are setting goals to improve our performance and
2 process things more efficiently and more cheaply, as
3 well, to the extent that we can.

4 Q. So your answer to the question as to how
5 the SMEs know what's scheduled to be implemented at
6 Qwest is that they're --

7 A. They're involved in that process of review
8 and trying to determine ways to improve processes and
9 look at things that they can do within the systems to
10 improve processes and they consult with people from
11 the IT organization about things that do or don't
12 work in processing and how to fix those and try to
13 improve them.

14 Q. How would the subject matter experts
15 actually know of the impact that any of those
16 expected changes would have on the time estimates and
17 the other assumptions that are made or the other
18 factors that are reflected in the cost studies?

19 A. Well, I think with -- as with any business
20 improvement or process improvement that you try to go
21 through, when you're looking at those process
22 improvements, one of your goals is to effect change
23 positively within a particular work process. In
24 other words, it's taking me X amount of time to do
25 these things right now, and if we make this

4143

1 improvement or that improvement or we shift this work
2 around or we get IT to come in here and improve this
3 screen or that screen, we believe that we will effect
4 positive change or we believe that we will impact the
5 work steps in such a way that we think that this will
6 be the result.

7 I mean, clearly, it's an estimate. It's
8 not somebody quantifying exactly what those times are
9 going to be, but it's somebody who's doing the work
10 today that says, If I can run the process this way
11 instead, I think I can shave, you know, two minutes
12 or five minutes or whatever off of this process, and
13 that's what we would expect to reflect then in the
14 studies.

15 Q. Could you tell me what proportion of costs
16 include the forward-looking changes, such as the
17 process improvements that you've been talking about,
18 versus what is actually done today?

19 A. No, I can't put a quantification on that.
20 What I know is that the subject matter expert looks
21 at the process as it's happening today, looks at,
22 again, what improvements they expect to make for the
23 next 12 to 18 months and puts an estimate together.

24 And when I say SME, or subject matter
25 expert, I'm not necessarily talking about one person.

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1 I'm talking about maybe a process group or a group of
2 people who perform the activities talking about it,
3 discussing among themselves what they're
4 experiencing, what they think they could experience
5 in the future, knowing what they know about the
6 changes in process.

7 Q. How often are new process improvements
8 implemented into cost studies?

9 A. Into the cost studies as -- I wouldn't say
10 that there's a specific time. Periodically, the cost
11 studies are reviewed. One of the cost analysts that
12 I work fairly closely with with regard to
13 nonrecurrings tries to talk to the subject matter
14 experts every 12 months if he can, every 12 to 18
15 months if he can't get it done within 12-month time
16 frame, and goes back to those subject matter experts
17 and talks to them about what they've been doing,
18 whether or not those processes still apply, whether
19 there are things that have been implemented or are
20 being implemented that are going to impact times.

21 And you know, the other thing that happens
22 is you make an estimate out into the future, and as
23 time goes by, you find out whether that was a good
24 estimate or not and whether you need to a readjust
25 that estimate, whether you've estimated too high or

4145

1 too low and what you're seeing in terms of experience
2 during the time from the last time that you looked at
3 the process. And so --

4 Q. Ms. Million, so in response to my question
5 about how often are new process improvements
6 implemented into the new cost studies, your answer is
7 that you just can't quantify that?

8 A. No, not specifically. I would say, though,
9 that for the nonrecurrings, that the cycle seems to
10 be around a 12-month cycle. Certainly sometimes it
11 goes longer than that.

12 Q. Thank you. Now, based on your testimony
13 that the cost studies consider the actual processing
14 and provisioning activities that are either in place
15 today or scheduled to be implemented at Qwest, to the
16 extent that others in the telecom industry may use
17 practices that are more efficient than those used by
18 Qwest, those would not be reflected in your studies?

19 A. Well, if you're asking me do we go to other
20 companies and see what they're doing and reflect
21 those time estimates in our studies, the answer is
22 no.

23 Q. Thank you. In the cost studies attached to
24 your testimony, the subject matter experts never
25 reference equipment or technology that's not used by

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1 Qwest to change actual time estimates; is that right?

2 A. Could you say that again?

3 Q. Sure. In the cost studies that are
4 attached to your testimony, isn't it true that the
5 subject matter experts never reference equipment or
6 technology that's not used by Qwest to make changes
7 in the actual times that are reflected in the study?

8 A. You're asking specifically with regard to
9 the nonrecurrings?

10 Q. I'm asking with regard to any of the cost
11 studies that are attached to your testimony.

12 A. Well, I think that there are some of the
13 recurring studies certainly that make assumptions
14 about deployment of technology that doesn't exist in
15 our network today.

16 Q. Okay. So then --

17 A. In other words -- I'm sorry.

18 Q. Go ahead. I'll let you finish.

19 A. In other words, you have assumptions about
20 configurations that are our forward-looking
21 assumptions about facilities configurations that may
22 or may not be a part of the existing network that are
23 reflected in the investment numbers that we developed
24 for the recurring studies.

25 Q. Okay. But with regard to the nonrecurring

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1 studies?

2 A. With regard to the nonrecurrings, you're
3 definitely talking about the systems that we use to
4 process, for example, provision orders, that we use
5 in the network to databases and so forth that we use
6 or access to get information and pull information
7 together, yes, we're definitely talking about systems
8 that we use or that our people are familiar with and
9 will use in the processing of the orders.

10 Q. Okay. So the answer to my question was
11 that the cost studies do -- the nonrecurring cost
12 studies attached to your testimony do not reference
13 equipment or technology that's not used by Qwest to
14 --

15 A. That's correct.

16 Q. -- change actual times?

17 A. That's correct.

18 Q. In those cost studies, the subject matter
19 experts never reference processes not used by Qwest
20 to adjust the actual times; isn't that right?

21 A. Well, only to the extent that -- to the
22 extent that you're looking at a process improvement
23 that you expect to make within the 12 to 18-month
24 time frame, it may be something that you're not using
25 currently and it may, in fact, be something that

4148

1 you've -- that one of the groups has decided to make
2 an improvement because they're aware of improvements
3 that are going on elsewhere. I mean, these people
4 belong to industry groups and, you know, it's -- they
5 talk to each other, they understand what's going on
6 in the industry.

7 The engineers that work for us don't just
8 work for us in a vacuum. They're aware of and
9 participate in industry groups and so forth with
10 other engineers from other companies. If there are
11 things that are being discussed in those
12 environments, they may bring that back and have an
13 idea for a process improvement at Qwest, so it's not
14 always exactly what we're doing here; it's maybe what
15 we plan to do.

16 Q. Okay. Can you show me where in one of the
17 cost studies that your SMEs adjusted the time
18 estimates to reflect processes that aren't used by
19 Qwest?

20 A. Not specifically, other than to the extent
21 that, like I said, they are things that we are
22 planning to implement. Where the ideas for those
23 come from, I -- I can't say for certain. Sometimes
24 I'm sure they're internal ideas, sometimes they're
25 ideas that have been brought back to the company, but

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1 to give you a here's five minutes and we've cut it
2 down to two minutes because -- no, I can't point to
3 anything specific.

4 Q. Okay. And just to be clear, your testimony
5 is that if that would be reflected in any of the cost
6 studies, it would only be if Qwest had actual plans
7 to implement those process changes?

8 A. That's true.

9 Q. If you could look at C-2024, that's your
10 TKM-30, under Tab 82. Unfortunately, I don't have
11 the copy that has the sequential numbering all the
12 way through it.

13 A. Oh, okay.

14 JUDGE BERG: Which tab, again?

15 MS. SINGER-NELSON: Tab 82.

16 MS. ANDERL: Your Honor, that's on page
17 419.

18 MS. SINGER-NELSON: Okay. Is the tab
19 numbered? It is 419, okay. So then it would be
20 about 14 pages into that, so 419 plus 14 is 513.

21 MS. ANDERL: 433, but --

22 MS. SINGER-NELSON: My math doesn't work
23 very well.

24 THE WITNESS: I apologize, my copy, Tab 80

25 --

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1 Q. Tab 82.

2 A. -- is the one that says that we will
3 provide the information.

4 Q. Oh, I inserted the Staff's -- your response
5 to Staff's data request.

6 A. Okay.

7 Q. At that -- it's Staff Data Request -- looks
8 like 03-068 S-1. I presumed that you just inserted
9 that for the exhibit.

10 MS. ANDERL: We did not. We didn't.

11 JUDGE BERG: We need to keep extraneous
12 discussion down. It's difficult for the court
13 reporter to follow the lead discussion. If other
14 parties need to interject, please wait for a pause
15 and let me know. Is this an exhibit that's been
16 marked as a cross exhibit?

17 MS. SINGER-NELSON: Judge, it has not been
18 marked as a cross exhibit. I had presumed that
19 because it is a supplement to Exhibit TKM-30, that
20 Qwest had just inserted it into the exhibit that it
21 offered.

22 JUDGE BERG: Do we have this information as
23 part of any direct exhibit, Ms. Anderl?

24 MS. ANDERL: We did not submit it, and it
25 was possibly because we believed at the time we were

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1 supplementing this that no party was challenging
2 those particular rates, and of course, it wasn't --
3 because of the error in receiving the other testimony
4 late, we didn't realize until very late in the game
5 that Mr. Lathrop was, in fact, addressing these rate
6 elements.

7 We can certainly make copies of that
8 document over the noon hour. Because it was provided
9 as a part of discovery, all parties have already
10 received a copy of it.

11 JUDGE BERG: Okay.

12 MS. SINGER-NELSON: Yeah, and Judge, just
13 to clarify for the record, Qwest, in its production
14 of TKM-30 with Ms. Million's testimony, did not have
15 any information at all behind that tab. So Staff
16 asked a data request that says, In TKM-C-30, please
17 provide all supporting documentation associated with
18 Tab 82 within the poles, manholes, rights of way
19 section of TKM-30. Although the testimony and cost
20 studies were provided for these issues on November
21 30th, 2001, supporting documentation of the type
22 normally included in TKM-C-30 appears to be missing
23 or omitted. And therefore, Staff requests the full
24 documentation at this time.

25 JUDGE BERG: All right. Thank you very

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1 much. I think it would make sense to integrate that
2 information into Exhibit C-2024, so I will need some
3 additional copies. Noon hour would be fine, but the
4 start of tomorrow would also be acceptable.

5 But let me just say, if it's important or
6 necessary for me to have a copy in order to follow
7 the line of cross-examination, then you may, you
8 know, want to wait. We're pretty good at following
9 the line of questioning as you have it if you wish to
10 proceed, but there is that -- the fact that I don't
11 have it to look at.

12 MS. SINGER-NELSON: Okay. I do just have a
13 couple of questions and I don't think it would be
14 difficult to follow, as long as the record is clear
15 which pages we're looking at.

16 JUDGE BERG: Okay. That would be helpful.

17 MS. SINGER-NELSON: And I can actually just
18 bring the exhibit up, if you don't have an extra copy
19 of it.

20 MS. ANDERL: We left our discovery in the
21 car until we had more spacious quarters.

22 MS. SINGER-NELSON: So I'll just bring that
23 up, if I may approach the witness. I just have a
24 couple of quick questions.

25 JUDGE BERG: Yes, yes. Thank you.

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1 MS. SINGER-NELSON: I'll look at it,
2 because then it will make more sense if she talks
3 while I'm looking at it, just for me.

4 JUDGE BERG: Ms. Million, even though Ms.
5 Singer-Nelson is to your left, if you could use the
6 microphone, it will help the court reporter. Even
7 from here, your voice drops off when you're turned
8 away.

9 THE WITNESS: Okay, thank you. I'll
10 remember that.

11 JUDGE BERG: Thank you.

12 Q. Could you please identify what you have
13 before you for the record?

14 A. Yes, it's Tab 82 from -- and the
15 information that supports Tab 82 from Exhibit C-2024.

16 Q. Thank you. Could you identify it, describe
17 what it is?

18 A. This is the -- what we call the backup
19 information associated with the time estimates that
20 were provided for the poles, ducts, and rights of way
21 elements. I believe there are either eight or nine
22 of those elements, including inquiries, verifications
23 and so forth for poles, ducts, and rights of way.

24 Q. Okay. Ms. Million, I've marked the cover
25 page at Tab 82 as page 419, so please turn to what

4154

1 I've marked on my copy as page 14, which will end up
2 being page 433.

3 MS. ANDERL: Well, Your Honor, actually,
4 and Ms. Singer-Nelson, because this whole document is
5 numbered sequentially through page 670, we'll
6 probably have to make the pages like 419-1, 419-2.
7 We'll come up with a numbering convention that makes
8 sense.

9 JUDGE BERG: I like that idea. So if you
10 have page numbers on there that begin with one, we'll
11 deal with it that way.

12 MS. SINGER-NELSON: All right. That works
13 with how I've numbered it.

14 Q. So it would be -- if we're looking at the
15 very first page behind Tab 82 as being 419-1, we're
16 looking at page 419-14. Do you see that handwriting
17 on those pages?

18 A. Yes.

19 Q. Or on that page?

20 A. Yes, I do.

21 Q. Please tell me whose handwriting that is?

22 A. That handwriting belongs to Dan Deffley,
23 who is the cost analyst responsible for these
24 studies.

25 Q. And what does it show?

1 A. What it shows is that we had a time
2 estimate for a particular activity that was described
3 in the documentation as 60 minutes originally and,
4 for example, we have changed that for a particular
5 item to 45 minutes applied per team, eleven-sixteen,
6 with his initials. And that basically reflects
7 discussions that I actually happened to have been
8 involved in, where we were talking about an estimate
9 of 60 minutes that was made for a couple of different
10 elements. And in talking to the group of experts
11 about this, we discussed whether or not that 60
12 minutes was an average and that, if you looked at
13 each of those individual items, if those times would
14 be adjusted either upward or downward based on the
15 specific requirements associated with that element.

16 In other words, we had a 60-minute estimate
17 for copies that applied to rights of way and poles
18 and ducts, and we said, Well, is it really, truly 60
19 minutes for each of those items or have you
20 established an estimate. They had determined that
21 they had -- just established sort of an average, and
22 then we went back and talked about why it might be
23 more or less depending on which of those elements it
24 was being addressed to.

25 Q. Are there any notes reflecting those

4156

1 discussions?

2 A. Simply the note here from Mr. Deffley,
3 saying 45 minutes per team or 75 minutes per team,
4 and I think -- I don't know if there's another --
5 yeah, same kind of notes over here where we've talked
6 about adjusting those up or down for a particular
7 element based on those discussions.

8 Q. That's all I have. Okay. Could you please
9 look at Tab 128 in Exhibit C-2024? Tell me when
10 you're there. I'm on page 641.

11 A. I almost have it. I'm there.

12 Q. Is that in the unbundled packet switching
13 customer channel --

14 A. Yes, it is.

15 Q. -- work papers? So you're at page 641?

16 A. Yes, I am.

17 (The following portion of the transcript is
18 contained in a separate and confidential
19 record.)

20

21

22

23

24

25

4161

1 END OF CONFIDENTIAL PORTION

2 (Discussion off the record.)

3 MS. SINGER-NELSON: Thank you.

4 JUDGE BERG: You're welcome. It happens at
5 least once in every hearing.

6 MS. ANDERL: It's good that we got it out
7 of the way.

8 MS. SINGER-NELSON: You're welcome.

9 JUDGE BERG: I would just suggest that any
10 time we have any numbers, just to presume that
11 they're confidential, and if opposing counsel can
12 agree it's not confidential, then I'll just rely on
13 opposing counsel to speak up.

14 MS. SINGER-NELSON: Thank you, Judge. Are
15 the dates confidential?

16 MS. ANDERL: No.

17 Q. Would you tell us what the date is
18 underneath that number?

19 A. The date on that particular number is
20 2/25/99.

21 Q. Thank you. Now go to Tab 129 in the same
22 exhibit, please.

23 A. Yes, I have that.

24 Q. Does that address unbundled packet
25 switching, ATM, DS1, DS3?

4162

1 A. The interface port, yes, it does.

2 Q. Yeah, the interface port. It looks to me,
3 starting at the bottom, I see a note from someone
4 named Denise, is it Eoriatti? Oh, I'm on page 652.
5 I apologize.

6 MS. TENNYSON: That's Tab 130.

7 MS. SINGER-NELSON: It is?

8 MS. TENNYSON: Tab 130 starts at page 650.

9 Q. I did have a problem with my exhibit not
10 having numbers on it, so I am looking at page 652.

11 A. I have that.

12 Q. Is that, at the top, is it subject, re:
13 design flow?

14 A. Yes.

15 Q. Okay. So I think we're looking at the same
16 document.

17 A. Yes, we are.

18 Q. Thank you. And I'm looking at the very
19 bottom of it. And generally speaking -- this is also
20 a confidential document?

21 A. Yes, it is.

22 Q. Generally speaking, it looks like a person
23 was requesting some information to put together costs
24 for UNE-P products, for new UNE-P products. Is that
25 generally what we're looking at? Looking at the

4163

1 bottom of the page?

2 A. Yes, that's correct.

3 Q. And there is a series of -- it looks like
4 e-mails or notes back and forth between a couple of
5 people?

6 A. Yes, I believe those are e-mails.

7 Q. Do you know who those people are?

8 A. Yes, I do.

9 Q. And what are their responsibilities?

10 A. The cost analyst is Denise Eoriatti.
11 That's spelled E-o-r-i-a-t-t-i. She works with Mr.
12 Deffley, who is also a cost analyst doing
13 nonrecurring cost studies, and the other person,
14 Kathy Platts is -- Platts is P-l-a-t-t-s -- is the
15 person in the design work group who is responsible
16 for design flow.

17 Q. All right. And I would just note for the
18 record the very first line on this exhibit, the note
19 from Kathy?

20 A. Yes.

21 Q. Is that her conclusion and her instruction
22 to -- her response to Ms. Eoriatti?

23 A. Yes, it is.

24 Q. Thank you. And that's a basis for the part
25 of the estimates in the cost study presented?

4164

1 A. What she's doing in that line is
2 referencing some other time estimates that were
3 provided by another person for another similar
4 function, and what she's saying is that those times
5 could be referenced and used in order to prepare
6 these time estimates.

