1	BEFORE THE WASHINGTON UTILITIES AND
2	TRANSPORTATION COMMISSION
3	In the Matter of the Continued)
4	Costing and Pricing of) Docket No. UT-003013 Unbundled Network Elements and) Volume XLIII
5	Transport and Termination.) Pages 5158 to 5181
6	A hearing in the above matter was held on
7	September 9, 2002, from 1:30 p.m. to 4:00 p.m., at 1300
8	South Evergreen Park Drive Southwest, Room 206, Olympia,
9	Washington, before Administrative Law Judge LAWRENCE
10	BERG, and DR. DAVID GABEL via bridge line.
11	The parties were present as follows:
12	THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, by MARY TENNYSON, Assistant Attorney
13 14	General, 1400 South Evergreen Park Drive Southwest, Post Office Box 40128, Olympia, Washington, 98504-0128, Telephone (360) 664-1187, Fax (360) 586-5522, E-Mail mtennyson@wutc.wa.gov.
15	VERIZON NORTHWEST, INC., by JENNIFER L.
16	MCCLELLAN and MEREDITH MILES, Attorneys at Law, Hunton and Williams, 951 East Byrd Street, Richmond, Virginia
17	23219, Telephone (804) 788-8200, Fax (804) 788-8218, E-Mail jmcclellan@hunton.com and mmiles@hunton.com.
18	QWEST CORPORATION, by LISA ANDERL, Attorney
19	at Law, and via bridge line by ADAM SHERR, Attorney at Law, 1600 Seventh Avenue, Suite 3206, Seattle, Washington 98191, Telephone (206) 345-1574, Fax (206)
20	343-4040, E-mail landerl@qwest.com.
21	AT&T COMMUNICATIONS OF THE PACIFIC NORTHWEST, INC., and XO WASHINGTON, INC., by GREGORY J. KOPTA,
22	Attorney at Law, Davis, Wright, Tremaine, LLP, 1501
23	Fourth Avenue, Suite 2600, Seattle, Washington 98101, Telephone (206) 628-7692, Fax (206) 628-7699, E-mail gregkopta@dwt.com.
24	gregnopeaeawe.com.
	Joan E. Kinn, CCR, RPR
25	Court Reporter

1	TRACER, via bridge line by LISA F. RACKNER,
2	Attorney at Law, Ater Wynne LLP, 222 Southwest Columbia, Suite 1800, Portland, Oregon 97201, Telephone (503) 226-8693, Fax (503) 226-0079, E-Mail lfr@aterwynne.com.
3	
4	WORLDCOM, INC., via bridge line by MICHEL SINGER NELSON, Attorney at Law, 707 - 17th Street, Suite 4200, Denver, Colorado 80202, Telephone (303) 390-6106,
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- 2 JUDGE BERG: This is a proceeding before the
- 3 Washington Utilities and Transportation Commission.
- 4 Today's date is September 9th, 2002. The matter in
- 5 which we are appearing is stylized as in the Matter of
- 6 the Continued Costing and Pricing of Unbundled Network
- 7 Elements and Transport and Termination. This is Docket
- 8 Number UT-003013, Part B. My name is Larry Berg. I am
- 9 the Administrative Law Judge appointed to preside at
- 10 today's hearing.
- 11 Let me just indicate to the parties that the
- 12 conference was noticed on a service date of August 20,
- 13 2002, and was styled as an order conference consistent
- 14 with the Commission's rule WAC 480-09-460(5). As I will
- 15 address in comments, the actual nature of the conference
- 16 is as much what has previously been stylized as a
- 17 technical conference or a compliance conference as much
- 18 as the traditional order conference as addressed in the
- 19 Commission's rule.
- 20 This conference is being conducted in the
- 21 Commission's main hearing room at the Commission's
- 22 headquarters in Olympia, Washington. At this time, we
- 23 will proceed to take appearances from counsel who are
- 24 either present in the hearing room or who are appearing
- via the conference bridge, and we will start with

