

December 3, 2004

**NOTICE OF STATUS CONFERENCE
(Wednesday, December 8, 2004 at 1:45 p.m.)
NOTICE OF ISSUANCE OF
COMMISSION BENCH REQUESTS NO. 22 AND NO. 23
(Due on or before Friday, December 10, 2004,
unless otherwise notified)**

RE: In the Matter of the Review of Unbundled Loop and Switching Rates and
Review of the Deaveraged Zone Rate Structure
Docket No. UT-023003

TO ALL THE PARTIES:

As part of its deliberations on the issues in this case, the Commission intends to conduct its own runs of the parties' cost models. In order to conduct those model runs, the Commission requires the parties' to submit the information contained in the attached Bench Requests. At the status conference on December 8, 2004, the Commission expects to discuss the Bench Requests with the parties, and may, if necessary, alter the deadline for providing the requested information.

At the December 8th status conference, the Commission will also address the Turner Price Index. On November 30, 2004, the Commission requested that Verizon provide a stand-alone version of the Turner Price Index. Verizon responded on December 2, 2004 that the Index could be found at its workpaper 3.1. Verizon also provided a chart showing certain Current Cost/Booked Cost ratios that it claimed contained the index for each named account in the chart. This information does not provide the Commission with the Turner Price Index, but rather provides the ratios that were constructed using the Index. At the December 8th status conference, the Commission will further address its request that Verizon provide it with the Turner Price Index.

NOTICE IS GIVEN That a status conference will be held on Wednesday, December 8, 2004, beginning at 1:45 p.m. in Room 108 of the Commission's offices located in the Chandler Plaza Building, 1300 S. Evergreen Park Drive, S.W., Olympia, Washington. Persons who cannot attend the conference in person may participate via the Commission's teleconference bridge line at 360-664-3846. Persons desiring to participate via the bridge line must make advance reservations by calling Margret Kaech at 360-664-1140, no later than Noon on Tuesday, December 7, 2004.

NOTICE IS FURTHER GIVEN That responses to the Bench Requests should be provided on or before Friday, December 10, 2004, unless otherwise notified.

Sincerely,

THEODORA M. MACE
Administrative Law Judge

Bench Request No. 22 (Verizon)

General instructions

To the extent possible please provide all responses in electronic format on cd(s).

Part One

It appears that the 'How to...' files that Verizon provided the Commission in response to Bench Request 16 were developed (or based on templates developed) prior to the Bench Request being issued.¹ We assume that Verizon uses these types of step-by-step files to train its own staff on VzCost or that it developed such files in anticipation of requests from third parties and/or regulatory commissions.

Please provide all of the 'How to...' files Verizon has developed in support of VzCost so that the Commission can implement and evaluate the changes discussed below. If multiple versions of a process have been produced (e.g., three versions of the file that explains how to change the fiber/copper crossover point), only provide the latest version of the documentation associated with the version of VzCost that is being considered in this proceeding.

In addition, please provide any written instructions or other materials used to train Verizon's staff or third parties in the use of VzCost.

Please be sure that your response includes (preferably in detail comparable to Verizon's response to Bench Request No. 16) instructions on how to make the following adjustments in VzCost. If an adjustment specifies 'by density zone' but the model does not allow for density zone specific inputs please explain how to make the adjustment on a statewide basis.

1. Adjust the maximum fiber and copper cable sizes used by VzCost.
2. Adjust the source and/or value of the productivity and inflation inputs used by VzCost.
 - a. For example, assume productivity increased by 5% in 2000 and 4% in 2001.
 - b. For example, assume inflation increased by 3% in 2000 and 2% in 2001.
 - c. Please explain how to utilize different productivity indices and values.
 - d. Please explain how to utilize different inflation indices and values.

¹ For example, see Verizon Response to Bench Request 16 (Exh 1166) How to Change Depreciation Livesv3.1.1.doc at page 70.

3. Adjust and/or eliminate the level of expense in certain accounts, for example Account 6533 marketing expense.
 - a. Please explain how to reduce the level of expenses, for example, in an account by 45%.
4. Non-switched private lines
 - a. Assign non-switched private lines to distribution terminals and LUIDs consistent with Exhibit 751TC, pages 48-52.
 - b. Adjust VzCost so that it assumes 4 lines per location. That is, each drop and NID will serve 4 lines.
5. Plant mix assumptions
 - a. Adjust plant mix by density zone (where applicable, please use in your example the plant mix assumptions adopted in the FCC Inputs Order²).
 - b. Adjust and/or eliminate the maximum number of aerial and buried cables in a cable segment. For example, the model is currently set up to shift plant underground if there are more than 3 aerial cables or 2 buried cables in a segment. Please explain how these restrictions could be adjusted or removed.
6. Structure sharing
 - a. Adjust the amount of plant placed in a trench [or any structure] provided by a developer or other third party. In your example please use the assumption that 10% of distribution plant is placed in a trench provided by a developer or third party.
 - b. Adjust structure sharing assumptions by density zone (where applicable please use in your example the sharing assumptions adopted in the FCC Inputs Order) with respect to:
 - i. Aerial facilities.
 - ii. Buried facilities.
 - iii. Underground facilities.
 - iv. Drops.
 - v. Sharing between interoffice and loop facilities.
 - vi. Sharing between feeder and distribution facilities.
7. Drops
 - a. Adjust drop lengths by density zone.
 - b. Adjust drop structure mix by density zone.
 - c. Adjust the number of pairs per location by residential and business customer.
8. Adjust pole spacing by density zone.
9. Adjust the material prices and placement costs for

² In the Matter of Federal-State Joint Board on Universal Service CC Docket No. 96-45 and Forward-Looking Mechanism for High Cost Support for Non-Rural LECs CC Docket No. 97-160. Tenth Report and Order, released November 2, 1999. ("FCC Inputs Order") See Appendix A.

- a. Copper cable.
 - b. Fiber cable.
 - c. Poles.
10. Adjust the amount of bored cable and hand dug trench by density zone.
 11. Adjust the copper/fiber crossover point.
 12. Adjust the engineering factors used in VzCost.
 13. Adjust the sizing factors for fiber and copper cables by density zone.
 14. Adjust switching fill factors.
 15. Adjust the amount of busy hour traffic per trunk, and thus, the number of interoffice trunks.
 16. Adjust the sizing factor for IOF and/or require the model to assume a given fill level, for example, 47%.
 17. Adjust the ratio of IDLC to UDLC loops, for example 7% UDLC.
 18. Adjust the level of DLC Installation costs (see Exh. No. 228TC 130 (erratum) (filed May 26, 2004)).

Part Two

Regarding the Data Tables in VzCost, how do the tables whose names are listed in *ALL_CAPS* differ from those listed in *Upper_and_Lowercase*?

Part Three

Regarding the general operation and flow of the model:

Please provide a flow chart indicating the dependencies for all of the tables listed in the pull down menu on the left hand side of VzCost's Data Management screen.

Please provide the order of operations to follow (comparable to the Summary of Procedure shown on page one of the 'How to...' files in response to Bench Request 16) assuming the Commission adjusts VzCost in each area referenced above in Part One.

BENCH REQUEST NO. 23 (AT&T and Verizon)

Please provide the Commission access to the VzCost data tables that are 'owned' by AT&T and/or its witnesses in this proceeding.