7 Q. Thank you. Now I'm going to shift gears a
8 little bit. Please go to your rebuttal testimony
9 just for a minute. It would be -- I specifically
10 want to go to Exhibit 2050, which is TKM-55, attached
11 to your rebuttal testimony.

12 A. I have that.

13 Q. Your rebuttal testimony's been marked as
14 T-2049; is that right?

15 A. I believe that's correct. Yes.

16 Q. Will you identify Exhibit 2050 for the
17 record?

18 A. Yes, Exhibit 2050 is my exhibit that lists
19 the proposed -- the rates that Qwest is proposing in
20 this Phase D of the docket for the elements that are
21 being reviewed in Phase D, and it includes both the
22 recurring and the nonrecurring rate proposals, as
23 well as a cost study number and the name of the
24 witness -- the product witness that is responsible
25 for the particular element being listed.

4165

1 Q. Is this document an update from an earlier
2 version of an exhibit that was very similar to this?

3 A. Yes, it is, and it's actually, I guess, if
4 you will, a combination of two prior exhibits, and
5 they are Exhibit Number 2022, which was identified as
6 summary of study results, TKM-28; and Exhibit 2046,
7 which was identified as summary of study results,
8 TKM-51. This exhibit, Number 2050, combines the
9 rates that were on both of those previous exhibits,
10 and then it also removes some exhibits based on some
11 agreements that we made to remove certain elements.

12 Q. It removes rates; is that what you meant to
13 say?

14 A. Yes, removes rates and the element
15 descriptions.

16 Q. So would you --

17 A. Oh, excuse me, it does not remove the
18 element descriptions. They're still listed. There's
19 simply no rate by them.

20 Q. Thank you.

21 A. I apologize.

22 Q. So you're saying that TKM-55, then, will be
23 the -- is the replacement for TKM-28 and TKM-51?

24 A. Yes, that's correct.

25 Q. And we shouldn't look to those for Qwest

4166

1 proposals anymore?

2 A. No, that -- that would be correct.

3 Q. Thank you. Are there any changes today to
4 TKM-55?

5 JUDGE BERG: And just for the record, let's
6 switch over and use the exhibit number at this point.

7 MS. SINGER-NELSON: Oh, I'm sorry.

8 Q. Exhibit Number 2050. Thank you.

9 A. Not that I'm aware of, no.

10 Q. What has changed from your previous exhibit
11 to 2050? And please start with what looks like a
12 removal of the rates for the trunk nonrecurring
13 charges.

14 A. Yes, we withdrew the trunk nonrecurring
15 charges that were under Section 7.5; we corrected the
16 space optioning administration fee under 8.10, based
17 on the error that Mr. Lathrop found in our space
18 optioning study; and as I recall, we reflected rates
19 for access to poles, ducts and rights of way under
20 Section 10.8 that were not included in the original
21 TKM-28, but were included under TKM -- I'm sorry,
22 under 2022, but were included under 2046; and 2050
23 also includes rates under Section 9.24 for unbundled
24 packet switching, the nonrecurring charges for that
25 that were also omitted from 2022.

4167

1 Q. Are those all of the changes?

2 A. As far as I'm aware.

3 Q. And why were the rates from Section 7.5
4 withdrawn?

5 A. Those rates were withdrawn because, during
6 a review of the processes that were involved for
7 those rates, which were triggered by a series of data
8 requests that we received from WorldCom, in
9 discussing those activities with the SMEs that
10 provide the time estimates and trying to fill a data
11 request to provide further supporting documentation,
12 we discovered that some of the processes had changed
13 and we wanted to reflect those appropriately in our
14 costs, and so determined that, because we didn't have
15 time to conduct a complete review of that set of
16 elements for this proceeding, that we would withdraw
17 them and ask to submit them in a later phase or a
18 later cost docket so that those elements would be
19 more properly reflected in terms of the processing
20 that we expect.

21 Q. So currently, in Washington, there are no
22 trunk nonrecurring charges for the elements that are
23 listed on Exhibit 2050; is that right?

24 A. That's correct.

25 Q. A couple more documents that I would just

4168

1 like you to authenticate or just identify for the
2 record. If you would go to the cross-examination
3 exhibits, first I'll look at Exhibit 2059. Let me
4 know when you have it.

5 A. If you'll give me just a minute.

6 Q. I will.

7 A. 2059, okay. Yes, I have that.

8 Q. Will you identify that for the record?
9 Well, I'll do it faster. Is that Qwest's Statement
10 of Generally Available Terms and Conditions, the
11 Third Revision, dated January 29th, 2002, for the
12 State of Washington?

13 A. Yes, it is.

14 Q. Now, going to Exhibit 2058, is that Exhibit
15 A to Qwest's Washington Statement of Generally
16 Available Terms and Conditions, Third Revision, dated
17 January 29th, 2002?

18 A. Yes, it is.

19 Q. What is Exhibit A?

20 A. Exhibit A is the price list, I guess, if
21 you will, that's associated with the Statement of
22 Generally Available Terms, the SGAT.

23 Q. Is Exhibit 2050 and Exhibit A, which is
24 Exhibit 2058, consistent? Are the rates contained in
25 those two documents consistent with each other?

4169

1 A. Not necessarily.

2 Q. Could you point out those that are not
3 consistent and explain why?

4 MS. ANDERL: Well, Your Honor, you know, I
5 guess I'll object at this point. Exhibit 2050 and
6 2058 are both fairly lengthy and highly detailed
7 documents with lots of numbers on them. I think if
8 Ms. Singer-Nelson wants to call the witness'
9 attention to particular rate elements and ask for
10 comparison, that's okay, but I don't think it's
11 appropriate to ask the witness on the stand to do a
12 line-by-line comparison of a couple of 19-page
13 documents.

14 JUDGE BERG: Ms. Singer-Nelson, you
15 certainly can inquire of this witness whether she has
16 -- already has independent knowledge of specific
17 items, but if she doesn't have that independent
18 knowledge of specific items, I think things will move
19 along a lot faster if you could point to those things
20 where you've noticed discrepancies and direct the
21 witness' attention there for some discussion.

22 And certainly this witness will be going on
23 with testimony this afternoon and likely tomorrow
24 morning, as well. Otherwise, I'm concerned that, you
25 know, there may be a point that doesn't get addressed

4170

1 just because she hasn't had a chance to either
2 compare them or it's something that she hasn't done
3 before.

4 MS. SINGER-NELSON: I'll do a couple things
5 to make it go quickly, Judge. I think it is
6 important to understand that those two documents are
7 not consistent. And it sounded like, based on Ms.
8 Million's response to my question, that she was aware
9 of that.

10 Q. And so generally, I'll ask you why are
11 those two documents inconsistent?

12 A. And I can certainly explain that to you.
13 The documents would be -- don't represent the same
14 thing, I guess, for starters. The Exhibit A to the
15 Washington SGAT is supposed to reflect rates that are
16 either in effect or, in some instances, proposed, in
17 some instances that have been tariffed in the state
18 of Washington, and my Exhibit 2050 is strictly
19 Qwest's proposals for Phase D.

20 So if I can give you an example of that, I
21 believe that my exhibit for Phase D contains customer
22 transfer charge rates that we are intending to
23 propose in this docket, whereas the Exhibit A that is
24 reflected here, dated January 29th, has the rates
25 that we proposed in Phase B of this docket reflected

4171

1 in it. That's one place where I can see right from
2 the beginning is a difference from what we've got in
3 my exhibit, and that's simply because the SGAT
4 exhibit doesn't get updated every single time we
5 propose new rates in a state, particularly if we've
6 already got a proposal pending or if we've got a rate
7 that's been determined by the Commission in another
8 proceeding, we won't change that rate until the new
9 rate has been approved or we've settled on a new
10 rate. Otherwise, we would be changing this document
11 much more frequently, even than we do.

12 Q. Ms. Million, can I direct your attention on
13 Exhibit 2058, which is Exhibit A to the SGAT, to the
14 section we discussed on 2050, where Qwest has
15 withdrawn the rate elements from this proceeding?
16 It's Section 7.5.

17 A. Yes.

18 Q. So on Exhibit 2058, Section 7.5, which is
19 trunk nonrecurring charges, just as it is on 2050,
20 there are rates contained in the document?

21 A. Yes, there are, and that's because the date
22 of this document is January 29th, and I believe the
23 -- if my memory serves, the withdrawal of those rates
24 came after January 29th, and so this document would
25 have necessarily reflected what we had proposed at

4172

1 the time, and my later exhibit shows what we're
2 proposing currently.

3 Q. So an update of 2058 would reflect Qwest's
4 withdrawal of those rates; is that right?

5 A. I believe that -- I was going to say I
6 believe that it would. I guess I want to qualify
7 that by saying that there's a separate group that
8 prepares these, and they try to keep abreast of
9 what's going on in all of the various cost dockets
10 and what we've proposed in all of the dockets.
11 Certainly sometimes an update might be missed.

12 Q. But is it Qwest's intention to withdraw --

13 A. Yes.

14 Q. -- those rates from its SGAT?

15 A. It is Qwest's intention to withdraw those
16 rates from its SGAT.

17 JUDGE BERG: Ms. Singer-Nelson, if you can
18 find a point for us to break, we're getting close to
19 the time when we would normally do so.

20 MS. SINGER-NELSON: Okay. I have one more
21 point just related to this, Judge, and we can take
22 our break.

23 JUDGE BERG: Great. Thank you.

24 MS. SINGER-NELSON: Thank you.

25 Q. Please look at Exhibit 2056. It's still on

4173

1 the cross-examination exhibits. And identify that --
2 well, I can make it faster. Is that Qwest's response
3 to the Staff Data Request 4-071?

4 A. Yes, it is.

5 Q. And is that attachment a comparison of
6 Qwest's SGAT price list and TKM-55, or it's actually
7 a comparison of Exhibits 2050 and Exhibit 2058?

8 A. It is a comparison of those two items, as
9 well as the existing tariffs in the state of
10 Washington. And so if you look at the first thing
11 that I talked about, the customer transfer charge,
12 the rate that that is currently in our SGAT is a rate
13 that's been approved previously by this Commission
14 and is reflected in our tariffs, and we would not
15 change that in the SGAT until after the rates that
16 we've now proposed for Phase D of this docket are
17 either accepted by the Commission or another rate is
18 determined. And at that point, then, the SGAT
19 Exhibit A would be updated to reflect the new rates.

20 Q. I'm just going to one particular rate
21 element, if you would just hold on with me a minute.
22 And you prepared that document in response to the
23 Staff's data request to do so?

24 A. Yes, I had my assistant do it.

25 Q. Do you have any changes to make to this

4174

1 document?

2 A. I don't believe so.

3 Q. It should be up-to-date with your
4 submission of Exhibit 2050?

5 A. I believe so. I did check through it after
6 it was prepared, and I thought that it reflected my
7 Exhibit 2050.

8 Q. Because you had done the same type of
9 comparison with regard to your previous summary
10 exhibits; isn't that right?

11 A. Yes, that's correct.

12 Q. Thank you. So this is the most updated
13 response?

14 A. Yes, I believe that it is, although I do
15 believe that there's a subsequent SGAT filing that
16 may have a more recent version that's not reflected
17 here.

18 Q. Do you happen to know what the date of that
19 filing would be or have we asked for the record to --

20 MS. ANDERL: Your Honor, if you can take a
21 representation of Counsel on this, I've been involved
22 in that docket. We filed revised SGATs on April 5th
23 and April 19th of 2002.

24 JUDGE BERG: And both of those would
25 contain a -- potentially could contain a revised

4175

1 Exhibit A?

2 MS. ANDERL: They both contained Exhibit
3 As. To what extent each was revised from the prior
4 one, I don't know.

5 MS. TENNYSON: Your Honor, I believe we
6 also have -- the April 5th version of that is part of
7 Exhibit 2087 the Staff has submitted in this
8 proceeding as a cross exhibit.

9 JUDGE BERG: All right. I'll just note
10 that's a cross exhibit for this witness.

11 MS. SINGER-NELSON: That's all I have,
12 Judge, thank you.

13 JUDGE BERG: All right.

14 MS. SINGER-NELSON: For now. I've got --

15 JUDGE BERG: I'm sorry. We have it on the
16 record. We'll be off the record.

17 (Lunch recess taken.)

18 JUDGE BERG: Let's go ahead and be back on
19 the record. And we concluded with some
20 cross-examination questions regarding Exhibit 2087.
21 And I believe, Ms. Singer-Nelson, you said you were
22 through; is that right?

23 MS. SINGER-NELSON: For the morning, Judge.

24 JUDGE BERG: Oh, for the morning, all
25 right. Well, then, it's probably time to resume for

4176

1 the afternoon.

2 MS. SINGER-NELSON: Okay, thank you.

3 Q. All right. Ms. Million, let's go to your
4 direct testimony, which is Exhibit 2020, at page 26,
5 and let me know when you're there.

6 A. Yes, I have it.

7 Q. On that page, you discuss vertical
8 features.

9 A. Yes, I do.

10 Q. How do the vertical features that are
11 proposed in this docket apply to a UNE-P wholesale
12 customer? And if you could use Exhibit 55 to
13 demonstrate that, I'd appreciate it. Oh, I'm sorry,
14 Exhibit 55, that's the wrong reference. It is
15 Exhibit 2050, which is TKM-55.

16 A. Okay. The vertical features that we're
17 talking about, starting on page 26, are actually --
18 it's actually a cost for what we now refer to as
19 capitalized lease costs for application software,
20 basically right to use fees, I guess, that are
21 required in order to provision a switch.

22 And in the time frame when the original
23 switching cost was determined here in Washington, the
24 basis for the switched costs at that time were from
25 an FCC staff analysis that was conducted in 1995, and

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1 that analysis took capital switching investment
2 dollars as a starting point and didn't consider any
3 expense dollars in the calculation. And at the time
4 that that calculation was made or that those dollars
5 were reported, all of the RBOCs were reporting these
6 capitalized -- what we now call capitalized right to
7 use fees as expense dollars.

8 And so just by the mere fact that they were
9 booked as expenses, rather than as capital dollars
10 meant that they were not included. So what we've
11 done is we've calculated this, what we call
12 capitalized lease cost, and we've asked to add that,
13 then, to the existing port rate, because we
14 calculated it on a per-port basis.

15 And so, for example, the Commission decided
16 initially on a port rate of \$1.34 for an analog line
17 side port, and the capitalized lease amount is 51
18 cents. And so what that results in is an analog line
19 side port rate of \$1.85, if you simply add that to
20 the existing port rate.

21 And in a UNE-P, for example, to the extent
22 that you would have a charge for an analog line side
23 port as part of the UNE-P POTS service, it would be
24 \$1.85 instead of \$1.34, which, again, didn't include
25 that capitalized lease piece.

4178

1 Q. So does Qwest intend to charge, for every
2 UNE-P order, this additional rate?

3 A. The 51 cents?

4 Q. Yes.

5 A. To the extent that you have an analog line
6 side port as part of UNE-P, it would be the
7 additional 51 cents, yes.

8 Q. And that rate is reflected where on Exhibit
9 2050?

10 A. It is reflected in Section 9.11, at
11 9.11.1.1. And if you can look at the rate of \$1.85,
12 and then there's a Footnote One. If you go back to
13 Footnote One at the end of that exhibit, there is a
14 calculation that's laid out that shows the original
15 \$1.34 rate from the previous cost docket and then the
16 new study rate for the right to use piece of vertical
17 features and the total.

18 Q. And the Commission had, in that previous
19 docket, held that there should be no additional
20 charges for features, that features should be
21 included in the rate for the port; isn't that right?

22 A. What the Commission found in the previous
23 docket was that the way they calculated the analog
24 port rate, they presumed that, because it was based
25 on recent investments for switching equipment, that

4179

1 it included the vertical features. But when the
2 Commission calculated that rate originally, it didn't
3 take into account this application software, which
4 was being expensed and, by definition, wasn't
5 included in the numbers that were being considered to
6 calculate the port rate at the time.

7 Q. Do any of the other vertical features
8 discussed in your direct testimony, starting at page
9 26, affect UNE-P orders?

10 A. Well, to the extent that you have a rate,
11 as well, for a digital line side port that does the
12 same thing, it takes the basic digital line side rate
13 that was just established and adds the 51 cents to
14 it. And then, to the extent that you've got a --
15 well, and actually, I guess the digital line side
16 port rate is one that we are proposing in this
17 docket, excuse me. And then it adds the capital
18 lease rate to that amount and establishes an amount.
19 To the extent that the digital line side port would
20 be a part of UNE-P, that same rate would apply.

21 The premium ports that are listed are
22 typically more centrex-type features, but I suppose
23 to the extent that a UNE-P was based on a centrex
24 offering, that -- and included centrex management
25 systems and six-way calling and so forth, that those

4180

1 rates might apply in those products, as well.

2 Q. Anything else?

3 A. We certainly have some nonrecurring charges
4 that we're proposing for some of the individual
5 features that are the result of additional work
6 that's needed in order to provision those features in
7 a switch that could apply, depending on what features
8 were requested, but those are, again, the one-time
9 nonrecurring charges to actually provision those
10 features within the switch, and then we've submitted
11 a rate for class call trace that's on a
12 per-occurrence basis, and so I guess, to the extent
13 that a UNE-P customer wanted to make use of the call
14 trace feature, that is a rate that covers the labor
15 costs and the storage of information for tracing
16 calls, and so it's charged on a per-occurrence basis.
17 That's an additional feature that we submitted that
18 hasn't been included before.

19 Q. That's a feature of the switch?

20 A. Well, it's not really, because -- I mean,
21 there is a piece of switching information that is the
22 message recording part of it, but the majority of the
23 cost for that particular feature is the labor for the
24 people that actually perform the call trace function
25 and the storage of the information related to tracing

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1 calls, the storage databases, and that's the primary
2 cost of that particular one, which is why it's
3 charged on a per-occurrence basis. It's what it
4 costs each time the group has to perform a trace on a
5 call for a customer.