- 1 counsel in the hearing room beginning with Verizon and
- 2 then moving to my left.
- 3 MS. MCCLELLAN: Okay, this is Jennifer
- 4 McClellan representing Verizon, and with me is Meredith
- 5 Miles. Do you want us to give the full --
- 6 JUDGE BERG: To the extent that it's been a
- 7 while since Ms. Miles appeared before the Commission, I
- 8 think I will have her repeat her contact information,
- 9 state your affiliation, client, who you represent,
- 10 address, phone number, fax number, and E-mail. All
- 11 other counsel who have more recently appeared before the
- 12 Commission need not repeat all of that information.
- 13 Just indicate the party who you represent.
- MS. MILES: Okay, Meredith Miles with Hunton
- 15 and Williams representing Verizon. The address is 951
- 16 East Byrd Street, Richmond, Virginia 23219. My
- 17 telephone number is (804) 788-7365, fax is (804)
- 18 788-8218, E-mail is mmiles@hunton.com.
- JUDGE BERG: Thank you very much.
- 20 MS. ANDERL: Lisa Anderl representing Qwest.
- MS. TENNYSON: Mary Tennyson, Senior
- 22 Assistant Attorney General representing Commission
- 23 Staff.
- 24 MR. KOPTA: Gregory Kopta of the law firm
- 25 Davis Wright Tremaine, LLP on behalf of AT&T and XO.

- JUDGE BERG: Ms. Anderl, do you also have
- 2 co-counsel appearing on the conference bridge?
- 3 MS. ANDERL: Yes, I thought you would go
- 4 through the bridge, but Mr. Adam Sherr is on the bridge.
- 5 JUDGE BERG: All right.
- 6 Mr. Sherr, are you on the bridge?
- 7 MR. SHERR: I am indeed.
- JUDGE BERG: Thank you, sir.
- 9 For Tracer.
- 10 MS. RACKNER: Yes, Lisa Rackner with Ater
- 11 Wynne.
- 12 JUDGE BERG: Ms. Rackner, I will need you to
- 13 speak up just a little bit louder.
- 14 MS. RACKNER: Yes, Lisa Rackner with Ater
- 15 Wynne. Do you need contact information?
- JUDGE BERG: Yes, please.
- MS. RACKNER: The phone number is (503)
- 18 226-8693, fax number is (503) 226-0079, address is 222
- 19 Southwest Columbia, Portland Oregon 97201.
- JUDGE BERG: And E-mail address, Ms. Rackner,
- 21 if you haven't already provided it.
- MS. RACKNER: Yes, lfr@aterwynne.com.
- JUDGE BERG: Thank you, Ms. Rackner.
- 24 For WorldCom.
- 25 MS. SINGER NELSON: Michel Singer Nelson on

- 1 behalf of WorldCom.
- JUDGE BERG: Thank you, Ms. Singer Nelson.
- 3 Are there any other counsel either present in
- 4 the room or on the bridge line who wish to enter an
- 5 appearance at this time?
- 6 All right, let the record reflect that there
- 7 was no response.
- 8 As a formal matter, I will let parties know
- 9 that in future proceedings in UT-003013 I will have the
- 10 benefit of a co-judge, and that will be Ms. Theodora
- 11 Mace. Judge Mace is also present here today. I will be
- 12 presiding myself at this compliance conference, but in
- 13 future proceedings you will be able to look to her the
- 14 same as you look to me in terms of managing the
- 15 proceedings and presiding for parties.
- 16 There are a few comments that I would like to
- 17 make at the outset of this proceeding. The purpose of
- 18 the conference is to ask questions regarding Verizon's
- 19 technical ability to comply with the Commission's Part B
- 20 order entered June 21, 2002. The Part B order required
- 21 Verizon to make numerous changes to the company's
- 22 integrative cost model, also known as ICM.
- 23 Verizon's obligation to make compliance
- 24 filings in Part B has been suspended at the company's
- 25 request until further order of the Commission. Verizon

