

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Petition of Qwest
Corporation for Arbitration with Eschelon
Telecom, Inc. Pursuant to 47 U.S.C. Section
252 of the Federal Telecommunications Act of
1996**

Docket No. UT-063061

EXHIBIT DD-6 TO

**DIRECT TESTIMONY OF DOUGLAS DENNEY
ON BEHALF OF ESCHELON TELECOM, INC.**

SEPTEMBER 29, 2006

Description of Eschelon Rate Proposals and Cost Model Changes Washington

Changes to Qwest's Cost Studies

The following modifications were made to multiple Qwest cost studies. Three of these changes were based on prior Commission decisions. The final change results from an inconsistency in the cost models provided by Qwest to Eschelon.

Modification 1: Common Cost Factor -- 0.0405

(960369 17th Supplemental Order at ¶435)¹

Modification 2: Attributed Cost Factor -- 0.1962

(960369 17th Supplemental Order at ¶435)

Modification 3: Reduce work times by 30%

(003013, 41st Supplemental Order at ¶62)²

Modification 4: Product Management, Sales and Advertising Factor -- 0.042003

(update based on a Qwest January 2006 cost study)

The Product Management, Sales and Advertising factor was inconsistent across Qwest cost studies. The most recent Qwest cost study appears to be WA EEL REARRANGE NRC WORKPAPERS 9208 JAN2006.xls which contains a factor of 0.042003. This factor was made consistent across the cost studies.

¹ See *In the Matter of the Pricing Proceeding for Interconnection, Unbundled Elements, Transport and Termination, and Resale*, Docket Nos. UT-960369 et al., 17th Supp. Order: Interim Order Determining Prices (Aug. 30, 1999) ("17th Supplemental Order")
<http://www.wutc.wa.gov/rms2.nsf/8bc8d7627473749c882569fc00759aca/5ca85fd95ce2b28388256b82006527e1!OpenDocument>

² See *In the Matter of the Continued Costing and Pricing of Unbundled Network Elements, Transport, and Termination*, Docket Nos. UT-003013, 41st Supplemental Order; Part D Initial Order; Establishing Nonrecurring and Recurring Rates for UNEs (October 11, 2002) ("41st Supplemental Order")
<http://www.wutc.wa.gov/rms2.nsf/177d98baa5918c7388256a550064a61e/2007d26502eadc8288256cf0007e38b1!OpenDocument>

Issue 22-90(a) [Issue A-93]

Augment Quote Preparation Fee, Exhibit A Section 8.1.1.2
ICDF Quote Preparation Fee, Exhibit A Section 8.8.1

Qwest unapproved rate \$1,386.47
Eschelon proposes \$820.21

Qwest provided a cost study.
Eschelon adjusted Qwest's cost study.

Changes to Qwest's Cost Study

Modification 1 (see above)
Modification 2 (see above)
Modification 3 (see above)
Modification 4 (see above)

Removed times associated with "Product Implementation (Account Team)." This appears to be product management expense and would therefore already be recovered through the product management expense factors.

Issue 22-90(b) [Issue A-93(a)]

ICDF DS3 Circuit, per two legs, Exhibit A Section 8.8.4

Qwest unapproved rate \$1,199.14
Eschelon proposes \$329.00

Qwest did not provide cost support for this rate.

Without a cost study or cost support describing what is contained in this rate, Eschelon proposes the NRC for the DS3 Expanded Interconnection Channel Termination ("EICT") from Section 21 of Qwest's FCC Tariff #1. Section 21.1 states that "Expanded Interconnection-Collocation (EIC) Service provides for wire center interconnection of the following Company-provided interstate services to a Company-provided collocation service." The rate for this product appeared to be a proxy for connecting a ICDF DS3 Circuit. The ICA describes ICDF collocation:

8.1.1.5 Interconnection Distribution Frame (ICDF) Collocation -- is offered for the purpose of facilitating CLEC's Interconnection or combining of Unbundled Network Elements, ancillary services and Finished Services. Under ICDF Collocation, CLEC need not collocate equipment in the Qwest Wire Center. With ICDF Collocation, CLEC will have access to the Qwest Wire Center and an ICDF to combine UNEs, ancillary services and Finished Services. The ICDF connects through tie cables to various points within the Wire Center (e.g., MDF, COSMIC™ or

DSX, etc.) providing CLEC with access to UNEs, ancillary services and Finished Services.