6 Q. Is that all of the rates that would affect
7 a UNE-P customer that are proposed -- that are
8 related to vertical features --

9 A. Yes.

10 Q. -- proposed in your testimony?

11 A. Yes.

12 Q. Now, turn to page 32 of that same
13 testimony, where you discuss the category 11
14 mechanized record charges and the daily usage record
15 file.

16 A. Yes, I have that.

17 Q. This testimony states that Qwest is
18 deferring consideration of any study for Category 11
19 mechanized record charges and the daily usage record
20 file to another proceeding; is that right?

21 A. Yes, that's true.

22 Q. So there's no cost support in this record
23 for those two charges?

24 A. There's no cost support in this proceeding
25 for new charges associated with that. I believe, if

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1 I recall, those dip-type charges -- well, maybe I'm
2 remembering something else. Let me look.

3 I was trying to recall whether those had
4 been addressed at an earlier point in the previous
5 cost docket, but I don't believe that they were. And
6 so yes, there is no cost support for those rates in
7 this proceeding.

8 Q. And so on Exhibit 2050, there should be no
9 rates proposed for those two rate elements?

10 A. That would be correct.

11 Q. And Qwest does not intend to charge CLECs
12 in the state of Washington for those two rate
13 elements until the Commission approves rates; is that
14 right?

15 A. Well, I'd like to look at -- except I can't
16 remember which exhibit it is -- the comparison sheet.

17 MS. ANDERL: Well, Your Honor, just for
18 clarification, Qwest did not withdraw those -- did
19 not offer those rates for consideration in this
20 docket, but I believe that is not the same as
21 agreeing not to charge those rates.

22 MS. SINGER-NELSON: And I am asking the
23 Commission -- or I'm asking the witness the answer to
24 that question.

25 JUDGE BERG: That's what I understand.

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1 THE WITNESS: Yes, I understand that, too,
2 but I want to look at something first.

3 JUDGE BERG: There was a comparison in
4 Exhibit 2056.

5 THE WITNESS: Thank you. The answer to
6 that would be that, no, we are not proposing to not
7 charge those rates at this point. We are simply
8 proposing to wait to submit cost support for those
9 rates until a later proceeding.

10 Q. Those rates have not been approved by this
11 Commission; isn't that correct?

12 A. That is correct. They've been made
13 effective to the extent that the SGAT is on file and
14 the Commission has accepted the SGAT.

15 Q. And that's your opinion as a Qwest cost
16 witness?

17 A. That's my understanding of the way that it
18 works, that when the SGAT is -- Exhibit A is
19 submitted, that the Commission has the ability to
20 accept or reject it. And to the extent that it's
21 been accepted, for example, the January 29th version,
22 those rates are in effect.

23 Q. Hmm. But the Commission has not approved
24 those rates?

25 A. Not to my knowledge.

4184

1 Q. Please turn to pages 33 and 34 of the same
2 testimony, your direct testimony, which was Exhibit
3 2020, T-2020. On lines 12 through 17, and then
4 continuing on to page 34, so lines 12 through 17 of
5 page 33, continuing on page 34, you talk about that
6 Qwest is submitting cost studies for -- or Qwest is
7 not submitting cost studies for directory assistance
8 and call branding; isn't that right?

9 A. That's correct.

10 Q. And it's Qwest's position that it has a
11 right to price those two services at market rates?

12 A. Yes.

13 Q. There's no cost support before the
14 Commission in this docket, then, for those market
15 rates, isn't that right?

16 A. That's correct.

17 Q. Then, further down on page 34, you talk
18 about customized routing from lines four through 14?

19 A. Yes.

20 Q. And you -- it's kind of confusing in this
21 paragraph, I have to tell you. Is Qwest proposing
22 that customized routing be costed out on a TELRIC
23 basis?

24 A. Qwest is submitting standard rates for two
25 of the aspects of customized routing at TELRIC rates

4185

1 in this proceeding, yes.

2 Q. Now, customized routing has no recurring
3 rates; isn't that right?

4 A. That's correct.

5 Q. So they're only nonrecurring rates that
6 Qwest is proposing?

7 A. We have two nonrecurring rates that we're
8 proposing, I believe.

9 Q. On TKM-2050, those are located at Section
10 9.13; isn't that right?

11 A. Thank you, yes.

12 Q. And then 9.13.3 says, All other customized
13 routing done on an ICB basis.

14 A. That's correct. Basically, what that does
15 is that gives a standard rate for development of line
16 class codes and installation of those codes into the
17 switch, and any other request for customized routing
18 that would go beyond just needing to develop line
19 class codes and install them in a switch would be on
20 an ICB basis. The assumption is that those could be
21 very custom requests, so therefore we would have no
22 way of developing any standardized pricing.

23 Q. On the issue of branding, Qwest did not
24 submit any cost support in this docket for branding;
25 isn't that correct?

4186

1 A. That's correct.

2 Q. Qwest believes that branding should be at
3 market based rates?

4 A. Yes, although the fact is those market
5 based rates are based on a vendor charge for doing
6 the work, that Qwest pays, as well as the CLECs would
7 pay.

8 Q. The point is that Qwest is not submitting
9 any cost support in this docket --

10 A. No.

11 Q. -- for TELRIC-based branding?

12 A. No, because we don't believe that TELRIC is
13 the appropriate standard for call branding.

14 Q. Going to your rebuttal testimony, which is
15 Exhibit T-2049.

16 A. I have that.

17 Q. Okay, thank you. On pages six and seven,
18 you're discussing Mr. Morrison's testimony, one of
19 WorldCom's witnesses, and you, starting on page
20 seven, lines four, and continuing down to line 17,
21 you criticize Mr. Morrison's example set forth in his
22 testimony. See that?

23 A. Yes.

24 Q. And you say that the problem with Mr.
25 Morrison's theory and mathematical example is that it

4187

1 provides a comparison of the proverbial apples to
2 oranges type?

3 A. Yes.

4 Q. Did you understand that, in fact, Mr.
5 Morrison meant to compare apples to apples -- apples
6 to oranges in that example? He was actually
7 comparing Qwest's proposed methodology for applying a
8 fallout rate to what Mr. Morrison thought was a
9 better recommendation for application of the fallout
10 rate?

11 A. I don't know if I understood that he
12 intended to do that, but I didn't understand what the
13 point would be of saying if you apply the fallout
14 rate at one level, it gives you one result, and if
15 you apply it at another level, it gives you another
16 result. I mean, that's true. If you do it one way,
17 it gets you one result; if you do it another way, it
18 gets you another result, but that -- I mean, okay.

19 Q. Did you understand Mr. Morrison's testimony
20 that he disagreed with your recommended application
21 of the fallout factor?

22 A. Yes, I understood that. I thought that he
23 was incorrect, but --

24 Q. And isn't it true that the approach that
25 you endorse in your testimony on the fallout -- the

4188

1 application of the fallout factor leads to higher
2 costs?

3 A. I would disagree with that. I think that
4 -- I mean, my argument in all of this is that my
5 application of the fallout factor is the correct
6 application. You can't -- you can't take the fallout
7 at a high level and apply it once to the order and
8 get an effective fallout rate. I believe that his
9 methodology is wrong and I believe that it doesn't
10 reflect what a fallout rate is intended to show,
11 which is what fallout is happening at each step of
12 the way and how much manual processing is happening
13 throughout the order process.

14 And I think my correction of his example
15 showed that the apples to apples comparison is you
16 either apply it to each step individually or you
17 apply it to the total minutes that result from the
18 steps, if you want to do it at a total process level,
19 but you end up with the same result if you do that.
20 And what he's doing is taking just the process and
21 not making any assumption around the amount of time
22 that it takes to do the process. So I disagree
23 entirely with his approach to this.

24 Q. And his testimony disagreed entirely with
25 your approach to it?

4189

1 A. That's correct.

2 Q. Turning now to -- let's see -- your
3 testimony, the same testimony at page 20. You're
4 criticizing Mr. Price's testimony, I think, in your
5 -- in this section?

6 A. Yes.

7 Q. Starting at line three, you say, Also Mr.
8 Price assumes that each remote will serve four FDIs.
9 However, Qwest's architecture assumes that each
10 remote will be located next to and serve a single
11 FDI. Do you see that?

12 A. Yes, I see that.

13 Q. Could you please turn to WorldCom Cross
14 Exhibit 2061?

15 A. I have that.

16 Q. Will you identify that?

17 A. It says it's the Wholesale Remote DSL
18 Collocation of Products, August 24th, 2000, prepared
19 by Remote DSL Product Team, for discussion purposes
20 only, not an offer.

21 Q. And is this a Qwest document?

22 A. It appears to be. It's not one I'm
23 familiar with.

24 Q. Will you turn to page three of that
25 exhibit? Is there a diagram located on that page?

4190

1 A. Yes.

2 Q. And this diagram shows a remote terminal
3 with three FDIs attached to it?

4 A. No, it does not. It shows a remote
5 terminal with one FDI attached to it, and then two
6 other FDIs that go back to the DLC, but that remote
7 is not attached to the other two FDIs.

8 Q. Okay. So those -- the remote terminal
9 doesn't service those other two FDIs?

10 A. No, it does not.

11 Q. Turn to page 28 of that same piece of
12 testimony. Starting with the question on line 11,
13 you state that Mr. Lathrop recommends that the
14 Commission require Qwest to develop separate costs
15 for manual versus electronic orders and eliminates
16 time associated with manual orders in the meantime.
17 Did I read that correctly?

18 A. Yes.

19 Q. Isn't it true that what WorldCom proposes
20 is that Qwest be permitted to recover its cost, but
21 from the appropriate cost causers, that the costs
22 associated with electronic processing should be
23 charged to those who are utilizing electronic
24 processing, and the costs associated with manual
25 processing should be paid for by those who utilize

4191

1 manual processing?

2 A. Well, I didn't see that in his exhibit,
3 because in his exhibit, it appeared to me as though
4 he just simply eliminated time associated with manual
5 and didn't propose any kind of a rate or any kind of
6 time associated with manual; he simply took it out of
7 our study, and so, no, I read what he proposed as
8 being an elimination of our manual processing unless
9 we proposed something. But in the exhibit that he
10 presented, he simply eliminated those -- that time
11 and didn't propose anything to replace the -- for the
12 manual piece of it.

13 Q. Mr. Lathrop's testimony discusses this
14 issue at page 17 of his December 21st, 2001
15 testimony, which is -- let me find my exhibit list,

16 A. Yeah, and on that page, if you read down at
17 the bottom of the paragraph on that page seven --

18 Q. Let's get the exhibit reference in the
19 record, and then we can talk about it.

20 A. Excuse me.

21 JUDGE BERG: I'm sorry, this is in the
22 direct testimony?

23 MS. SINGER-NELSON: Yes, of Roy Lathrop.

24 JUDGE BERG: T-2250.

25 MS. SINGER-NELSON: Thank you, Judge.

4192

1 JUDGE BERG: All right. One second. Okay.

2 Thank you. And another page reference?

3 MS. SINGER-NELSON: Page 17.

4 Q. And starting with the question on line four

5 and continuing through the bottom of the page, Mr.

6 Lathrop discusses his recommendation that Qwest

7 should be required to develop separate costs for

8 electronic and manually-submitted ASRs?

9 A. Yes, and at the bottom of that paragraph,

10 starting on line 17, he says, I recommend that the

11 Commission require Qwest to develop costs separately

12 for electronic and manually-submitted orders, and I

13 have eliminated time related to manual submissions in

14 Exhibit 1. So he basically says, I'm just going to

15 take out the manual time and you don't get any

16 recovery for it until you submit a new cost for that

17 on a separate basis.

18 Q. And Mr. Lathrop's proposal related to his

19 recommendation for the charge for electronic

20 processed order -- electronically processed orders?

21 A. He left time in the study for

22 electronically processed orders only and totally

23 eliminated anything related to manual until, he says,

24 we should then submit, I guess, a study for manually

25 processed orders. But as I pointed out in my

4193

1 rebuttal testimony, we're still receiving a lot of
2 orders manually for these type of ASRs from the
3 CLECs, and I don't see where we should be penalized
4 in the meantime, until we can get into another cost
5 docket, by simply eliminating the manual orders while
6 we're being required to process manual orders.

7 Q. And Mr. Lathrop's point is that for the
8 electronic -- the electronically processed orders,
9 the costs should be developed solely for relating to
10 those electronically processed orders and that
11 manually processed orders should not be included in
12 the calculation of the rate for the electronically
13 processed orders.

14 MS. ANDERL: Objection, Your Honor.
15 Counsel is not asking a question here, but rather is
16 arguing with the witness and restating Mr. Lathrop's
17 testimony.

18 JUDGE BERG: Sustained.

19 Q. Let's move on. Let's go to your rebuttal
20 testimony, which is T-2049, at pages 23 through 37,
21 where you're talking still about Mr. Lathrop's
22 testimony, and specifically on page 32, where you
23 address the quote preparation fee.

24 A. Yes.

25 Q. Starting at line six, you say, Mr. Lathrop

4194

1 brings up the quote preparation fee merely to confuse
2 the issue of engineering related to space options.
3 Qwest has made it clear to the CLECs in a number of
4 proceedings that crediting the QPF against the
5 engineering component of its space construction
6 charge is a practice that it will follow in all of
7 its jurisdictions. This has been Qwest's intended
8 treatment of the QPF from the time that it was first
9 instituted, not as Mr. Lathrop suggests at page 31 of
10 his testimony, and then you go on.

11 I'll skip down to line 13. The only time
12 the QPF is retained is when Qwest performs the
13 engineering for a collocation request and the CLEC
14 chooses not to go ahead with space construction. Is
15 that your testimony?

16 A. Yes, it is.

17 Q. Could you show on your Exhibit 2050 which
18 rate elements that quote preparation fee will be
19 credited against?

20 A. Well, it's not on my Exhibit 2050, because
21 the quote preparation fee and the collocation
22 elements for space construction were decided
23 previously in Part A of this docket. And my Exhibit
24 2050 only includes the rates that we are proposing
25 here in Part D, and so to the extent that he's

4195

1 bringing up the quote prep fee from collocation, that
2 rate was already decided and is a tariffed rate in
3 the state of Washington and it's already in place, so
4 it's not included on this particular exhibit.

5 Q. I see a quote preparation fee under
6 collocation for remote collocation --

7 A. But that's not --

8 Q. -- in Section 8.7.

9 A. Excuse me. That's not the quote
10 preparation fee that Mr. Lathrop is referring to in
11 his testimony. He is referring to the quote
12 preparation fee that relates to space construction in
13 collocation. He's not talking about the remote collo
14 quote prep fee; he's talking about collocation quote
15 prep fee.

16 Q. So the quote preparation fee credit does
17 not apply to any of the rate elements that are
18 proposed in this phase of the proceeding?

19 A. Well, the quote prep fee element that he's
20 talking about related to collocation is credited
21 against the collocation space construction fee, but
22 those aren't elements that we're reviewing here in
23 Part D. Those were elements decided in Part A.

24 Q. Okay. Did you hear my question?

25 A. Yes.

1 Q. Okay. So I just wanted clarification that
2 there is -- that the quote preparation fee is not
3 credited against any rate element that's proposed in
4 this phase of the docket. Is that your testimony?

5 A. The quote preparation --

6 MS. ANDERL: Objection, Your Honor. Could
7 we be specific in the question with regard to which
8 quote preparation fee we're discussing, because the
9 witness has identified two quote preparation fees,
10 one that is in 8.7, Section 8.7, related to remote
11 collocation, and the other that was decided in Part
12 A, and so the question's unclear.

13 JUDGE BERG: All right. I understood the
14 question, but we can have a clarification. Let me
15 just also state that I've noticed that the witnesses
16 that we've had so far this morning tend to launch
17 into explanations without providing a yes or no to
18 begin with. And normally I would give a reminder to
19 all counsel to be sure to review with witnesses the
20 importance of providing a yes or no response at the
21 start of an answer, and then filling in, but I
22 believe that the witness has answered the question,
23 but without saying yes or no. And this isn't a point
24 of argumentation. Ms. Singer-Nelson is just looking
25 for an answer based upon the parameters of the

4197

1 question that she's posing.

2 THE WITNESS: And my answer is no, the
3 quote preparation fee that Mr. Lathrop is referring
4 to in his testimony and that you pointed me to at the
5 beginning of this question has to do with collocation
6 elements that were decided in Part A and are not a
7 part of this docket.

8 Q. Okay.

9 A. Or this phase of the docket.

10 Q. And then my question went beyond that. And
11 I want some clarification, because there's some
12 confusion in the testimony. So I wanted
13 clarification as to whether Qwest credits the quote
14 preparation fee to any of the rate elements that are
15 proposed in Exhibit 2050?

16 A. No.

17 Q. Thank you. That's all I wanted.

18 A. They simply credit it to the collocation
19 space construction.

20 Q. Okay.

21 A. That's what it says in the testimony.

22 JUDGE BERG: I think it's important, Ms.
23 Million, that you not presume to know what Counsel
24 will or will not make of your testimony. You've done
25 a very good job in responding up to this point, and

4198

1 you made it clear that you didn't think it was
2 relevant, but Counsel just needs -- if Counsel wants
3 to make some point later on that basis, then
4 Counsel's going to make that point. And I'm sure
5 that if it's not a valid point, that we'll get
6 another perspective.

7 THE WITNESS: Thank you, Judge.

8 JUDGE BERG: Thank you, Ms. Million.

9 Q. Okay. I think I'm almost done. Ms.
10 Million, are you familiar with the terms WFA-DI and
11 WFA-C, which would stand for Work Force
12 Administration Dispatch In and Work Force
13 Administration Control?

14 A. Yes, I've heard those referred to as WFA-D
15 and WFA-C.

16 Q. Okay. Thank you. These are parts of a
17 more general Work Force Administration system; isn't
18 that right?

19 A. That's correct.

20 Q. Is it technically feasible for the
21 subsystems to communicate with each other?

22 A. You're out of my area when you're talking
23 systems. I really don't know.

24 Q. Who would be the person that I could ask
25 that question to?

4199

1 A. I would guess it would be Rene Albersheim.

2 Q. Thank you.

3 JUDGE BERG: But let me say it might be
4 good on a break just to confirm that with Counsel,
5 Ms. Singer-Nelson.

6 MS. SINGER-NELSON: Okay.

7 JUDGE BERG: Because Ms. Albersheim is at
8 the end of Qwest witnesses, and if there was some
9 other witness that would be more appropriate, it
10 might be difficult to pose that question.