- 1 has also filed a petition for reconsideration of
- 2 decisions in the Part B order, including a requirement
- 3 that the company make certain revisions to the ICM. The
- 4 Commission has issued a notice extending the date for
- 5 resolving petitions for reconsideration to no later than
- 6 September 23, 2002. That notice was served today.
- 7 The stay granted to Verizon for making
- 8 compliance filings is not tied to resolution of issues
- 9 raised in those petitions. The Commission acknowledges
- 10 that resolution of the issues on reconsideration may
- 11 make moot issues regarding Verizon's technical ability
- 12 to comply with the Part B order, but it must be made
- 13 clear that the Commission may enter an order clarifying
- 14 Verizon's obligation to comply with the Part B order
- 15 either before or after entry of an order on
- 16 reconsideration.
- 17 The Commission understands that Verizon comes
- 18 to this conference with a planned presentation. We want
- 19 to provide an opportunity for Verizon to clarify its
- 20 technical ability to make compliance filings pursuant to
- 21 the Part B order, but we also observe that some of the
- 22 predistributed materials reflect testimony and evidence
- 23 that have already been made part of the record. I
- 24 believe that the Commission's Part B order reflects an
- 25 understanding of the evidence in the record, and I hope

- 1 that we won't spend an inordinate amount of time
- 2 reviewing Verizon's evidence. The Commission's
- 3 objective is to clarify Verizon's approach to
- 4 compliance, to propose alternative approaches, and to
- 5 discuss how those alternatives may expedite compliance
- 6 and impact the reliability of outcomes produced by ICM.
- 7 The substance of this conference does not
- 8 constitute part of the record, and the Commission does
- 9 not regard any statements that are made here today as
- 10 evidence. Accordingly, statements are not to be made
- 11 under oath, and a transcript of statements will not be
- 12 produced. After addressing any questions from parties
- 13 regarding these procedures, we will go off the record
- 14 for Verizon's presentation and responses to clarifying
- 15 questions from the Bench and other parties. At the
- 16 conclusion of the conference, we will go back on the
- 17 record, and counsel will be given an opportunity to make
- 18 a statement regarding the Commission's prospective
- 19 clarification of the Part B order pertaining to
- 20 Verizon's obligation to make compliance filings.
- 21 Are there any questions before we go off the
- 22 record?
- Ms. Anderl, I noticed your brows knitting.
- 24 MS. ANDERL: Well, Your Honor, since this is
- 25 Verizon's proceeding, as it were, for at least this part

- 1 today, I was going to defer to Ms. McClellan and see if
- 2 she had any comment, but there were a couple of things
- 3 that -- issues that your comments raise that I guess I
- 4 would want to comment on.
- 5 JUDGE BERG: This is about the procedures
- 6 that we're going to follow?
- 7 MS. ANDERL: Yes, Your Honor. I guess I have
- 8 an open question in my mind how the Commission could
- 9 rely on anything that is presented today in a subsequent
- 10 order if it's not on the record. And if the Commission
- 11 is not to rely on it, then why, what value the
- 12 proceeding today would add. And so I have questions
- 13 about the decision which I was unaware of until right
- 14 now to not do this on the record or under oath. And
- 15 it's only kind of a hypothetical concern for me,
- 16 wondering whether that would be a procedure followed in
- 17 the future, but I think it is something that, whether a
- 18 party is directly impacted by it or not for this
- 19 proceeding today, is an issue that might be worth
- 20 exploring.
- 21 JUDGE BERG: All right. Let me go ahead and
- 22 let other counsel comment if they would like to at this
- 23 time, or I will go ahead and address Ms. Anderl's points
- 24 to the best of my ability and then take further comment.
- 25 MS. TENNYSON: This is Mary Tennyson, and I

- 1 did have the same reaction as Ms. Anderl, that if the
- 2 presentation and any questions or responses that may be
- 3 elicited by questions of counsel or Dr. Gabel in this
- 4 matter are not made part of the record and are not
- 5 transcribed, then I would have concern about the
- 6 Commission relying on them in making its determination
- 7 on reconsideration. I guess my preference would be that
- 8 they be made part of the record.
- 9 JUDGE BERG: I think the contemplated action
- 10 for the Commission is not to materially change its
- 11 fundamental decisions in the Part B order in any way but
- 12 to provide additional guidance to Verizon as to how it
- 13 can meet its obligation to comply with the Commission's
- 14 decisions.
- We wanted, in talking about procedures to
- 16 follow in this conference, we first took note that this
- 17 is not a pure order conference where normally the
- 18 Commission would be present for parties to come to the
- 19 Commission and ask questions clarifying the Commission's
- 20 order to better enable the parties to make a compliance
- 21 filing. In that instance, the WAC does provide for the
- 22 Commission's discretion whether or not to make a record
- 23 of the proceeding. It's slightly different to the
- 24 extent that it's the Commission initiating the
- 25 conference, and it's the Commission asking some