8.1.1.5.1 The ICDF is a distribution frame shared by multiple providers. If CLEC desires a dedicated distribution frame for the purpose of facilitating CLEC's combination of UNEs, ancillary services and Finished Services, CLEC may do so through the placement of a CLEC-owned Cross Connection device collocated in the Qwest Wire Center through either Caged or Cageless Physical Collocation.

Issue 22-90(c) [Issue A-93(b)]

Special Site Assessment Fee, Exhibit A Section 8.15.2.1

Qwest unapproved rate \$1,058
Eschelon proposes \$529

Qwest did not provide a cost study.

Without any information to support what Qwest has called a TELRIC based rate, Eschelon divided Qwest's value in half.

Issue 22-90(c) [Issue A-93(b)]

Network Systems Assessment Fee, Exhibit A Section 8.15.2.2

Qwest unapproved rate \$1,663
Eschelon proposes \$831

Qwest did not provide a cost study.

Without any information to support what Qwest has called a TELRIC based rate, Eschelon divided Qwest's value in half.

Issue 22-90(c) [Issue A-93(b)]

Transfer of Responsibility, Exhibit A Section 10.7.10

Qwest unapproved rate \$120.15
Eschelon proposes \$60.08

Qwest did not provide a cost study.

Without any information to support what Qwest has called a TELRIC based rate, Eschelon divided Qwest's value in half.

Issue 22-90(c) [Issue A-93(b)]***Microduct Occupancy Fee, per microduct, per foot, per year, Exhibit A Section 10.7.12.1***

Qwest unapproved rate \$0.4310
 Eschelon proposes \$0.2906

Qwest did not provide a cost study in Washington, but did provide a cost study in Arizona. The Arizona study contained some information specific to Washington.

Eschelon adjusted the Arizona cost study to reflect Washington conditions.

The microduct occupancy fee, as calculated by Qwest's cost study equals the following:

Innerduct Rate X Sharing Fraction + Incremental Microduct

The Innerduct rate was updated with the innerduct rate in the Exhibit A, section 10.7.12.

The Sharing Fraction used Qwest's default assumption of 0.5.

The Incremental Microduct was taken from the Microduct Workpapers that Qwest provided in support of its Arizona microduct rates. The workpapers contained information specific to Washington. The Washington information was used with one adjustment. On the investments worksheet the microduct contract placing cost per foot was changed to zero. This change was made to be consistent with the assumption that Qwest used in its most recent microduct cost study filing in the Minnesota UNE case.

Issue 22-90(c) [Issue A-93(b)]***Daily Usage Record File, per Record, Exhibit A Section 12.3***

Qwest unapproved rate \$0.001100
 Eschelon proposes \$0.000464

Qwest did not provide a cost study to support its rate.

Eschelon's proposal was developed from the average of states (CO, UT, and MN) that have approved rates. In the five Eschelon states the rates are:

AZ: No charge
 CO: \$0.000886
 MN: \$0.000000
 OR: No charge
 UT: \$0.000506

Because AZ and OR were not approved by the Commission they were not included in the average to create Eschelon's proposed interim rate.

Issue 22-90(d) [Issue A-93(c)]

Private Line/Special Access to UNE loop Conversion; Private Line/Special Access to LMC Conversion; Private Line/Special Access to EEL Conversion, Exhibit A Sections 9.2.8; 9.23.6.5; and 9.23.7.6

Qwest unapproved rate \$36.86

Eschelon proposes \$26.94

Qwest provided a cost study.

Eschelon adjusted Qwest's cost study.