11 MS. SINGER-NELSON: And I just want to look
12 through my notes. I think that's all I planned to
13 ask. But let me look through my notes and my
14 testimony.

15 JUDGE BERG: All right.

16 MS. SINGER-NELSON: Oh, I do have a couple
17 more.

18 Q. Ms. Million, let's go to Exhibit T-2052,
19 which is your supplemental rebuttal testimony.

20 A. I have it.

21 Q. This is talking about the number of poles
22 verified per job in your estimate for field
23 verification of poles; isn't that right?

24 A. Yes.

25 Q. Okay. And it says that -- starting at

4200

1 lines -- line 11, towards the end, the
2 20-minute-per-pole time estimate for these activities
3 is an average that assumes ten poles per job and
4 spreads the time for travel across the estimates for
5 the multiple poles. Do you see that?

6 A. Just a moment.

7 Q. I started at the end of line 11 and I read
8 down to 14.

9 A. Yes.

10 Q. Oh, on page 13.

11 A. Yes, I found it.

12 Q. I'm sorry. I wanted to be done. Okay. So
13 I'm on page 13 of that testimony, lines 11 through
14 14.

15 A. Yes, I have that.

16 Q. Okay. Where in the cost study does it show
17 ten poles per job?

18 A. Just a moment. I'll have to find the cost
19 study and the supporting documentation.

20 JUDGE BERG: Ms. Million, off the top of
21 your head, do you know the cost study that would be
22 relevant?

23 THE WITNESS: It would be in the
24 nonrecurring cost study, which would be --

25 MS. ANDERL: TKM-29, Your Honor, which is

4201

1 2023.

2 JUDGE BERG: Okay, thank you.

3 MS. ANDERL: Or is that wrong, Ms. Million?

4 THE WITNESS: Well, that was our original
5 cost study, and the poles, ducts and rights of way
6 came in later, in supplemental.

7 MS. ANDERL: Thank you for reminding me of
8 that.

9 JUDGE BERG: So is this the material at
10 that tab --

11 MS. ANDERL: 2048.

12 JUDGE BERG: -- 85 or whatever.

13 MS. ANDERL: TKM-53, I believe. Exhibit
14 2048 shows the cost study, and then, Your Honor,
15 you're correct that the backup material to that is
16 the Tab 82 we were talking about earlier.

17 THE WITNESS: Excuse me. And I'm --

18 Q. Ms. Million, do you have a copy of Tab 82
19 now?

20 A. No, I do not yet, and I'm not seeming to
21 find up here a copy of that cost study, either.

22 MS. ANDERL: Your Honor, may I approach the
23 witness?

24 JUDGE BERG: Yes. Thank you, Ms. Anderl.

25 MS. ANDERL: I'm trying to make sure I get

4202

1 only that study, but all of it, so --

2 THE WITNESS: Okay, thank you. And I don't
3 have the information in Tab 82, either.

4 MS. ANDERL: I'm getting that.

5 MS. SINGER-NELSON: Oh, I have it if you --
6 Lisa, do you have that?

7 JUDGE BERG: We'll be off the record
8 momentarily.

9 (Discussion off the record.)

10 THE WITNESS: Okay. We can go back on the
11 record.

12 JUDGE BERG: All right, thank you.

13 THE WITNESS: As I'm looking at the study,
14 there is no indication in the study that states that
15 this assumes ten poles. This is based on, I guess,
16 as I explained earlier, my being involved in the
17 review of these elements and working through the
18 estimates and what the averages were for these
19 particular elements, and an assumption that it would
20 take 20 minutes per pole to make the field visit and
21 identify the pole number and street code and
22 ownership and do the documentation, which, as I
23 explained in my testimony, sometimes it takes 20
24 minutes or longer just to drive to the first pole to
25 make the verification. And so while it's not evident

4203

1 in the study, it is an assumption that was in our
2 documentation of this.

3 Q. Okay.

4 A. Based on my participation in the --

5 Q. So nowhere in the documentation in this
6 record is the ten poles documented?

7 A. You're correct. That's true.

8 Q. In the -- let me get the exhibit. In the
9 Tab 82, 419-5, where you're discussing the field
10 verification fee and manholes per manhole?

11 A. Correct.

12 Q. There is an indication that the probability
13 represents 15 manholes per job; isn't that right?

14 A. That's correct.

15 Q. But the same type of notation was not in
16 the pole fee -- pole documentation?

17 A. No, and the reason for that is because, in
18 the manhole, what we did was take some construction
19 management center activity that would apply to the
20 job and we spread that across the 15 manholes, and
21 then we estimated that the individual times for
22 network technician splicer and outside plant
23 engineering on a per-manhole basis, assuming 15
24 manholes in the poles verification, there was no
25 similar time to spread across the ten poles. The

4204

1 assumption was simply that, like network technician
2 splicer time or outside plant engineering time, we
3 would make an estimate per pole, but it was based on
4 an underlying assumption of ten poles.

5 Q. Okay. And that underlying assumption is
6 contained nowhere in the documents in this record?

7 A. You are correct.

8 Q. Thank you. Now, on page 20 of your
9 supplemental rebuttal testimony, which is T-2052,
10 you're talking about the space option product; is
11 that right? I'll let you get there.

12 A. Yes, I am.

13 Q. There's no backup in TKM-30 or in Exhibit
14 2024 for space optioning; isn't that right?

15 A. That's correct, because it's not a -- it's
16 not a study contained in the nonrecurring. It's its
17 own separate study. There is an entirely separate
18 study that documents space optioning.

19 Q. There's no backup documentation underlying
20 that study?

21 A. Oh, similar to what's in TKM-30 or Exhibit
22 --

23 Q. 2024 --

24 A. No, there is no not.

25 Q. -- in this record?

4205

1 A. It's simply the documentation that's
2 contained in the study itself.

3 MS. SINGER-NELSON: Okay, thank you. We
4 didn't see any, so I wanted to make sure that was
5 true. I just have some cleanup with these exhibits.
6 I wanted to move for the admission of the exhibits
7 that WorldCom identified as cross-examination
8 exhibits for Ms. Million.

9 JUDGE BERG: All right. And that would be
10 Exhibits 2056 through 2064.

11 MS. SINGER-NELSON: Yes, and Judge --

12 MS. ANDERL: Objection, Your Honor.

13 MS. SINGER-NELSON: -- on the way to doing
14 that, I wanted to go one-by-one with those exhibits.

15 JUDGE BERG: All right.

16 MS. SINGER-NELSON: I'd move for the
17 Admission of 2056, which is Qwest's response to the
18 Staff.

19 MS. ANDERL: No objection.

20 JUDGE BERG: All right. 2056 is admitted.

21 MS. SINGER-NELSON: With 2057, since I
22 didn't address that exhibit at all with Ms. Million,
23 I wanted to propose that that be adopted in the
24 testimony of another Qwest witness, and I know Qwest
25 has already endorsed that as an exhibit, as well. I

4206

1 don't know if they have an objection to that or not.

2 MS. ANDERL: We are willing to stipulate to
3 its admission.

4 MS. SINGER-NELSON: Thank you.

5 JUDGE BERG: Let's admit that document now.

6 MS. SINGER-NELSON: Thank you. 2058 is
7 Qwest's Washington SGAT, dated 1/29/02.

8 MS. ANDERL: No objection.

9 JUDGE BERG: 2058 is admitted.

10 MS. SINGER-NELSON: 2059 is the SGAT
11 itself. I guess 2058 is Exhibit A and 2059 is the
12 SGAT.

13 MS. ANDERL: No objection.

14 JUDGE BERG: 2059 is admitted.

15 MS. SINGER-NELSON: 2060 is an Arizona
16 Corporation Commission decision, and I'm not going to
17 move for its admission at this point in time.

18 JUDGE BERG: All right. Not offered at
19 this time.

20 MS. SINGER-NELSON: 2061, I'll move for the
21 admission of.

22 MS. ANDERL: No objection.

23 JUDGE BERG: 2061 is admitted.

24 MS. SINGER-NELSON: 2062, I will withdraw.

25 JUDGE BERG: 2062 is withdrawn.

4207

1 MS. SINGER-NELSON: Now, 2063 and 2064, I'd
2 like to discuss with the witness, because we haven't
3 talked about them at all.

4 Q. So Ms. Million, can you go to Exhibit 2063,
5 please, which is Qwest's response to WorldCom Data
6 Request Number 02-015 in Part A of this docket, and
7 then Confidential Attachment A?

8 A. Yes, I have that.

9 Q. Can you please describe what that document
10 is?

11 A. Confidential Attachment A is a study for --
12 that Qwest performed for the floor space lease amount
13 that it proposed in Part A of this docket.

14 Q. And the cover of that Confidential
15 Attachment A, is that confidential?

16 MS. SINGER-NELSON: Can I read that into
17 the record, Ms. Anderl? Is the title --

18 MS. ANDERL: Where it says US West Real
19 Estate Services Two-Part Study?

20 MS. SINGER-NELSON: Yes.

21 MS. ANDERL: You can read that.

22 MS. SINGER-NELSON: Central office building

23 --

24 MS. ANDERL: The whole thing.

25 Q. Okay. Physical collocation calculation

4208

1 1998. And it's the average cost tables for CLEC
2 quotations for the physical collocation enclosure; is
3 that right?

4 A. Yes, that's what it says.

5 Q. Turning to page nine of that exhibit, under
6 the definitions section.

7 A. Yes, I have that.

8 Q. For the typical central office building, do
9 you see that it's derived from RS Means and US West
10 data for existing COs, a single story, 8,000 GSF. Do
11 you know what GSF stands for?

12 A. Gross square feet.

13 Q. Telecommunications switching location with
14 full basement, early warning fire detection system,
15 standby engine generator --

16 JUDGE BERG: A little slower, please.

17 MS. SINGER-NELSON: Oh, I'm sorry,
18 Judge.

19 Q. Standby engine generator system and fuel
20 tank system and cable entrance facility. Then the
21 generator and fuel tank systems are not included as
22 building construction costs in this study. Did I
23 just read the definition of the typical central
24 office building for this two-part study?

25 A. Yes, that would have been the assumption

4209

1 that we made for the rent space study -- or space
2 rent study, excuse me.

3 Q. And then, on page 11 of that same exhibit,
4 there is a heading, Typical Central Office, and
5 within the paragraph that follows that heading, it
6 describes the typical central office as a
7 single-story, full basement building; isn't that
8 right?

9 A. Yes, it does.

10 MS. SINGER-NELSON: I move for the
11 admission of Exhibit 2063 and Exhibit C-2063.

12 MS. ANDERL: Your Honor, may I clarify one
13 thing with the witness before we do that?

14 JUDGE BERG: All right, Ms. Anderl.

15

16 V O I R D I R E E X A M I N A T I O N

17 BY MS. ANDERL:

18 Q. Ms. Million, do you see handwritten notes
19 on several of the pages of that exhibit, including
20 page ten and a drawing on page 17?

21 A. Yes, I do.

22 Q. Did you make those notes on the document?

23 A. No, I did not.

24 Q. Were they present on the exhibit when it
25 was provided to you by WorldCom or to Qwest as a

4210

1 cross exhibit?

2 A. Yes, it was on there.

3 MS. ANDERL: Your Honor, we're unaware of
4 where those markings came from. With that
5 clarification on the record and an understanding that
6 we did not consider that to be part of our data
7 request response, we would not have any objection to
8 this document.

9 MS. SINGER-NELSON: And Judge, I have no
10 intention to reference the drawings with regard to
11 this exhibit.

12 JUDGE BERG: All right. Real good. Thank
13 you. Exhibit 2063, C-2063 is admitted. And the
14 reservation regarding the handwritten notes, page ten
15 and 17, are noted on the record.

16 MS. ANDERL: And in various other places.

17 JUDGE BERG: All right. And other places.

18 MS. SINGER-NELSON: Thank you.

19

20 C R O S S - E X A M I N A T I O N (CONTINUING)

21 BY MS. SINGER-NELSON:

22 Q. And then Exhibit 2064 is Qwest's response
23 to WorldCom Data Request 0-025 in this Part D of this
24 docket?

25 A. 01-025, yes.

4211

1 Q. It's getting late for me. I knew that was
2 going to happen. All right. And this is simply a
3 data request where WorldCom requests whether the
4 information in Qwest's space inquiry report was
5 inventoried, maintained, and updated on a regular
6 basis, as well as for specific CLEC requests, and
7 Qwest goes on to answer that data request; isn't that
8 right?

9 A. Yes, it does.

10 MS. SINGER-NELSON: I'd just like to admit
11 it into the record without any questions other than
12 that.

13 MS. ANDERL: No objection, Your Honor.

14 JUDGE BERG: All right. Exhibit 2064 is
15 admitted.

16 MS. SINGER-NELSON: Thank you. I have
17 nothing further.

18 JUDGE BERG: All right. Let's be off the
19 record.

20 (Recess taken.)

21 JUDGE BERG: We'll be back on the record.

22 And when we concluded our last session, Ms.
23 Singer-Nelson had finished presenting her questions
24 for cross-examination, and now we'll take
25 cross-examination questions from Ms. Doberneck.

4212

1 MS. DOBERNECK: Thank you, Your Honor.
2 Before I begin, I have discussed with Ms. Anderl
3 stipulation to the Covad cross exhibits, which are
4 listed as Exhibits 2065 through 2084. I believe Ms.
5 Anderl agreed that she has no objection to
6 stipulating to the admission of those exhibits, with
7 the exception of Exhibit 2066. I don't believe at
8 this point in time I will actually even discuss
9 Exhibit 2066 with Ms. Million, so I would like to
10 move for the admission of the Covad cross exhibits
11 2065 through 2084, with the exception of 2066.

12 MS. ANDERL: No objection.

13 JUDGE BERG: All right. Exhibit 2065 and
14 2067 through 2084 are admitted.

15 MS. DOBERNECK: Thank you, Your Honor.

16 JUDGE BERG: Thank you.

17

18 C R O S S - E X A M I N A T I O N

19 BY MS. DOBERNECK:

20 Q. All right. Good afternoon, Ms. Million.

21 A. Good afternoon.

22 Q. I understand, in response to your answers
23 to some of the questions Ms. Singer-Nelson posed to
24 you this morning, that you are not directly
25 responsible for the preparation of the cost studies

4213

1 that have been proffered to the Commission in this
2 Part D proceeding; right?

3 A. That's correct.

4 Q. Now, are you, though, the individual who is
5 responsible for ensuring, to the extent Qwest
6 believes that to be the case, that these cost studies
7 comply with TELRIC, that they reflect least cost
8 forward-looking technologies, assumptions,
9 probabilities, and things of that nature?

10 A. Yes, I am. Part of my role is to review
11 the studies, work through them with the cost
12 analysts, make sure they understand what it is that
13 they've been charged to do, and help to ensure that
14 that happens when they conduct their cost studies.

15 Q. And then do you look at the final product
16 when the cost analysts have completed their work to
17 then determine whether they actually fulfilled their
18 responsibility to provide you or others that you work
19 with with all the information that is TELRIC
20 compliant and then is then prepared and included in
21 the cost study?

22 A. Yes, I do.

23 Q. Okay. Now, would you agree with me that
24 the undertaking to determine whether a particular
25 network architecture or selection of equipment or

4214

1 processes, whether the determination that that is
2 compliant with TELRIC is a fairly complex and lengthy
3 undertaking?

4 A. Yes, it is, and I guess when I say that
5 part of my responsibility is to help ensure that that
6 is TELRIC compliant and forward-looking, I rely on
7 other people who are experts in things like network
8 configuration and so forth to help me to understand
9 what is going into the cost study, what the
10 assumptions are, so that then, based on that, I can
11 make an evaluation that they're TELRIC compliant and
12 forward-looking.

13 Q. Okay. Well, let's stick with something
14 like network architecture, and I understand you are
15 not a subject matter expert, but when you are trying
16 to determine, for purposes of proffering a cost study
17 to the Commission, that a particular network
18 architecture complies with TELRIC, would you work
19 with others at Qwest to look at and work through, for
20 example, the capital investments Qwest would have to
21 make?

22 A. Yes, I -- if I understand your question
23 correctly, part of my review of these studies is to
24 understand what the architecture is that's being
25 proposed, why that is a forward-looking architecture,

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1 and then what the capital investments or material
2 costs are that are associated with that and how they
3 flow into our study then to develop an end result
4 cost.

5 Q. Okay. So you would look at the capital
6 investment. Would you also look, for example, at the
7 nonrecurring cost associated with different
8 alternatives that Qwest could pursue in developing
9 its cost studies, and then would you compare them
10 between the two alternatives?

11 A. Not necessarily, no. Those kinds of
12 decisions typically come more from the people
13 responsible for the processing or provisioning --
14 nonrecurrings are simply an estimate of time and
15 probability to perform a function, and so there is a
16 team of product managers and process people who
17 determine what -- how we're going to present the
18 nonrecurrings, and then my part of it is really to
19 look at it and say, Did you make the appropriate
20 forward looking assumptions in developing this
21 particular set of time estimates or probabilities.

22 Q. And would you have -- would you do that
23 kind of task if there's two competing architectures
24 that Qwest could be utilizing for purposes of its
25 cost studies?

4216

1 A. No, I would not be the one to choose
2 between architectures.

3 Q. I'm -- not the choice between the
4 architectures, but determining -- if there is a
5 choice between architectures to be made, determining
6 that the one that is selected is least cost and
7 forward-looking. Do you do that?

8 A. No, I'm going to still say that that really
9 is more a function of the subject matter experts that
10 help to establish the architectures and determine
11 what they are. Certainly we, in the policy and law
12 organization, do some review generally, but my
13 responsibility specifically is not to say this
14 architecture is the right choice, because I just
15 simply don't have the expertise to do that.