- 1 questions for purposes of clarifying one party's ability
- 2 to comply with the Commission's order. And certainly
- 3 this has been initiated because of Verizon's disclosure
- 4 of the challenges the company faces in making those
- 5 revisions to its cost studies in what I think in any
- 6 other context would be considered a reasonable time.
- 7 Our concerns, and when I say plural it's
- 8 meant plural, there was some discussion about how to
- 9 structure the proceeding, our concerns were that, number
- 10 one, it would be improper to take additional evidence of
- 11 record without reopening the record, and that was not a
- 12 formal step that's been taken or for which parties have
- 13 been noticed. Also, to do so then puts the proceeding
- 14 in more of a litigation context where, in fact, there
- 15 would be cross-examination as opposed to clarification
- of statements and representations made by in this
- 17 instance Verizon and its personnel.
- 18 We were concerned that if we retained a
- 19 record of the proceeding, even though parties are on
- 20 notice that this is not to be considered as part of the
- 21 record, that is if we were to produce a transcript even
- 22 though it was not considered to be part of the record,
- 23 that that likewise would color the proceeding in such a
- 24 way that it would be difficult to distinguish between
- 25 the record transcript and the non-record transcript.

- 1 MS. TENNYSON: And I think that makes some --
- 2 it does make sense, and I can understand that reasoning,
- 3 and it also resolves one aspect of my concern. I mean
- 4 if we put the matter on the record and have it
- 5 transcribed, then do we have due process concerns by
- 6 other parties that they might want to submit rebuttal or
- 7 reply or whatever other testimony. So with your
- 8 clarification of the Commission's intent in setting up
- 9 this conference, I'm much more comfortable with not
- 10 including it as part of the record.
- JUDGE BERG: I don't think that certainly we
- 12 don't want to include it as part of the record. Whether
- 13 we produce a transcript is another issue.
- 14 And, Ms. Anderl, to address your point as to
- 15 how could the Commission further clarify its order
- 16 without relying on representations that are made or
- 17 statements that are made during this conference, I would
- 18 say that certainly any clarification that the Commission
- 19 makes would be made with and in light of the statements
- 20 and the clarifications that we hear today but that it
- 21 would not be relied upon in the same way that the
- 22 Commission would be relying upon a record. The purpose
- 23 is not to consider changing any of the Commission's
- 24 substantive decisions but possibly to clarify what the
- 25 Commission is directing Verizon to do in the way of

- 1 compliance.
- 2 How does that influence your thoughts on the
- 3 matter?
- 4 MS. ANDERL: I think your explanation
- 5 clarifies things for me, and since we're not directly
- 6 impacted by the proceeding here today, I'm satisfied.
- JUDGE BERG: All right.
- 8 Ms. McClellan.
- 9 MS. MCCLELLAN: I would just like to make one
- 10 comment, that to a certain extent the presentation that
- 11 Verizon is going to make today, even though it would be
- 12 in the context of receiving clarification from the
- 13 Commission, it is virtually identical to the rationale
- 14 that we filed in our petition for reconsideration as to
- 15 why we wanted the Commission to, in fact, change its
- 16 mind. And that reason is, we can't do what you have
- 17 ordered us to do, so don't make us do it, is the same as
- 18 saying we can't do what you ordered us to do, so give us
- 19 quidance.
- 20 So the reason I say that is because there is
- 21 some concern now listening to the comments of Ms. Anderl
- 22 and Ms. Tennyson that if in considering our petition for
- 23 reconsideration the Commission were to decide that
- 24 Verizon is right, it might be unclear to parties to what
- 25 extent the Commission reaches that conclusion based on