Changes to Qwest's Cost Study

Modification 1 (see above)

Modification 2 (see above)

Modification 3 (see above)

Modification 4 (see above)

Issue 22-90(e) [Issue A-93(d)]

Private Line/Special Access to UDIT Conversion, Exhibit A Section 9.6.12

Qwest unapproved rate \$126.01

Eschelon proposes \$84.49

Qwest provided a cost study.

Eschelon adjusted Qwest's cost study.

Changes to Qwest's Cost Study

Modification 1 (see above)

Modification 2 (see above)

Modification 3 (see above)

Modification 4 (see above)

Removed charges associated with manual orders. Eschelon places only mechanized orders and this Commission called for Qwest to create rates separately for manual and mechanized orders. (003013, 41st Supplemental Order ¶352)

Issue 22-90(e) [Issue A-93(d)]

LMC Rearrangement-DS0; EEL Rearrangement-DS0, Exhibit A Sections 9.23.6.8.1 & 9.23.7.7.1

Qwest unapproved rate \$135.13

Eschelon proposes \$82.88

Qwest provided a cost study.
Eschelon adjusted Qwest's cost study.

Changes to Qwest's Cost Study

Modification 1 (see above)
Modification 2 (see above)
Modification 3 (see above)
Modification 4 (see above)

Did not adjust times associated with dispatch for the 30% reduction. The cost of a dispatch used in the rate is \$47.75 and the approved dispatch rate in Exhibit A is \$43.39. Because these rates were close, I did not reduce the times associated with dispatch. Note that Qwest's model assumes a dispatch will occur 25% of the time and in some cases in multiple offices, thus the \$47.75 dispatch related cost does not flow through dollar for dollar into the final rate.

Issue 22-90(e) [Issue A-93(d)]

LMC Rearrangement-High Cap; EEL Rearrangement- High Cap, Exhibit A Sections 9.23.6.8.2 & 9.23.7.7.2

Qwest unapproved rate \$153.38
Eschelon proposes \$110.02

Qwest provided a cost study.
Eschelon adjusted Qwest's cost study.

Changes to Qwest's Cost Study

Modification 1 (see above)
Modification 2 (see above)
Modification 3 (see above)
Modification 4 (see above)

Did not adjust times associated with dispatch for the 30% reduction. The cost of a dispatch used in the rate is \$47.75 and the approved dispatch rate in Exhibit A is \$43.39. Because these rates were close, I did not reduce the times associated with dispatch. Note that Qwest's model assumes a dispatch will occur 25% of the time and in some cases in multiple offices, thus the \$47.75 dispatch related cost does not flow through dollar for dollar into the final rate.

Issue 22-90(f) [Issue A-95]

DC Power Reduction, Exhibit A Section 8.13 & subparts

8.13.1.1 & 8.13.2.1 - QPF

Qwest unapproved rate \$840.24

Eschelon proposes \$441.00

8.13.1.2.1 – Power Reduction/Restoration less than 60 amps

Qwest unapproved rate \$675.98

Eschelon proposes \$346.00

8.13.1.2.2 – Power Reduction/Restoration equal to 60 amps

Qwest unapproved rate \$942.94

Eschelon proposes \$346.00

8.13.1.2.3 – Power Reduction/Restoration greater than 60 amps

Qwest unapproved rate \$1,179.67

Eschelon proposes \$587.00

8.13.1.3 – Power Off

Qwest unapproved rate \$870.83

Eschelon proposes \$587.00

8.13.1.4 – Power Maintenance Charge

Qwest unapproved rate \$57.28

Eschelon proposes \$37.00

Qwest provided cost studies. These cost studies were not consistent with the Commission's prior orders.

Eschelon's proposed rates come from a prior Qwest rate proposal, which were contained in Qwest Negotiations Template dated February 28, 2006. Qwest changed these rates in its Negotiations Template on June 1, 2006.

Because Qwest made the Eschelon proposed rates available to CLECs as recently as May 2006, Qwest's cost studies are inconsistent with prior commission decisions and the rates have not been reviewed or approved by the commission, Eschelon recommends Qwest's previously proposed rates as interim rates.