16 Q. Then do you just rely entirely on the
17 subject matter experts when they come to you and say,
18 This is the best choice for a particular network
19 architecture?

20 A. Well, I think when we're talking some of
21 the architectures that have been presented in some of
22 the studies, I -- we've certainly had discussions to
23 talk about why that's the case, but, generally
24 speaking, that choice is made before -- before I
25 would be involved. My job is really to understand

4217

1 what it is about that architecture and that
2 selection, as opposed to other architectures, that
3 makes it the forward-looking choice. In other words,
4 I sort of play, in my role, talking to the subject
5 matter experts, devil's advocate. Okay, tell me why,
6 explain to me why this is the best choice. But
7 generally that choice is made at the point that I'm
8 involved in it.

9 Q. Would it be your expectation, then, as
10 you're sitting there playing devil's advocate, that
11 if you had a question and you were challenging a SME
12 about, well, is this really a least cost,
13 forward-looking selection that you've made here, that
14 they would then be able to provide you with the
15 documentation or whatever it is they're relying upon
16 for their choice?

17 A. Certainly with regard to some of the
18 architectures -- like, for example, I mean, if you're
19 talking about the loop and all of the nuances that
20 are in there, no, I'm not out there -- I'm asking for
21 an understanding of what went into developing that
22 cost and why it makes sense that that's
23 forward-looking architecture, but I'm not evaluating
24 per se, you know, what the underlying documentation
25 of that is.

4218

1 On the other hand, if you're talking
2 something like space availability and there are hours
3 that are included for engineering and there are
4 materials and so forth, yes, you know, there are some
5 things there where I expect to understand what
6 documentation went into that and why choices were
7 made.

8 Ms. Singer-Nelson's example before about
9 Tab 82 and the handwritten notes, I was actually
10 involved in that session and did, you know, push back
11 with the subject matter experts and asked them to
12 explain to me why you would have an average time
13 estimate that applied to three different elements, as
14 opposed to looking at it and developing that average
15 for each of the elements and had some influence there
16 in terms of what those times resulted, because of the
17 questions that I asked about making sure that we were
18 looking at these things appropriately.

19 Q. While your answer was very informative to
20 me, I think I still have a question remaining, which
21 is -- and I think the answer is yes, based on your
22 explanation, but the question remains. Would it be
23 your expectation that there's some form of
24 substantiation, either in terms of documentation or
25 experience, that would support a SME coming to you

4219

1 and saying, This is the option we've selected and it
2 is the least cost, forward-looking technology to
3 deploy for this architecture?

4 A. Yes.

5 Q. Okay, thank you. Would the documentation
6 or the substantiation that you would expect to be
7 made available bigger or smaller if the investment is
8 bigger on Qwest's part?

9 A. Not necessarily.

10 Q. So the magnitude of the investment doesn't
11 necessarily affect how much you would need to or how
12 much you would expect to see to substantiate a
13 particular decision?

14 A. That's correct.

15 Q. I would like you to take a look at Covad
16 cross-examination Exhibit 2074 and C-2074, which is
17 the confidential attachment.

18 A. Yes, I have that.

19 Q. Now, to lay a little groundwork here, you
20 understand, of course, that one of the issues Covad
21 has raised is whether Qwest has deployed the least
22 cost forward-looking technology for purposes of
23 providing unbundled packet switching. Do you
24 understand that?

25 A. Yes, I do.

4220

1 Q. Okay. And you also understand that Covad's
2 experts have opined that Qwest's election of a remote
3 DSLAM in order to provide that functionality is not
4 least cost and forward-looking. Do you understand
5 that, also?

6 A. I understand that that's Covad's opinion,
7 yes.

8 Q. Okay. And Covad also says that we believe
9 that NGDLC, next generation digital loop carrier, is,
10 in fact, the least cost forward-looking technology,
11 or that's what our experts state.

12 A. That's what your experts believe, yes.

13 Q. Now, in Exhibit C-2074, which is Qwest's
14 response to Covad Data Request 7-75(A), Covad
15 requested that Qwest provide the documentation
16 underlying its decision or its position that a remote
17 DSLAM is the least cost forward-looking technology.
18 Do you agree with my characterization of this data
19 request?

20 A. Yes, I do.

21 Q. Okay. Now, turning to the Confidential
22 Attachment A. If you were, as you stated earlier,
23 playing devil's advocate with the subject matter
24 experts that said a remote DSLAM deployment is the
25 least cost forward-looking technology, would you

4221

1 consider this Confidential Attachment A to be the
2 sufficient support or documentation for that kind of
3 decision?

4 A. Yes, I would.

5 Q. And why is that?

6 A. Because this document lays out, on an
7 investment per customer basis, the cost of the
8 competing architectures or the approaches, including
9 the overlaying of the network in existing areas and
10 new build and so forth, and it shows what those
11 investments are on a per-customer basis and allows
12 you to see which ones are higher cost versus which
13 ones are lower cost.

14 Q. And Ms. Million, I notice that Michael Wolz
15 is the respondent here?

16 A. Yes.

17 Q. Can you tell me who Mr. Wolz is?

18 A. He is a person in the network organization
19 that assists with the answering of data requests
20 related to network type questions.

21 Q. Okay. And can you tell me, because I
22 believe you stated, in response to my prior question,
23 that this is an analysis of the different options.
24 And can you tell me how this reflects anything other
25 than different variations of a remote DSLAM

4222

1 deployment analysis?

2 A. Well, it shows in the first column a
3 central office deployment, and then it shows three
4 DSLAM type deployments, and the fifth column over is
5 actually a deployment of something other than remote
6 DSLAM.

7 Q. When you say the fifth column over, are you
8 talking card at a time, the card at a time or
9 optional approach existing areas?

10 A. Optional approach existing areas.

11 Q. And are you confident that that is
12 something other than a remote DSLAM deployment?

13 A. Yes.

14 Q. And how can we tell?

15 A. From this document, I guess it's -- it
16 would be pretty hard to tell. I am somewhat familiar
17 with this document, though, and my understanding,
18 based on what I've been told in looking at it, is
19 that it represents a DLC approach other than the
20 DSLAM remotely deployed, not card at a time.

21 Q. And when you say DLC, you're talking
22 digital loop carrier?

23 A. Yes.

24 Q. The next generation digital loop carrier?

25 A. Yes.

4223

1 Q. Well, there's nothing in here that provides
2 any information or allows either CLECs or the
3 Commission to determine, for example, what the
4 underlying capital costs are, does it?

5 A. Well, it gives you the investment costs by
6 category, but if you're asking for what book costs
7 would be, no, or material prices, no, it doesn't show
8 that. It shows a capital cost on an investment per
9 customer basis for each of the elements that are
10 listed here.

11 Q. And it doesn't indicate in any way to us,
12 when we look at these differing costs, how they are
13 recovered, as far as is it recovered in a
14 nonrecurring cost or a recurring cost, does it?

15 A. No, it doesn't tell you that.

16 Q. And we also, for example, can't determine,
17 when we're looking at investment per customer, what
18 kinds of assumptions or inputs Qwest used for
19 provisioning, can we?

20 A. Well, I guess if you're talking
21 provisioning as in the traditional nonrecurring, the
22 technician goes out and does some activity, and we
23 take time times a labor rate, that would not be
24 included in here. This is strictly provisioning from
25 the standpoint of installing investment necessary to

4224

1 provide an architecture. Similar to the provisioning
2 type or installation costs that would be included in
3 the price of a loop, as opposed to the nonrecurring
4 cost for a tech to go out and install a loop.

5 Those costs are not in here. This is --
6 from that perspective, this is strictly the
7 investment related to the customer. But when you ask
8 recurring versus nonrecurring, to me, typically, a
9 recurring charge is going to be based on investment
10 except in cases of some kinds of collocation where,
11 you know, in collocation, the equipment involved with
12 having cable racking and fencing and so forth are
13 part of a nonrecurring charge for that. So that's my
14 distinction here, when you say recurring versus
15 nonrecurring, not the tech going out and installing
16 it, but the material and installation cost to
17 provision the service or provision the architecture,
18 I guess, if you will, in the network. And that might
19 be either a recurring or a nonrecurring charge,
20 depending on --

21 Q. You also can't tell from Confidential
22 Attachment A whether Qwest utilized
23 Commission-approved factors for calculating direct or
24 common costs, can we?

25 A. Well, I don't believe that there would be

4225

1 any indication that there were overhead loadings in
2 this number. I think that it's intended, like I
3 said, to represent investment on a per-customer
4 basis, but based on the direct items that are listed
5 to the left.

6 Q. So we also can't tell, even if we're just
7 looking at an investment per customer, for example,
8 we can't tell from this document whether, under any
9 of the options, Qwest can recover the investment from
10 multiple services versus just one service; right?

11 A. I'm not sure I follow what that question is
12 asking me.

13 Q. Well, certain equipment, for example, --
14 well, let's be specific about packet switching, for
15 example, currently, as I understand it, and we may be
16 getting too technical, so just let me know.

17 Currently, as I understand Qwest's
18 position, remote DSLAM is just -- can only be
19 recovered through subscribers who want DSL service;
20 right?

21 A. Well --

22 MS. ANDERL: Your Honor, I guess at this
23 point I will object and inquire as to whether this is
24 a question with regard to retail pricing and cost
25 recovery, and if so, it seems to be outside the scope

4226

1 of this docket.

2 JUDGE BERG: I think Ms. Doberneck is
3 making a good faith effort to ask questions within
4 this witness' range of knowledge, and within the
5 scope of her testimony, and I -- to be fair, I don't
6 understand the line, either, of where it's going,
7 other than the fact that I can look at Exhibit 2074,
8 C-2074, and your questions are going to what can --
9 what other information can be gleaned from this or
10 what is there relevant to the provisioning of DSL
11 service through the proposed technology that isn't
12 being addressed. So that's what I'm picking up
13 through the line of questioning.

14 MS. DOBERNECK: And Your Honor, I'm trying
15 to be fair to the witness and not testify to sort of
16 lay the foundation for a question, because it does
17 get into sort of the capabilities of the technologies
18 that the parties are disputing, which are least cost
19 or forward-looking, so I'm trying to not overstep the
20 bounds of this witness' knowledge while at the same
21 time not sort of testifying in my questions to lay
22 the foundation for that.

23 JUDGE BERG: Why don't you go ahead and try
24 pursuing that further. And Ms. Anderl, if I'm still
25 not getting it and there's an objection to be

4227

1 reraised, bring it up again rather -- I want to see
2 if it comes back into line, and if it doesn't, I'll
3 spend a little bit more time understanding your
4 objection.

5 Q. Sure. Ms. Million, have you reviewed the
6 testimony of Dr. Cabe, Dr. Richard Cabe and John
7 Donovan in this proceeding?

8 A. Not in a lot of detail, because I wasn't
9 addressing them specifically. But yes, I've read
10 their testimony.

11 Q. And do you understand, with respect to the
12 architecture dispute, that what Dr. Cabe and Mr.
13 Donovan are -- why Dr. Cabe and Mr. Donovan are
14 arguing that NGDLC is least cost and forward-looking
15 is that it has the capability of, in one piece of
16 equipment, providing both telephony and data
17 services? Do you recall that from your review of the
18 testimony?

19 A. I understand that that's what they are
20 opining, but I don't understand enough about the
21 details of the architectures to say that I think that
22 they're right or not right or --

23 MS. DOBERNECK: Your Honor, if Ms. Million
24 can't get to that point, then I will move on with my
25 questioning.

4228

1 JUDGE BERG: Okay. Thank you, Ms.
2 Doberneck.

3 MS. DOBERNECK: Sure.

4 Q. Ms. Million, I'd like you to turn back to
5 the nonconfidential portion of 2074. And if you will
6 look at the actual request, Covad asked that Qwest
7 produce any support available for your response that
8 a DSLAM, rather than NGDLC, is the least cost
9 forward-looking technology, and that any support
10 includes proposals for alternative technologies and
11 network architectures, analysis of such proposals
12 from technical, policy and cost perspectives, and
13 internal presentations for capital budgeting or
14 network architecture decisions. Do you see that?

15 A. Yes, I do.

16 Q. And if you look at --

17 JUDGE BERG: Ms. Doberneck, can you hold up
18 the follow up questions for one second?

19 MS. DOBERNECK: Yes.

20 JUDGE BERG: We'll be off the record for a
21 real quick moment.

22 (Discussion off the record.)

23 JUDGE BERG: We'll be back on the record.

24 Q. Do you recall my prior question, which was
25 going over, basically, what subpart A requested Qwest

4229

1 to produce?

2 A. Yes.

3 Q. Do you recall that? Okay. And in
4 response, Qwest produced Confidential Attachment A;
5 correct?

6 A. Yes, that's correct.

7 Q. And nothing else?

8 A. That's correct.

9 Q. So is it your testimony here today, then,
10 that this is all of Qwest's support available for its
11 position that a remote DSLAM is lower cost and
12 forward-looking, including proposals for alternative
13 technologies and network architectures, analysis of
14 such proposals from technical policy and cost
15 perspectives, and internal presentations for capital
16 budgeting or network architecture decisions?

17 A. Well, I certainly don't believe that this
18 represents all of the conversations and discussions
19 and so forth that have gone on around this. I do
20 know that this is the document that we have used
21 internally to analyze that position, but I can't say
22 for certain that that's the only thing that exists.

23 Q. Qwest didn't object to this request, did
24 it?

25 A. Not that I'm aware of.

4230

1 Q. Okay. And subpart B asks that Qwest
2 produce any information that Qwest relied on and
3 describe any analysis conducted by Qwest or on
4 Qwest's behalf in the course of choosing to deploy
5 remotely-located DSLAMS, rather than NGDLC. Do you
6 see that?

7 A. Yes, I do.

8 Q. And is this Confidential Attachment A,
9 which was produced in response to subpart B, is that
10 all the information Qwest relied on?

11 A. I can't honestly say that I believe that it
12 is. I think there were many, many discussions that
13 took place in order to make that determination. I'm
14 not aware of any other documentation. This is the
15 only thing that I've seen making a comparison, but I
16 certainly have not been privy to all of those other
17 conversations and discussions, so I couldn't say.

18 Q. Did you request -- did you ask whether
19 there was any other documentation?

20 A. No, I did not.

21 Q. And can I assume -- well, I shouldn't
22 assume anything, since I'm cross-examining you, but
23 we also requested that Qwest produce all the cost
24 studies relating to an evaluation and comparison of
25 the competing technologies, and in response, again,

4231

1 it's just Confidential Attachment A.

2 Is it your testimony today that this is the
3 entirety of whatever cost study Qwest has undertaken
4 to evaluate whether a remote DSLAM is lower cost and
5 more forward-looking than NGDLC?

6 A. Well, if you're asking have we produced a
7 separate TELRIC study for NGDLC, the answer is no,
8 I'm certain that that does not exist. This, as I
9 said, is the only document I've seen associated with
10 this, but certainly my evaluation would be that this
11 looks like it's a summary that doesn't show you all
12 of the assumptions that went into the numbers that
13 are presented here. I have not seen anything related
14 to anything underlying this. Like I said, this is
15 all I've seen produced, but certainly I can
16 understand a feeling that there might be something
17 under this or behind this that produces these numbers
18 or assumptions that somebody made in order to come up
19 with those numbers.

20 Q. Would you agree that Qwest bears the burden
21 of proof of demonstrating that the technology and the
22 architecture it has chosen to deploy is least cost
23 and forward-looking?

24 A. Well, I think, at the very least, yes,
25 Qwest bears the burden of showing that what it's

4232

1 chosen to deploy complies with what the FCC
2 requirements are, and in terms of the DSLAM and
3 remote location -- collocation, I believe very
4 completely that our presentation of remote
5 collocation and unbundled packet switching meets what
6 the FCC requires of us, and I believe that we've met
7 the burden of proof of that.

8 Q. I'd like to clarify, because I think
9 there's sort of two FCC issues here. And when you're
10 talking about what the FCC requires, are you talking
11 about the requirement that your rates be TELRIC
12 compliant or are you talking about when and under
13 what circumstances Qwest is obligated to provide
14 unbundled packet switching?

15 A. Well, I think I'm talking about both. I'm
16 talking about a requirement to ensure that the
17 architecture that we choose meets the FCC requirement
18 for unbundled packet switching, which I believe that
19 it does. I think the FCC fully contemplated the use
20 of remote DSLAMS or it wouldn't have gone to the
21 trouble of describing the rules the way that it did
22 around provision of unbundled packet switching, and
23 then, secondly, that when we do a study for DSLAM
24 architecture, that it's forward-looking and least
25 cost.

1 And when we look at the study that we put
2 together for DSLAMS or for remote collocation and
3 unbundled packet switching, we had four vendors
4 listed and we didn't even have prices yet that were
5 firm from two of the vendors, because we were talking
6 about such cutting edge technology from them that
7 they were unable to provide us with firm prices that
8 we could use in our cost study.

9 So yes, I think it's both the FCC
10 requirement to provide unbundled packet switching
11 that contemplates DSLAM deployment and the
12 forward-looking technology or cutting edge technology
13 that we modeled in providing costs for that.

14 Q. Well, let's talk about that remote terminal
15 collocation option. It's correct, isn't it, that
16 only one CLEC has actually collocated at a remote
17 terminal throughout Qwest's region, isn't it?

18 A. I don't know that it's one CLEC. I do know
19 that it's two locations within the 14-state region.

20 Q. Are there any locations within the state of
21 Washington?

22 A. No, there are not.

23 Q. Is it possible or even reasonably possible
24 that the reason there's only two locations, remote
25 terminal collocations, is that it's not

4234

1 cost-efficient or viable for a CLEC to collocate at a
2 remote terminal?

3 A. I couldn't begin to answer why a CLEC
4 chooses to do or not do something.

5 Q. Would you -- let me ask my question again.
6 Do you think it's reasonably possible that the reason
7 you only have two remote terminal collocations
8 regionwide is that it's not cost efficient or
9 economically viable for a CLEC to do so?