- 1 our petition for reconsideration and the evidence that's
- 2 already in the record and to what extent that decision
- 3 was made based on something that was said today. I must
- 4 confess I didn't think that was going to be a problem,
- 5 because as you have already noticed, everything that
- 6 Verizon's presentation, prepared presentation, excuse
- 7 me, everything in Verizon's prepared presentation is
- 8 something that's already in the record.
- 9 Upon further reflection, listening to
- 10 Ms. Anderl's comments, the Commission could ask
- 11 Mr. Tucek a question that prompts an answer that is not
- 12 on the record, and then we get into that gray area of to
- 13 what extent is the Commission making decisions based on
- 14 the record, and to what extent are they making decisions
- 15 based on this order conference. And so that does raise
- 16 some concern to me, because it gives other parties, you
- 17 know, some due process concerns themselves that could
- 18 come back to haunt us if there is ever an appeal filed.
- 19 JUDGE BERG: The Commission understands that
- 20 it may create some confusion, and it may also place some
- 21 burdon on Verizon to step forward and to participate in
- 22 a conference prior to entry of an order on
- 23 reconsideration. One of the Commission's other concerns
- 24 is the disclosure that Verizon intends to rely on the
- 25 ICM in the Commission's next cost docket, UT-023003.

- 1 And so to some extent, it's not just a matter of getting
- 2 closure in Part B, but it's resolution of these issues
- 3 as to Verizon's compliance with the Part B order. Also
- 4 it's impacting the Commission's ability to establish a
- 5 procedural schedule in that next proceeding.
- 6 The Commission decided that even though it
- 7 may create some confusion and that it may be some burdon
- 8 on the company to step forward if the company were
- 9 subsequently relieved of the obligation to make
- 10 revisions, that just in light of the pending proceeding
- 11 and the need to establish a procedural schedule, thought
- 12 it best to go forward, to gather the information
- 13 regarding Verizon's approach to making compliance and
- 14 further understanding what is involved in that process
- in order to assess the reasonableness of Verizon's
- 16 representation that it can't make these sorts of
- 17 revisions in what otherwise might be considered a timely
- 18 manner.
- 19 I certainly understand your concerns, and
- 20 this process is frought with, you know, some potential
- 21 for difficulty down the road. We're just going to try
- 22 and avoid that as much as possible. You know, I don't
- 23 mean to throw Mr. Tucek off his rhythm with his
- 24 presentation, in looking at the materials that have been
- 25 distributed, in fact, I do see other information that

- 1 has previously not been available to the Commission
- 2 about Verizon's approach to compliance as well as to the
- 3 way the cost model operates that I think is important
- 4 for the Commission to understand in order to assess
- 5 Verizon's representation about how readily those changes
- 6 can be made as well as to consider some other
- 7 alternatives that would still achieve the implementation
- 8 of the Commission's decision but yet be less of a burdon
- 9 on the company. And the Commission would not want to
- 10 make those clarifications without first giving the
- 11 company some opportunity to give us feedback as to
- 12 whether or not those -- how those -- what the impacts of
- 13 those clarifications might be. So I hope that's
- 14 helpful.
- MS. MCCLELLAN: Yes, Your Honor, it is.
- JUDGE BERG: All right.
- 17 Any other parties wish to comment or ask
- 18 other questions along these lines?
- 19 All right, hearing nothing, let's -- if
- 20 parties do have some concern about the procedures that
- 21 we're following here today at any point and wish to make
- 22 a statement for the record, please feel free to speak up
- 23 and let me know. Otherwise then at this point in time
- 24 we will be off the record.
- 25 (Discussion off the record.)

- 1 JUDGE BERG: Let me check with counsel in the
- 2 room to see if counsel present would like to make any
- 3 closing comment or statement, and let me check first
- 4 with you, Ms. McClellan.
- 5 MS. MCCLELLAN: Yes, I would, Your Honor.
- 6 Verizon's participation in this conference today, as we
- 7 understand the purpose of this conference to be totally
- 8 independent of our petition for reconsideration, I would
- 9 just like to start by saying that any statement I'm
- 10 about to make does not waive Verizon's arguments in its
- 11 petition for reconsideration. It is our hope that the
- 12 Commission would enter an order that would make the
- 13 comments I'm about to say moot, but in case it does not,
- 14 Verizon has attempted today to show the Commission why
- 15 it is impossible to make all the changes ordered by the
- 16 Commission, and there are fundamentally two reasons.
- 17 The number one constraint is that the
- 18 Commission ordered that after all changes were made to
- 19 ICM and to Verizon's costs that the resulting costs
- 20 still tie back to the \$20.30 TELRIC that was ordered in
- 21 UT-960369. As filed, ICM developed a cost that was very
- 22 close, within about 10 cents of that cost, and with one
- 23 change relating to the depreciation laws, the ICM
- 24 resulting cost would actually be only 2 cents lower than
- 25 that rate. We can meet that constraint. However, each