10 A. Again, I don't know -- it depends on the
11 CLEC's business plan and what their limits are.
12 We're providing remote collocation to the CLECs at 15
13 percent of the cost of establishing a remote
14 collocation, we're bearing 85 percent of that cost
15 ourselves, and we're effectively providing 50 percent
16 of the cabinet for the CLEC use.

17 If it's -- as I said in my testimony, if
18 it's expensive for the CLECs, it's also expensive for
19 us. I don't know what drives the CLEC decision or
20 whether it's because it's the cost or not enough
21 customers available or what.

22 Q. So it is possible; right?

23 A. I suppose it's possible.

24 Q. Okay. Now, Qwest has stated in response to
25 Exhibit 2081 -- I'm sorry, strike that. Let me start

4235

1 over, because what I'm moving on to is your statement
2 that if it's expensive for CLECs, it's expensive for
3 Qwest, and that's what I'm focusing on here.

4 Now, Qwest stated, in response to a data
5 request which is contained in Exhibit 2081, and it's
6 actually a response to a Minnesota Information
7 Request 34, which is in the upper right-hand corner,
8 and just let me know when --

9 A. Thank you. Covad 0-34-S1?

10 Q. Yes.

11 A. Okay. I have that.

12 Q. Looking, actually, at the second page,
13 Qwest utilized its packet switch network -- I can't
14 speak. Qwest utilized its packet switched network to
15 provide DSL service offerings wherever and whenever
16 economically feasible. A large initial investment is
17 required to offer DSL through a remote terminal. Do
18 you see that?

19 A. Yes, I do.

20 Q. And did I read that correctly?

21 A. Yes, you did.

22 Q. So what Qwest is saying here is that
23 wherever and whenever it's economically feasible or I
24 guess can justify the cost of that remote terminal
25 DSLAM, that it will put its DSLAM out at the RT;

4236

1 right?

2 A. Yes, that's correct.

3 Q. Now, isn't it correct that Qwest provides
4 DSL only to customers that are also voice customers?

5 A. I don't know that that's necessarily the
6 case. And the reason I answer that way is because I
7 do understand that we have a resale offering of DSL
8 where -- I'm not that familiar with it. I understand
9 that that's something that's being talked about,
10 though. So I couldn't say that --

11 Q. Sure. Well, would you take, subject to
12 check, that currently and in the past, Qwest only
13 provided DSL service to those end users who were also
14 Qwest voice customers?

15 JUDGE BERG: Well, I'm going to stop you
16 here, because to my way of thinking, subject to check
17 means it's something that's subject to check based
18 upon the record in this case, as opposed to going
19 outside. If you're looking for something that can be
20 based on a hypothetical, then that -- certainly
21 that's a way to proceed. If it's something that
22 requires some acknowledgement from a Qwest witness as
23 to what Qwest's prior policies have been, then we may
24 need to wait for another witness.

25 MS. DOBERNECK: Sure, Your Honor. And I

4237

1 can proceed on that basis, then.

2 JUDGE BERG: Okay.

3 MS. DOBERNECK: Let me just note that.

4 Q. Ms. Million, assume that Qwest, when Qwest
5 provides DSL, it will only provide DSL to those end
6 users that are also its voice customers. So make
7 that assumption with me.

8 A. All right.

9 Q. So would it be fair to say, then, using
10 that assumption, that for Qwest, the feasibility
11 determination turns on whether Qwest can recover its
12 up-front remote terminal cost from both -- from both
13 voice and DSL services; right?

14 MS. ANDERL: Well, again, objection, Your
15 Honor. This is once again looping back to something
16 that, in my mind, is outside the scope of this docket
17 or Ms. Million's testimony, which is costs and cost
18 recovery for pricing retail services.

19 MS. DOBERNECK: And Your Honor, this, in
20 some ways, it's twofold. One, Qwest has represented
21 that it will collocate -- I'm sorry, Qwest does not
22 collocate. It will place a DSLAM at a remote
23 terminal whenever and wherever economically feasible.
24 Ms. Million testified today that if it's expensive
25 for Qwest, it's expensive for a CLEC, and I'm simply

4238

1 trying to point out that there are actually very
2 different factors at play, because feasibility really
3 has to do with cost recovery, and I'm simply trying
4 to lay some factual foundation for something I might
5 like to argue later in my brief.

6 JUDGE BERG: So you're trying to explore
7 what Qwest means by economic feasibility or what's
8 economically feasible?

9 MS. DOBERNECK: And that Qwest's
10 determination of what is feasible is not the same as
11 the feasibility determination a CLEC might undertake,
12 because a CLEC, like Covad, only provides DSL and
13 can't recover from voice and DSL; just DSL.

14 JUDGE BERG: Well, I would just say that
15 you may not be able to get this witness to tell you
16 that, but in terms of helping explore what Qwest
17 means by economically feasible, I think that's an
18 appropriate area to explore with this witness and to
19 this witness' understanding, but I don't think it's
20 appropriate to ask this witness to develop the
21 position of CLECs. I think it may be that you have
22 to do that partly with this witness and partly with a
23 CLEC witness, and then you can do --

24 MS. DOBERNECK: Sure.

25 JUDGE BERG: -- your cross -- your

4239

1 comparison in your arguments. I'm just not sure what
2 you can get this witness to say about that on a
3 comparative basis unless she has actually done a
4 comparison in the past.

5 MS. DOBERNECK: Sure. Thank you, Your
6 Honor. And I'll see if I can lay any foundation.

7 Q. Ms. Million, do you have an understanding
8 of the Qwest information response, where it says it
9 will deploy a remote DSLAM whenever and wherever it's
10 economically feasible?

11 A. Well, I understand what that sentence
12 means, and I understand the evaluation, I guess, that
13 -- that has gone into that, to a certain extent. I'm
14 not intimately familiar with the DSL products and
15 certainly not on the retail side of things, but I do
16 understand that it's an analysis of whether or not
17 it's viable to make the incremental investment to be
18 able to provide an additional service.

19 Q. And when you say viable, how are you using
20 that word?

21 A. Well, I guess what I'm saying is you asked
22 before about voice and DSL, but in many cases, when
23 we're making the economic determination, we're
24 already providing voice and we already have cost for
25 voice to the customer, and so the question at that

4240

1 point becomes does the additional investment that you
2 make in order to remotely deploy a DSLAM so that you
3 can also provide data, is that going to be
4 recoverable through the data services that you can
5 sell because you've already got revenue from the
6 voice side for that customer.

7 In other words, when you say you're going
8 to provide voice and data, well, a lot of times
9 you're already talking about the fact that you do
10 provide voice to the customer. Now you're also going
11 to enable yourself to provide data, and is it an
12 economically viable solution. Can you do the
13 deployment of the architecture or the network and
14 recover your cost. But how that happens on the
15 retail side, I mean, that's beyond where I -- where
16 I'm involved.

17 Q. Sure. And just to make sure I'm clear,
18 when you're talking about viability, then, you are
19 talking about an ability to recover one's costs to be
20 made whole?

21 A. Certainly.

22 Q. And to earn a profit, hopefully?

23 A. Certainly.

24 Q. Okay.

25 A. I mean, I think that's a common business

4241

1 decision.

2 JUDGE BERG: Ms. Doberneck, you're down to
3 about one or two more questions if you want to
4 proceed, or we can break at this point.

5 MS. DOBERNECK: Why don't we break at this
6 point, because it's taking longer than I expect.

7 JUDGE BERG: All right, good. Let's be off
8 the record.

9 (Recess taken.)

10 JUDGE BERG: We'll be back on the record.

11 MS. DOBERNECK: Thank you, Your Honor.

12 Q. Ms. Million, if you could take a look at
13 Exhibit 2061, which actually is a WorldCom cross
14 exhibit. I have a few questions for you on that.

15 A. I have that.

16 Q. Okay, thank you. And I am looking at
17 what's been marked as page three, which is the
18 diagram that Ms. Singer-Nelson had a few questions
19 about.

20 A. Yes.

21 Q. Now, as I understand the Qwest remote
22 collocation product, in order, for example, to serve
23 each of those three FDIs that are in the DLC
24 architecture --

25 A. Yes.

4242

1 Q. -- a CLEC or Qwest would have to put a
2 DSLAM at each remote terminal that served the
3 individual FDI; is that correct?

4 A. That's my understanding, yes.

5 Q. Okay. And a CLEC could not serve each of
6 those three FDIs if they simply put a DSLAM or a
7 DSLAM functionality at the DLC, the digital loop
8 carrier; is that right?

9 A. You know, the answer to the prior question
10 was based on what I have understood in my
11 conversations with some of the network people. If
12 you really want to get into detail about how or where
13 you could place a DSLAM, I really think that would be
14 something that would be better answered by one of our
15 network witnesses, so --

16 Q. Sure. Well, getting back to where you did
17 feel comfortable collocating a DSLAM at each remote
18 terminal that served each FDI, is it correct that a
19 CLEC, if it chose to do so, would have to incur all
20 of the applicable remote terminal collocation charges
21 in order to collocate at each remote terminal?

22 A. All of the charges that we're presenting,
23 yes, that's correct. I think that's what I laid out
24 in my rebuttal to Mr. Price's testimony, or at least
25 I tried to, an explanation of how that would work and

4243

1 what charges might apply.

2 Q. Okay. And then, if you could turn to
3 Exhibit 2050, because those are the rates and charges
4 for remote terminal collocation, I just want to make
5 sure I understand. When a CLEC collocates at a
6 remote terminal -- excuse me, is my microphone on?
7 Can you hear that?

8 JUDGE BERG: Yes, I had the same concern
9 earlier.

10 MS. DOBERNECK: Okay.

11 Q. On a nonrecurring front, the amount a CLEC
12 would pay to Qwest are each of the two nonrecurring
13 rate elements, the space, and the FDI termination?

14 A. Yes, that's correct.

15 Q. Okay. And then would a CLEC -- setting
16 aside, obviously, the cost of a DSLAM, would a CLEC
17 incur any other nonrecurring charges in order to
18 place a DSLAM out at a remote terminal?

19 A. Not in order to place a DSLAM out at a
20 remote terminal. Now, if you're talking about access
21 to a subloop or something like that, then yes, there
22 are nonrecurring charges that apply with that as a
23 product, but for the DSLAM itself, the charges are
24 the two that you see here, the space per standard
25 mounting unit and the FDI termination charges.

4244

1 Q. And when we were talking -- I'm sorry, I
2 didn't mean to interrupt you.

3 A. No, that's --

4 Q. So when we were talking about, then, other
5 nonrecurring charges that might be incurred, it would
6 be installation of a subloop and things like that?

7 A. Certainly. If -- I mean, if you're going
8 to place a DSLAM at a remote location, then you're
9 going to access a subloop at some point in order to
10 get to the customer, would be my assumption, and so
11 yes, you would have some sort of subloop installation
12 charge.

13 Q. Okay. Are there any other nonrecurring
14 charges that you can think of that would apply to a
15 CLEC who wants to put a -- to remotely collocate in
16 order to provide service, other than say installation
17 of a subloop? Is there any other nonrecurring
18 charges you can think of?

19 A. Not that I can think of, no. I mean, I'm
20 presuming, I guess, that if you're locating a DSLAM
21 at a remote terminal, you're getting to that DSLAM
22 from your own equipment somehow, with feeder or
23 whatever.

24 Q. Okay. So any -- what I would call the
25 transport segment from the remote terminal to the

4245

1 collocation -- I mean, to the central office?

2 A. Yes.

3 Q. Okay. So whatever might be associated with
4 providing that transport between the two points?

5 A. Yes.

6 Q. Okay. Anything else that you can think of
7 that a CLEC would incur?

8 A. No.

9 Q. And for those same -- looking at the
10 recurring charge, in addition to what we have in 8.7,
11 we would then also incur the recurring rate for the
12 subloop; right?

13 A. Either the subloop, if you're planning on
14 providing both voice and data service, or for a
15 shared subloop if you only want to provide voice.

16 Q. Okay.

17 A. And no, we have not submitted a cost for a
18 shared subloop in this proceeding.

19 Q. Okay. And then there would be the
20 recurring rate for the transport component from the
21 remote terminal to the CO?

22 A. Again, if you're using Qwest transport to
23 do that, yes.

24 Q. Okay. And can you think of any other
25 recurring-type charges a CLEC would incur in order to

4246

1 actually provide service where you have that remote
2 DSLAM deployed?

3 A. No, other than the recurring charges here.

4 Q. Okay. I love my scribbled notes. If you
5 could take a look at Exhibit 2073, the Confidential
6 Attachment 2073. And I'm looking at, on the
7 confidential attachment, the average number of
8 subscribers per deployed remote terminal.

9 A. Yes.

10 Q. And using -- let me -- so strike that. My
11 apologies. My notes can get a little confusing at
12 times.

13 Is there -- in looking at Confidential
14 Attachment 2073, is this the most recent information
15 Qwest has regarding subscribers per deployed remote
16 terminal?

17 A. You know, I really don't have any idea. I
18 know that at the time that we prepared the response
19 to this data request, that was the most recent
20 information. That was year end 2001, and we're now
21 into May of 2002, so I presume there might be updated
22 information. I don't know.

23 Q. Okay. And can you tell me why Qwest
24 included, for example, pending customers?

25 A. I have no idea.

4247

1 Q. Is it your understanding, just to clarify,
2 a pending customer is a customer who has placed an
3 order, but it has not been completed?

4 A. That was my understanding. This
5 information came from somebody on our retail side,
6 and so I -- I don't know why they included it, but
7 yes, that was my understanding.

8 Q. Okay. And it's not reflected in
9 Confidential Attachment A, but do you know, of the
10 average number that has been provided, what
11 percentage is the installed customer base?

12 A. No, I do not.

13 Q. Okay. Well, when Qwest deployed its own
14 remote DSLAMS, it did so in order to serve its retail
15 customers, didn't it?

16 A. Yes.

17 Q. Okay. And did Qwest deploy -- when it
18 deployed those remote terminals, did it do so without
19 factoring in or considering any CLEC demand on that
20 remote DSLAM?

21 A. No.

22 Q. Meaning no, you did not -- Qwest did not
23 factor consideration in -- or consider in CLEC
24 demand?

25 A. No, meaning yes, we did factor in CLEC

4248

1 demand. In fact, when we went out with our initial
2 plan for deployment of these remotes, we conducted a
3 number of meetings that I think Ms. Brohl spoke to
4 last year in our Part B hearing, where we had
5 meetings with a number of the CLECs in order to
6 determine where the most desirable locations where we
7 factored in our own retail needs and we asked the
8 CLECs for input into their list of places where they
9 wanted the deployment to take place, and then we also
10 installed those with additional capacity so that
11 capacity would be available for the CLECs in any of
12 the locations where we installed remotes.

13 Q. Maybe I misspoke, because you're talking
14 about deployment or building of remote terminals;
15 right?

16 A. Yes.

17 Q. And I may have misspoken. I was talking
18 about the remote DSLAMS Qwest has deployed, the
19 actual piece of equipment called the DSLAM. When
20 Qwest put its DSLAM out there, it did so without --
21 did it put that remote DSLAM out there and factor in
22 or consider CLEC demand for access to that DSLAM?

23 A. No, it did not factor in access to the
24 DSLAM, because it did factor in access to the remote
25 terminal, and the assumption then was that if there

4249

1 was availability of space at the remote terminal, the
2 CLEC would put their own DSLAM in that location and
3 we would use our DSLAM and they would use their DSLAM
4 at the location. That was our interpretation of the
5 FCC's rules on that point.

6 Q. So even though Qwest deployed the DSLAM for
7 its own retail use and did not factor in or consider
8 CLEC access to the DSLAM, Qwest does seek to recover
9 costs related to its own DSLAM deployment from CLECs;
10 right?

11 A. No, it does not.

12 Q. No?

13 A. It does not include the DSLAM that it
14 deploys remotely in -- are we talking about the cost
15 -- I guess not in the cost for the remote terminal.
16 The cost for the remote terminal is for the space and
17 the cabinet and the power to power that cabinet, and
18 the CLEC gets assigned 15 percent of the cost and
19 approximately 50 percent of the cabinet availability
20 for it. Our DSLAM cost is something that we recover
21 or intend to recover from our customers.

22 Now, to the extent that we don't have space
23 at a remote and we are then in a position where we
24 need to provide unbundled packet switching at that
25 remote, then yes, the cost of the DSLAM is included

4250

1 in the charge under unbundled packet switching for
2 the CLECs. So I just want to be clear about what it
3 is we're talking about.

4 Q. Right. And I wasn't talking about the
5 unbundled packet switching rates, because it is
6 access to the Qwest DSLAM functionality. I was
7 talking specifically about in the remote collocation
8 offering.

9 A. Yeah, and no, there is no DSLAM cost in
10 that. It is strictly the cabinet and the power and
11 the installation of the cabinet and the engineering
12 for that and so forth.

13 Q. And Qwest believes that's appropriate
14 because a portion of the space has been reserved for
15 CLEC use?

16 A. Yes. Our understanding is that the FCC
17 tells us we have to provide space at the remote
18 terminal for the CLECs.

19 Q. Isn't -- when a CLEC does collocate at a
20 remote terminal, though, doesn't Qwest recover the
21 costs of remote collocation in a single nonrecurring
22 cost?

23 A. It recovers the cost for the CLEC to place
24 its DSLAM in a nonrecurring cost much the same way
25 that it does for other collocation costs, that's

4251

1 true.

2 We have a similar type of investment in
3 remote collocation that we have in central office
4 collocation, and we recover that primarily in an
5 upfront nonrecurring charge, the cost of that space,
6 but, again, it's 15 percent of the cost of the remote
7 cabinet for 50 percent access to the cabinet.

8 Q. Well, I guess I'm confused about how 15
9 percent of the space can be reserved for 50 percent
10 of the access. I don't understand how you say that.
11 Can you explain that for me?

12 A. We factor into our remote terminal
13 collocation study a shared -- what's effectively a
14 shared cabinet, and we assume 85 percent of the cost
15 of that shared cabinet and we assume 15 percent of
16 that cost is going to be borne by the CLEC for the
17 cabinet, the power and so forth, all of the costs to
18 install that cabinet.

19 The fact of the matter is that in actual
20 use of the cabinet, and this is -- again, I'm not an
21 engineer, but this is something I've been told, is
22 that then we really only utilize one-half of that
23 cabinet, and the whole other half is available for
24 CLEC use, the way that they're set up. But we only
25 charge the CLEC on the basis of the notion that we

4252

1 would provide 15 percent additional space at our
2 locations for use by the CLECs.

3 Q. So to be clear, even though Qwest assumes
4 that a CLEC will -- or CLECs will occupy 15 percent
5 of the cabinet out at the remote terminal, that, in
6 fact, a CLEC will actually be -- or CLECs will be
7 using up to 50 percent of that space out there; is
8 that what you're saying?

9 A. They could have that much available to
10 them, because there are two -- two sides to the
11 cabinet, and we would occupy one side, the CLECs
12 could occupy the whole other side, and for that, they
13 get 15 percent of the remote terminal charge.

14 Q. And can you tell me in what cost study or
15 where I can find in any document, as part of the
16 record in this proceeding, where I can find what
17 you've just told me about, that we get actually 50
18 percent of the space?

19 A. I don't have that documented in the cost
20 study. That is my understanding from discussing this
21 with the engineers, how it actually works in practice
22 out in the field. What the study will show you is
23 that -- and this is something you can find in the
24 study documentation -- is that for a hundred percent
25 of the costs, we assume that that's shared and the

4253

1 CLEC bears 15 percent of that cost.

2 Q. But we don't actually know that that's the
3 case in Washington, because no CLEC has remotely
4 collocated; right?

5 A. That's correct. I guess I -- if I may
6 clarify your question, I mean, we don't know that any
7 CLEC has made use of 50 percent of the cabinet, no,
8 because there's no CLECs that have collocated. We do
9 know that the only cost that is going to be charged
10 to the CLEC is 15 percent, based on the cost study
11 that's been filed here.

12 Q. Now, looking at the unbundled packet
13 switching offering, is it Qwest's position that the
14 way it developed its cost study for the unbundled
15 packet switching product is through calculating the
16 cost of replacing the network in order to provide
17 that particular product?

18 A. Well, I guess that's a hard question to
19 answer, because this is such a new technology that
20 it's not something that existed out in our network.
21 I mean, when you talk about the loop or a switch or
22 transport, those are all things that exist in our
23 network, they're there. What we've done is assume
24 total replacement of those existing network elements.

25 This is not an element that exists in our

4254

1 network and so the costing for that is replacement
2 from the standpoint that if you're putting it out
3 there for the first time, the cost to replace it is
4 the same as the cost to put it out there for the
5 first time. Sort of the same notion that we've got
6 going with collocation and why we price collocation
7 the way we do, because collocations, as elements,
8 didn't exist in our central offices, and so the cost
9 to replace a collocation is the same cost as it is to
10 build it, because, I mean, that is your -- I'm
11 building it for the first time now. That is the same
12 as what a replacement cost would be.

13 Q. When you say it's new, you're talking about
14 a UNE -- are you talking about a UNE of unbundled
15 packet switching?

16 A. I'm talking about the technology that
17 allows us to offer unbundled packet switching.

18 Q. And do you understand that the technology
19 that allows you to offer unbundled packet switching
20 is the DSLAM functionality?

21 A. That's the way we've priced it in our
22 unbundled packet switching offering, yes.

23 Q. Qwest has been utilizing packet switching
24 through a DSLAM for its own customers, as well as
25 CLEC customers, for at least three years now?

4255

1 A. Ooh, I couldn't tell you that for sure.

2 Q. Okay. Well, I'm getting, again, getting
3 back to sort of is it replacement, is it new, is it
4 -- is -- are you telling me that the way these costs
5 were developed are an enhancement of the existing
6 network or is it an overlay network? I'm trying to
7 understand how the costs were calculated because the
8 DSLAMS exist.

9 A. It's -- the costs were calculated on the
10 basis of the cost to deploy a remote cabinet and
11 install a DSLAM at that cabinet. I'm not sure I know
12 what else to say. I'm not sure what you're getting
13 at.

14 Q. Well, when you look at the cost of
15 deploying the remote DSLAM and putting up that remote
16 cabinet, was it done with Qwest's existing network,
17 so it's in addition, and that's how you calculated
18 it, or did you start from scratch in how the entire
19 network would be configured and costed if you just
20 built it new today?

21 A. Well, we costed it on the same basis that
22 we cost other UNE elements, I guess. I mean, when
23 you develop the cost for a loop, that considers the
24 network configuration that would be needed in order
25 to provide a loop. And the cost for switching

4256

1 includes the cost for providing switching and
2 transport and unbundled packet switching. I mean,
3 they each are developed on the basis of the
4 configuration of the network that's required in order
5 to provide them. Does that answer your question?

6 Q. Well, let me -- if you could take a look at
7 Exhibit 2080, and I'm looking at page ten, and I can
8 explain to you why I am now officially confused.
9 Okay.

10 A. Okay. I have that.

11 Q. Do you have page ten?

12 A. Yes, I do.

13 Q. And at the top, do you see the statement,
14 Qwest overlay strategy?

15 A. Yes, I do.

16 Q. That suggests to me that when Qwest was
17 costing and pricing what appears to be the remote
18 DSLAM deployment, the unbundled packet switching
19 costs, that Qwest is utilizing an overlay network,
20 rather than calculating on the basis of replacement
21 costs.

22 A. Well, I am not sure what this document is,
23 but it's not the cost study for unbundled packet
24 switching. I mean, it may be an internal document
25 that Qwest has used to look at the cost of an overlay

4257

1 strategy, but that's not the cost study itself for
2 unbundled packet switching, not to my knowledge.

3 Q. If you look at the bottom of the second
4 segment, on the left-hand column, you see total cost
5 of remote terminal. Do you see that?

6 A. Yes.

7 Q. Does this appear to be, then, an analysis
8 of Qwest's costs for deploying its own remote
9 terminals and remote DSLAMS?

10 A. I certainly believe that it is some sort of
11 analysis of remote terminals, and I'm sorry, I really
12 don't know what this represents.

13 Q. Okay, okay. Well, I'd like you to pull
14 Exhibits 2050 and 2087.

15 A. I have those.

16 Q. Okay. If you look at page seven of Exhibit
17 2050, and specifically 9.24, which lays out the rate
18 elements and associated rates for unbundled packet
19 switching.

20 A. Yes, I have those.

21 Q. And then if you --

22 JUDGE BERG: Could you please -- I'm sorry,
23 Ms. Doberneck, for interrupting. On Exhibit 2050,
24 could you provide the line number again?

25 MS. DOBERNECK: 9.24.

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1 JUDGE BERG: Thank you.

2 Q. And then, if you look at Exhibit 2087, and
3 it's the Attachment B, page 17 of 19, and I'm looking
4 at 9.24.1.

5 A. I have that.

6 Q. Okay. If you look at Exhibit 2087, under
7 the DSLAM rate element, do you see that?

8 A. Yes, I do.

9 Q. It states, in the nonrecurring column,
10 special request. Do you see that?

11 A. Yes, I do.

12 Q. And if you flip to the notes, and
13 specifically note 13, it states, A special request is
14 a request by the customer to perform something that
15 is technically feasible, but the process and pricing
16 are not yet in -- I assume it's place?

17 A. Place.

18 Q. Not just p-1.

19 A. Yeah.

20 Q. That suggests to me that Qwest, at least in
21 2087, will be assessing a nonrecurring charge for the
22 DSLAM. However, there's no nonrecurring charges in
23 2050 for the DSLAM. Is it Qwest's position that it
24 will be proposing -- will be attempting to charge a
25 nonrecurring rate for the DSLAM portion of the

4259

1 unbundled packet switching?

2 A. That was not my understanding, and this
3 special request notation here is something that's new
4 to me. My understanding, when we put our cost
5 studies together for unbundled packet switching, was
6 that the only nonrecurring charges that applied were
7 to install the customer channel, whatever choice the
8 CLEC made for utilizing the customer channel. In
9 other words, you're effectively line sharing with us
10 or you've bought the entire subloop or whatever the
11 case may be, and that there were three alternatives,
12 and that then there was a nonrecurring for the port,
13 interface port, but no nonrecurring associated with
14 the DSLAM. So I do not understand or know what this
15 special request notation is. It contemplates
16 something that certainly we have not included in our
17 cost studies.

18 Q. Okay. So is it fair to say, then, Qwest
19 will not be charging a CLEC a nonrecurring charge for
20 the DSLAM functionality of unbundled packet
21 switching?

22 A. I don't know that I can say that. What I
23 can say is that, based on this note here, and I know
24 as much about the note as you do, from reading it,
25 that there may be some circumstances where we

4260

1 contemplate charging some sort of nonrecurring, but
2 not on a standard offering basis. In other words,
3 the words special request says to me that if a CLEC
4 is asking for something that's out of the ordinary,
5 or not part of our standard offering of the DSLAM,
6 that there might be some nonrecurring charges that
7 apply, but if you came in and ordered just a standard
8 offering the way that we've got it priced in my
9 exhibit, that there would be no nonrecurring charges.
10 I'm afraid I can't do better than that for you.

11 Q. To be clear, then, so if all I want are
12 rate elements that are listed in Exhibit 2050 and
13 whatever functionalities they offer, then I will not
14 be charged a nonrecurring charge for the DSLAM;
15 right?

16 A. That is correct.

17 Q. Okay. Can you tell me how many orders
18 Qwest has provisioned for unbundled packet switching?

19 A. I have absolutely no idea.

20 Q. Do you know if Qwest has provisioned any
21 orders for unbundled packet switching?

22 A. I do not know.

23 Q. Did you ask the subject matter experts with
24 whom you consulted on the unbundled packet switching
25 cost study whether any orders had been provisioned?

4261

1 A. No, I did not.

2 Q. Okay. I'd like to turn to my other
3 favorite topic, cooperative testing. And looking at
4 your Exhibit 2023, which is TKM-29, and I hope -- oh,
5 I'm sorry, I thought you were ready.

6 A. That's all right. I'm almost there. Yes.

7 Q. I believe I have the copy that has the
8 pagination. I'm looking at page 22, and it's summary
9 of results, Commission prescribed costing and
10 pricing.

11 A. Yes, I have that.

12 Q. And is the first item on your copy
13 maintenance of service?

14 A. Yes.

15 Q. Okay. Now, there's a series of line items
16 that address cooperative testing. There's
17 nonscheduled cooperative testing and a variety of
18 basic overtime and premium. Can you tell me what
19 nonscheduled cooperative testing is?

20 A. I'm afraid that I don't have a very good
21 product definition for you. I'm certain that one of
22 our product people could answer that question for you
23 or maybe one of our network people. I do know that
24 this is in the list of what we call miscellaneous
25 elements, which is something that we develop strictly

4262

1 on a per-hour, hourly rate, a per-half-hour or -- and
2 then we show those rates if they are charged for
3 overtime or for premium time. Other than that, I
4 couldn't tell you what exactly that entails.

5 Q. Well, do you know whether the assumptions
6 and inputs and subject matter expertise that Qwest
7 relied upon to come up with these rates for
8 nonscheduled cooperative testing, if those were the
9 same inputs and assumptions and subject matter
10 expertise that Qwest relied upon to develop what it
11 believed to be the appropriate rate for the
12 cooperative testing part of basic installation with
13 cooperative testing?

14 A. Well, I can explain to you the difference
15 between those two. This is strictly based on an
16 hourly rate for technician time or half-hourly rate
17 for technician time. In other words, there's no
18 assumption around any activities that are taking
19 place or any particular function that's being
20 performed, other than what's described here. It's an
21 hourly rate on a half-hour basis if you want a
22 technician to conduct some sort of activity, whether
23 it's maintenance and service, additional cooperative
24 testing, nonscheduled cooperative testing, whatever.

25 And then that differs from the nonrecurring

4263

1 charges for basic installation with cooperative
2 testing, which is based on a specific set of time
3 estimates and probabilities for particular functions
4 that are going to be performed.

5 In other words, there is a product, if you
6 will, called basic installation with cooperative
7 testing, which assumes that you're going to perform a
8 series of functions and you're going to accomplish
9 something specific. These are strictly hourly rates
10 on a half-hour basis for somebody's time to do
11 whatever it is that the CLEC is asking to be done.
12 Does that make sense?

13 Q. I believe so. But one of the things you
14 said, it was just a half-hour rate, whatever the CLEC
15 orders. And one of the things you referenced was
16 maintenance of service. When I look at page 22, for
17 example, maintenance of service overtime is 29.75;
18 nonscheduled cooperative testing is \$31.60. So if
19 it's just a half-hour of whatever the CLEC orders,
20 why is there a difference in rate?

21 A. Well, if I -- if I could -- I guess the
22 difference -- and I don't know off the top of my head
23 what the -- what person does nonscheduled cooperative
24 testing, but what I can tell you is that the
25 maintenance of service half-hourly rate, overtime

4264

1 rate of 29.75 is based on a maintenance person or
2 that type of technician, and nonscheduled cooperative
3 testing may be based on a different labor category of
4 technician or person.

5 In other words, there are people that
6 perform maintenance functions, there could be a
7 different labor category of people who perform this
8 nonscheduled cooperative testing. And their labor
9 rates would be different, and so that's what is
10 driving these costs, is strictly the labor rates of
11 the people assumed to be doing the work.

12 Q. One more question about nonscheduled
13 cooperative testing. Even though you said it's
14 whatever the CLEC orders, in fact, if we go by the
15 title, it's 30 minutes worth of cooperative testing
16 between a CLEC and Qwest?

17 A. No. It's a half-hourly rate for -- if you
18 order something that takes an hour and a half, you
19 will get charged an hour and a half, based on 31.60
20 per half-hour. If you take some -- if you ask for
21 work that takes 15 minutes or a half-hour, you'll get
22 charged based on a half-hourly rate of 31.60. And my
23 presumption would be, and I don't know this without
24 checking, but my presumption would be there's some
25 sort of minimum time that we would send a technician

4265

1 out for, and you would pay that -- just like if you
2 hired a plumber to come to your house and he told you
3 he was going to charge you 31.60 per half-hour, if he
4 spends three hours at your house, you're going to pay
5 three hours times 31.60 per half-hour.

6 Q. And I'm clear about the way that it's
7 billed in half-hour increments, regardless of how
8 long or how short it takes. What I'm getting at is
9 however how long it takes and however half-hour
10 increments the CLEC is billed in, what we are getting
11 is cooperative testing between the CLEC and Qwest;
12 right?

13 A. And again, for a specific definition of the
14 product, I think probably one of the network
15 witnesses or one of the product witnesses would be
16 better to describe exactly what this entails.

17 Q. Could I just go by the name, cooperative
18 testing?

19 A. Certainly I would make the same assumption
20 you're making, that it's some sort of cooperative
21 testing, yes.

22 Q. Okay. Thank you. Getting to the basic
23 installation with cooperative testing product, Qwest
24 did not introduce into evidence any cost study or
25 cost support specifically for this particular

4266

1 product; right? Qwest relied on a cost study it used
2 for basic installation with performance testing?

3 A. That's correct.

4 Q. Okay. And the reason Qwest believed that
5 it was appropriate is because the additional steps
6 for the basic install with performance testing took
7 about the same time as the additional steps for basic
8 install with cooperative testing; right?

9 A. That's correct.

10 Q. Okay. If you could take a look at Exhibit
11 2065?

12 A. I have that.

13 Q. And if you could flip to page 13?

14 A. I have that.

15 Q. Okay. Now, the additional step that
16 constitutes basic installation with performance
17 testing is providing the CLEC, either verbally or via
18 e-mail, with the results of the performance tests;
19 right?

20 A. That's my understanding.

21 Q. And would that provision of results be the
22 same thing as posting results that is set out at page
23 13 of Exhibit 2065?

24 A. I don't believe so. As I'm looking at this
25 study, it looks to me like that post results is a

4267

1 step for the installation person to perform, and then
2 it looks like there is another step, under controller
3 tester, called document test results, and there are
4 some steps for customer contact.

5 Q. What page?

6 A. On page 13. There's a customer contact
7 step under installation, and there's a post results
8 type of step, and then there's also document test
9 results under the controller tester, so to be
10 truthful, that's -- to understand exactly what this
11 process is or where the steps are in here, you would
12 probably be better off asking those questions of Mr.
13 Hubbard.

14 MS. DOBERNECK: Did you hear that, Mr.
15 Hubbard?

16 MR. HUBBARD: It'll cost her a beer.

17 Q. Okay, thank you. Now, Ms. Million, I
18 realize this is not specifically at issue in this
19 Part D of the cost proceeding, and it's about Qwest
20 loop rates, but I just have one question, and that is
21 does Qwest build into its recurring loop rates the
22 cost to ensure that the loop provided is a good loop,
23 in that it meets all applicable technical
24 specifications or whatever guarantees Qwest gives for
25 that loop?

4268

1 A. In the recurring loop rate?

2 Q. Mm-hmm.

3 A. No.

4 Q. What about in a nonrecurring loop rate?

5 A. The non --

6 Q. I guess that's the installation, so skip

7 that.

8 A. Yeah, that's the installation charge, so

9 yes.

10 Q. Are those -- is that particular cost, the
11 cost to ensure that a loop that is provisioned to a
12 CLEC is a good loop, is that recovered or included in
13 any of Qwest's cost studies?

14 A. In the nonrecurring cost studies for
15 installation of the loop. As far as the recurring
16 costs, that's strictly the -- the installation cost
17 that's included there is dig the trench, put the line
18 in the ground kind of cost. That's not any kind of
19 testing or evaluation of the facility. It's just
20 getting the facility in place. It's the nonrecurring
21 costs that then quantify the qualitative analysis of
22 the line that's there when the order is actually
23 placed by the CLEC to provision a specific loop.

24 Q. So the nonrecurring costs include the work
25 to install the loop, as well as an assurance that the

4269

1 loop actually meets the technical specifications?

2 A. Well, and depending on -- I mean, you've
3 got various grades of basic installation costs, the
4 basic install and then the basic install with
5 performance testing and so on down the line to basic
6 install with cooperative testing. So you have
7 various grades of that, depending on what kind of
8 testing you want to accomplish.