- 1 change the Commission has ordered to ICM takes us
- 2 farther and farther away from that \$20.30, and today we
- 3 don't know whether it takes us above that number, below
- 4 that number, or how far. But those two goals are
- 5 fundamentally inconsistent, and it's impossible to meet
- 6 both.
- 7 In addition, we have attempted to explain why
- 8 several of the changes having to do with the loop
- 9 lengths, the distribution and feeder mix, the drop
- 10 lengths, and the sharing inputs, if the Commission
- 11 requires changes to ICM's coding to meet those
- 12 requirements, it could be impossible and very, very
- 13 difficult for Verizon to make those changes. We have
- 14 attempted to show why that is and have offered some
- 15 alternatives outside of changing the code to the model
- where we could address the Commission's underlying
- 17 concerns without having to change the model code. And
- 18 if the Commission were to adopt one of those
- 19 alternatives, then a compliance filing could be filed in
- 20 six to eight weeks. However, if the Commission still
- 21 wants Verizon to change the code for ICM to make the
- 22 changes ordered by the Commission, it could take nine
- 23 months, and some of them could never be made, and
- 24 Verizon would be in a position where it could never file
- 25 a compliance filing.

- 1 We have also shown that some of the changes
- 2 are relatively easy to make and have shown our
- 3 understanding of what would be required and would seek
- 4 some clarification from the Commission as to whether we
- 5 are understanding them correctly.
- 6 And with that, I would like to thank the
- 7 Commission for giving Verizon this opportunity to make
- 8 its presentation and explain our reaction to the
- 9 Commission's order and to seek clarification on how we
- 10 can best satisfy the Commission's ultimate goal in Part
- 11 B proceeding.
- 12 JUDGE BERG: We appreciate Verizon for
- 13 putting the presentation together, and when you first
- 14 raised the possibility of making a presentation like
- 15 this, it struck a real harmonious chord with something
- 16 that we recognized the merit in doing it, and we
- 17 recognize also that there's a lot of backup preparation
- 18 and other people that were contributing in addition to
- 19 Mr. Tucek's personal presentation, and we thank the
- 20 company for that.
- 21 Any comments, Ms. Tennyson?
- MS. TENNYSON: Yes. From the Staff's
- 23 perspective, one of the things that we were most
- 24 interested in in the presentation was the recommendation
- 25 or the order of the Commission and the changes that are

- 1 addressed by the Staff's proposed feeder and
- 2 distribution ratios. And my reading of the order is
- 3 that, and Mr. Tucek's presentation, is that they can do
- 4 that, it's done. I think there's been a -- it seems as
- 5 if Verizon may have misread the language of the order
- 6 and used that to say it's too hard, we can't do it, it's
- 7 impossible.
- 8 Likewise, number 5 on page 7 of Mr. Tucek's
- 9 presentation, the modifying the ICM to match the drop
- 10 lengths, if you look at Paragraph 353 of the order, it
- 11 doesn't say that. It says adjust, Verizon has to adjust
- 12 its drop lengths to match the values. It doesn't say
- 13 you have to modify the model. The Commission didn't
- 14 sponsor this model, Staff didn't sponsor this model,
- 15 Verizon did. I don't think there's any -- I guess what
- 16 I'm seeing is a presentation that the model is somehow
- 17 sacrosanct and we have to keep it at all costs. I think
- 18 the alternative, and Mr. Kopta will address this
- 19 somewhat, I think there are modifications, changes that
- 20 the order can be complied with without nine months to go
- 21 in the model. If the model is the thing that's holding
- 22 things up, then let's not use it, so.
- JUDGE BERG: Thank you, Ms. Tennyson.
- Mr. Kopta.
- 25 MR. KOPTA: Thank you, Your Honor. I think

- 1 just to sort of follow up on Ms. Tennyson's comments, a
- 2 model is a tool, and what the Commission is trying to do
- 3 is estimate the costs for the unbundled network elements
- 4 that were at issue in Phase B of this proceeding, and
- 5 Verizon chose to try and do that by introducing a new
- 6 cost study. The Commission in its order required that
- 7 Verizon make that model consistent with other
- 8 determinations that the Commission had made before,
- 9 because that model was being used as the basis for these
- 10 additional elements, and the Commission has already
- 11 established unbundled network element rates for loops,
- 12 for example, and the ICM was what Verizon proposed to
- 13 use to model high capacity loop rates. And so I agree
- 14 with Staff's concern that the Commission didn't simply
- 15 accept the model, didn't endorse the model, it allowed
- 16 Verizon to use that model but then conditioned
- 17 essentially that use some ability to comply with what
- 18 the Commission had ordered previously.
- 19 If Verizon can not do that, then I don't
- 20 think that the Commission should be in a position of
- 21 saying, well, we're going to relax our requirements
- 22 because somehow or other the model that you used in this
- 23 proceeding is not susceptible to being changed, can not
- 24 do what we require you to do. That should not be an
- 25 acceptable alternative. The alternative ought to be, if

- 1 you can not make the changes, we can not accept the
- 2 model. And I don't think that the Commission would be
- 3 at all out of bounds in posing that kind of requirement.
- I'm not sure that that's really necessary.
- 5 It sounded to me as though there were ways in which
- 6 Verizon could make adjustments. Not being a modeling
- 7 person myself, I don't know how accurate those would be.
- 8 Certainly that would be something that would be subject
- 9 to comment by parties, as any compliance filing is, but
- 10 there do seem to be fixes. I mean commissions, this one
- 11 included, make requirements of parties all the time in
- 12 their orders, and I know that it's happened with respect
- 13 to the HAI model, it's happened with respect to Qwest's
- 14 model, and the parties make those changes as best they
- 15 can. They don't take nine months to do it though.
- And so I think that we're in a situation
- 17 where there are fixes that seem like could be made, and
- 18 if there are not, then the Commission I think should
- 19 establish interim rates based on the best available
- 20 evidence. And because many of these same elements are
- 21 going to be at issue in the new cost docket, 023003,
- 22 then once again revisit the ICM if that's what Verizon
- 23 wants to introduce in that case as well as other cost
- 24 models and establish new rates, different rates, or
- 25 reaffirm the existing rates based on the evidence that's

- 1 presented in that proceeding.
- JUDGE BERG: Ms. Rackner, are you on the
- 3 line?
- 4 MS. RACKNER: Yes, I am.
- JUDGE BERG: Any comments?
- 6 MS. RACKNER: Well, I guess I would just like
- 7 to concur with Mr. Kopta's comments, but I don't think I
- 8 have anything else to add.
- JUDGE BERG: All right, thank you.
- 10 And Ms. Singer Nelson?
- I think we have lost Ms. Singer Nelson.
- 12 All right, then I think with that, rather
- 13 than treating this as a motion with responses and
- 14 rebuttals, I would just like to thank everyone, all
- 15 counsel for participating and contributing to today's
- 16 conference.
- 17 Are there any other matters that parties want
- 18 to raise before we adjourn?
- 19 MS. MCCLELLAN: Your Honor, I just want -- I
- 20 will be sending a formal letter to this effect, I would
- 21 like to take this opportunity while we're on the record
- 22 to request that the parties remove my name from the
- 23 service list for UT-003013 and replace it with Meredith
- 24 Miles and Jeff Edwards as this will be my last
- 25 appearance before this Commission. I would like to

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thank the Commission and the parties for the kindness 1 2 that has been shown to me over the past year as I 3 appeared before this Commission. 4 JUDGE BERG: If you, in that letter, if you 5 would designate which counsel should be considered as 6 lead counsel in the proceeding so that parties would not 7 have to make multiple service, I would appreciate that. And I will just indicate to parties in 8 9 general, I noticed that even on the E-mail list there are a couple counsel, and the fax list, a couple of 10 11 counsel that are no longer active in this proceeding, a 12 couple parties that are no longer active that should be 13 removed, and I will take a look at that and give the parties some guidance on streamlining both their E-mail 14 15 and their fax lists in order to make an effective 16 service. 17 All right, we're adjourned. (Proceedings adjourned at 4:00 p.m.) 18 19 20 21 22 23