9 I'm going to owe Mr. Hubbard another beer,
10 but, again, if you want to talk about specifics for
11 what the differences are between those different
12 installation options, I'm sure he could address
13 those, or possibly Mr. Easton.

14 MS. DOBERNECK: Okay. Thank you. I have
15 no more questions.

16 JUDGE BERG: All right. Commission Staff.
17 I believe that's who would be next in line for
18 cross-examination, or Mr. Kopta, did you have
19 cross-examination for this witness?

20 MR. KOPTA: I probably have maybe five, no
21 more than ten minutes.

22 JUDGE BERG: All right. Let's go ahead.
23 My expectation is that we should finish this witness
24 today. And so --

25 MS. TENNYSON: I do have a commitment at

4270

1 6:00 p.m.

2 JUDGE BERG: All right. We'll break, then,
3 before then if we go that long. And if you've got a
4 commitment at 6:00 p.m., you probably need to break
5 before that?

6 MS. TENNYSON: Twenty minutes before.

7 JUDGE BERG: Okay. Well, we're going to go
8 till 5:40. Is that all right? All right. Mr.
9 Kopta, let's take you first, and then Ms. Tennyson.
10 I apologize, Ms. Tennyson and Mr. Kopta. I
11 overlooked your cross-examine time with this witness.

12 MR. KOPTA: Not a problem.

13

14 C R O S S - E X A M I N A T I O N

15 BY MR. KOPTA:

16 Q. Good afternoon, Ms. Million.

17 A. Hello.

18 Q. Doesn't seem to make much difference.

19 MS. ANDERL: No, it doesn't.

20 Q. My questions are going to focus on a couple
21 of exhibits, so you might want to have them handy.
22 The first is Exhibit 2050, which is the latest
23 proposed prices, and the second exhibit is Exhibit
24 2026, which is Qwest's direct CLEC-to-CLEC
25 interconnection cost study.

4271

1 A. I have it.

2 Q. Okay. Let's start with Exhibit 2050, and
3 I'm looking on the first page, at line number 8.8.3.

4 A. I have that.

5 Q. Okay. And these are rates for various size
6 cables for cable racking per foot; is that correct?

7 A. Yes, that's correct.

8 Q. And to the extent that you know, how much
9 of the cable racking between the two CLEC locations
10 in the central office does this charge apply to?

11 A. How much of the cable racking?

12 Q. Sure.

13 A. It applies to -- it applies to all of the
14 cable racking between one CLEC and another on a
15 per-foot basis.

16 Q. Well, and that's maybe the source of my
17 concern, because you're familiar with the collocation
18 cost study, are you not?

19 A. Yes.

20 Q. And as part of the space construction
21 charge for a CLEC, cable racking -- a certain amount
22 of cable racking is included with the construction of
23 the physical space if you have caged collocation;
24 isn't that correct?

25 A. Yes, that's correct.

4272

1 Q. So the CLEC has already paid for that cable
2 racking, hasn't it?

3 A. It's paid for the cable racking associated
4 with its collocation space.

5 Q. Right. It's not just over the cage, but
6 it's also a certain number of feet outside of the
7 cage, isn't it?

8 A. Well, it's cable racking that takes the
9 CLEC's cable to specific points in the central
10 office, such as some sort of connecting frame or to a
11 power board or that kind of thing. It doesn't
12 necessarily anticipate the cable racking, though,
13 that goes from one CLEC location to another CLEC
14 location across a central office or wherever that
15 connection might be.

16 Q. Now, and I'm just focusing on maybe
17 breaking it down into piece parts.

18 A. Okay.

19 Q. That there's a certain amount of cable
20 racking that the CLEC has paid for as part of its
21 space construction when it gets physical collocation
22 in a Qwest central office.

23 A. Yes, that's absolutely correct.

24 Q. Okay. And would I be correct that if the
25 CLEC has already paid for that cable racking, that

4273

1 this charge, if it was going to use some of that
2 cable racking to get to the other CLEC, that Qwest
3 does not -- would not propose to charge this cable
4 racking per-foot charge with respect to that cable
5 racking?

6 A. I'm really not sure how to answer that
7 question, and the reason is because the cable racking
8 that goes into the collocation space assumes some
9 sort of average number of feet of cable racking that
10 applies to a collocation, and in Washington, I
11 believe that the Commission determined that that was
12 going to be 56 feet of cable racking. But that's not
13 specific cable racking that the CLEC is using; it's
14 an average number of feet that's in the collocation
15 study. And this charge applies on a per-foot basis
16 for specific racking that's utilized between the CLEC
17 space and another CLEC space, assuming that that's
18 going to be shared cable racking 95 percent of the
19 time.

20 So when you paid for cable racking in your
21 collocation, even though you ended up with specific
22 cable racking associated with a specific collocation,
23 the rates that we developed didn't pay for that
24 specific cable racking; they paid for an assumption
25 about some average number of feet of cable racking

4274

1 that you would utilize associated with collocation,
2 and it didn't contemplate the additional cable
3 racking that you would need to connect from one CLEC
4 to another across a central office.

5 Q. Well, but I'm still a little confused,
6 because I think you agreed that the CLEC has already
7 paid for a certain amount of cable racking. And my
8 concern is that if the CLEC has paid for some of the
9 cable racking that is being used to connect to a
10 different CLEC within the same central office, that
11 application of this charge, the cable racking
12 per-foot charge would be recovering for costs that
13 Qwest has already recovered by charging the CLEC for
14 that cable racking as part of physical collocation?

15 A. Well, but, again, the cable racking that
16 was part of the 56-foot assumption, which was
17 considerably less than what Qwest assumed in its
18 study was the length of the cable racking, was to get
19 the CLEC's cables from the collocation space to the
20 power source and from the collocation space to an
21 ICDF or an MDF or something like that, but not
22 necessarily for cable racking that is utilized, then,
23 from your collocation space to another collocation
24 space. I guess I don't see those as the same thing.

25 Q. Well, let me try and use an example. Let's

4275

1 take a straight line from, for lack of anything else,
2 the battery distribution fuse bay, the BDFB, to a
3 collocation cage, and let's say that there is another
4 CLEC that is partway up that straight line.

5 Now, if the two CLECs want a CLEC-to-CLEC
6 direct connection and the CLEC has already paid --
7 the farthest CLEC from the BDFB has paid for at least
8 56 feet of the cable racking to get toward the BDFB,
9 then hasn't Qwest already recovered all of the costs
10 of the cable racking that would be used to connect
11 those two CLECs in that scenario?

12 A. Well, but, again, what Qwest has recovered
13 is an average amount of cable racking for the CLEC
14 that's not specific. And now you're asking to use
15 specific cable racking and we're charging you for the
16 use of that specific cable racking.

17 Q. So you don't see that that's double
18 recovery of cost to use the -- charge the CLEC for
19 cable racking as part of its physical collocation,
20 and then to charge them again for using the cable
21 racking for CLEC-to-CLEC connection?

22 A. No, I don't.

23 Q. Let's move to Exhibit 2026, and
24 specifically there, I'd like you to look at pages 11
25 through 12.

4276

1 A. I'm sorry, would you tell me that number
2 again?

3 Q. Exhibit 2026.

4 A. 2026, okay.

5 Q. Pages 11 through 12.

6 A. Hmm. I apologize, I was looking in the
7 wrong binder.

8 Q. If I have my numbers right, I believe this
9 is TKM-32, if that helps.

10 A. Oh, I had it out. I'm sorry.

11 Q. That's okay.

12 A. Yes, I have it.

13 Q. Okay. We're looking at pages 11 and 12 of
14 23.

15 A. I have that.

16 Q. And specifically, I want to talk about the
17 two shaded blocks that you have on those two pages.
18 Let's look at page 11 first. Am I correct that the
19 shaded block on page 11 represents the nonrecurring
20 and recurring charges for new cable racking or costs?
21 Let's not say charges; let's say costs.

22 A. Well, I would agree that these are loaded
23 costs related to cable racking. I don't believe that
24 they translate to charges or rates. The
25 nonrecurrings that are represented here don't

4277

1 translate to nonrecurring rates per foot associated
2 with the cable racking element on my Exhibit 2050.
3 The recurring rates are part of what forms the basis
4 for the recurring rates, though.

5 Q. Right. And just to clarify that point, if
6 you add, for example, in the DSO cable racking
7 per-foot \$77.83 under the nonrecurring with the -- if
8 you look on page ten, again, the shaded total loaded
9 cost for the engineering, \$808.71, if you add those
10 two together, you end up with the nonrecurring rate
11 that you have in Exhibit 2050?

12 A. The flat charge, yes, I would agree with
13 that.

14 Q. Okay. And then, under the existing cable
15 racking heading, which starts on page 11, but
16 actually the shaded portion is on page 12, there are
17 no nonrecurring costs, but there are recurring costs;
18 correct?

19 A. Yes, I would agree.

20 Q. And again, doing some addition, am I
21 correct that if you take, again, using the DSO cable
22 racking as an example, if you take the recurring cost
23 under the existing cable racking shaded portion and
24 add that figure to the recurring cost under the new
25 cable racking in the shaded portion, that you would

4278

1 end up with the rate that's in Exhibit 2050 for DSO
2 cable racking per foot?

3 A. Yes, you're correct. And the new cable
4 racking is that assumption of one additional foot of
5 cable racking, and the existing cable racking is the
6 shared -- the rate for the shared cable racking that
7 already exists in the office that you're going to
8 utilize --

9 Q. Okay.

10 A. -- for that connection.

11 Q. And again, I'm a little bit puzzled,
12 because you're adding the costs of new cable racking
13 with the costs of old cable racking to apply the
14 rate, but again, isn't that overrecovering for
15 whatever cable racking you're applying it to, whether
16 it happens to be new cable racking or existing cable
17 racking?

18 A. I don't believe so. It is a weighted
19 amount per foot for cable racking new and a weighted
20 amount for cable racking new -- or existing. That
21 gives you a per-foot rate for the cable racking that
22 is going to go between the two CLEC locations.

23 Q. Well, let me break it down a little bit,
24 then. Let's -- well, Qwest assumes that new cable
25 racking is only going to be required in five percent

4279

1 of the cases and that, in those five percent, it
2 would be approximately 20 feet. Does that reflect
3 the assumptions in the study?

4 A. No, it's 20 feet five percent of the time.

5 Q. Right.

6 A. For a total of one additional foot.

7 Q. Okay. And so you've included a
8 nonrecurring cost that represents that one foot in
9 the charge for everybody?

10 A. For the design, yes.

11 Q. Right. So you're spreading the cost of
12 that occasional occurrence over everyone?

13 A. Yes.

14 Q. So then, if the corresponding recurring
15 rate is eight cents and it's only going to happen no
16 more than five percent of the time --

17 A. Well --

18 Q. -- why wouldn't you only have one foot
19 assumed for new cable racking for recurring, as well
20 as for nonrecurring?

21 A. Well, you do have that assumption in the
22 development of that eight-cent cost, because that's
23 one foot of dedicated cable racking versus on the --
24 on page 12, a per-foot cost for shared cable racking.
25 And so you do have an assumption -- if you look up

4280

1 above, under the assumptions, you have an assumption
2 that, five percent of the time, you're going to need
3 20 additional feet, which calculates out to one foot,
4 and then that translates into a cost for new cable
5 racking.

6 Q. Well, let me ask it this way. Is the
7 slightly more than eight cents per-foot recurring
8 rate, does that reflect the entire recurring costs
9 for one CLEC's use of new cable racking?

10 A. What it reflects is the recurring rate
11 assuming one foot of -- per foot of cable racking,
12 assuming one additional foot of cable racking new.
13 So in other words, if you look up above there, where
14 it's got the expense, the expense per foot is
15 actually \$58.49 per foot. The eight-cent recurring
16 cost assumes that you're going to buy cable racking
17 on a per-foot basis, but you're only going to have
18 new cable racking one foot of the time. There's only
19 going to be one additional foot of new cable racking.

20 In other words, if you were going to
21 include the cost of new cable racking -- I'm not
22 explaining this very well, and I apologize, but the
23 rate would be much higher than eight cents per foot
24 if you were assuming that you were going to buy 20
25 feet of new cable racking. The eight cents reflects

4281

1 the fact that you assume that there's only one foot
2 of additional cable racking in that per -- recurring
3 per-foot cost that we've developed.

4 Q. So really, this should be 20 times higher
5 if -- let's just assume that 100 percent of the time
6 you installed new cable racking.

7 A. It would be \$58.49 per foot.

8 Q. On a recurring basis?

9 A. That would be the expense amount.

10 Q. On a recurring basis?

11 A. No, not on a recurring basis, but that
12 would be the expense amount per foot.

13 Q. Right. And so what I'm getting at is, as I
14 read this cost study, what it looks like to me, and
15 granted, there is not a whole lot of explanation
16 here, but what it looks like to me is that the cost
17 of one foot of new cable racking, the recurring cost
18 of one foot of cable racking, new cable racking, is
19 eight cents. And are you saying that that's not what
20 this says?

21 A. Yes, that's what I'm saying, is that's not
22 what this says. It doesn't -- it's not eight cents
23 for one foot of new cable racking. The per-foot cost
24 of cable racking, assuming one foot of new cable
25 racking, is eight cents.

1 Q. Well, let me ask it this way. Why are not
2 the nonrecurring and the recurring charges in
3 parallel, because I'm assuming that the nonrecurring
4 \$77.83 represents one foot of new cable racking, and
5 that goes into the charge. Why is it that the
6 recurring cost of eight cents does not also represent
7 one foot of cable racking and go into the charge?

8 A. I'm struggling with how to explain this to
9 you. If you look up above at the material and labor
10 cost for cable racking, and you've got an expense
11 amount for new cable racking that's broken down at
12 58.49 a foot. Up above, you've got aerial support
13 and cable racking that go into the investment cost
14 that develop that -- the rates for recurring for
15 existing and new cable racking, and those assumptions
16 take into effect that you're only going to have one
17 foot of additional new cable racking, and that eight
18 cents would be a much higher rate if you were
19 assuming new cable racking on a per-foot basis for
20 every foot of cable racking that you put in.

21 The nonrecurring cost, if you're installing
22 a foot of cable racking, it only happens one time.
23 And while this label says per foot, it's clearly not
24 per foot; it's just that \$77 nonrecurring charge
25 included with the engineering. And so they're on

4283

1 different bases, I guess. The nonrecurring charge is
2 the one-time charge to install an additional foot of
3 cable racking; the recurring charge is what the
4 recurring charge would be if you assume one
5 additional foot of new cable racking in your total
6 per-foot price for cable racking.

7 Q. So does the eight cents, then, represent
8 the recurring cost to one CLEC of one foot of new
9 cable racking? I guess that's as simply as I can ask
10 it.

11 A. It's the per-foot cost that you get
12 assuming that you're going to have -- across an
13 assumption of 219 feet. It's the cost you get per
14 foot, assuming one of those feet is going to be one
15 foot of new cable racking.

16 Q. Well, where did the 219 feet come from?

17 A. Down below here. Well --

18 Q. Two hundred and 19, I believe, is cable
19 capacity.

20 A. Excuse me, that's cable capacity. I
21 apologize. There's a per-foot -- or there's a foot
22 assumption in here. There's an assumption about the
23 total number of feet you're going to have. One of
24 those feet is going to be new cable racking. That
25 applies at eight cents per foot, and the existing

4284

1 applies at two cents per feet, based on the
2 assumption of the distance.

3 Q. Well, let me try asking it differently.
4 The assumption on at least page 11 is that there will
5 be 20 feet of new cable rack --

6 A. Five percent of the time.

7 Q. -- five percent of the time. Let's assume,
8 for purposes of this example, that a CLEC-to-CLEC
9 direct interconnection requires 20 feet of new cable.
10 At a recurring charge of eight cents per foot, would
11 Qwest, over those 20 feet of new cable racking, would
12 Qwest recover all of its recurring charges at eight
13 cents per foot times that 20 feet?

14 A. No, because the assumption is only for one
15 foot of new cable racking. The 11 cents in total for
16 20 feet -- per foot for 20 feet of cable racking
17 assumes that, of that 19 feet, one of those feet is
18 going to be a new foot of cable racking. In other
19 words, the assumption for the one foot of new cable
20 racking is already in the rate that develops the
21 eight cents per foot of cable racking.

22 Q. Well, if that is, in fact, the case, then
23 there's substantial information that's not in this
24 cost study, isn't there? I mean, how do I determine
25 how that eight-cent figure is calculated?

4285

1 A. Well, if you had the electronic version of
2 this study, the formulas are in the study in all of
3 the work pages that -- or workbook sheets that you go
4 from one sheet to another and it shows you the
5 assumptions that are part of this and the formulas
6 and the calculation of the assumption of the number
7 of feet and so forth.

8 Q. So would the same thing be true, then, for
9 the existing cable racking, that this almost three
10 cents per foot does not recover all of the non -- or
11 the recurring costs per foot of existing cable
12 racking?

13 A. The existing cable racking assumes that
14 there's a shared -- that the use is for shared cable
15 racking, and there's an assumption about the distance
16 of the cable racking, and I'm not seeing it here, but
17 I have seen it in the study itself, in the electronic
18 version, and it assumes that that's shared cable
19 racking, and so it applies or develops the three
20 cents on the basis of that sharing.

21 Q. So by adding the new cable racking
22 recurring charge with the existing cable racking
23 recurring charge, that incorporates an assumption
24 that is in the electronic work papers that 19 feet is
25 going to be existing and one foot is going to be new?

4286

1 A. Yes.

2 Q. Is that essentially what --

3 A. Exactly.

4 Q. Okay. So there is not a parallel between

5 the recurring and the nonrecurring costs under the

6 new cable racking. They're calculated differently?

7 A. That's correct.

8 MR. KOPTA: Okay, thank you. Those are my

9 questions.

10 JUDGE BERG: All right, then. I think this

11 is a good time to take a break. And let's be off the

12 record.

13 (Proceedings adjourned at 5:38 p.m.)

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