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1 BEFORE THE WASHINGTON UTILITIES AND
 TRANSPORTATION COMMISSION

2 In the Matter of the)
 Investigation into:)
 3)
 US WEST COMMUNICATIONS, INC.'s)
 4)Docket No. UT 003022
 Compliance with Section 271 of)Volume L
 5 the Telecommunications Act of)Pages 7271 to 7451
 1996)
 6 - - - - - - - - - -)
 In the Matter of:)
 7)
 US WEST COMMUNICATIONS, INC.'s)Docket No. UT 003040
 8)Volume L
 Statement of Generally Available)Pages 7271 to 7451
 9 Terms Pursuant to Section 252(f))
 of the Telecommunications Act)
 10 of 1996)

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12 A prehearing conference in the above matters was held
 13 on April 25, 2002, at 9:30 a.m., at 1300 South
 14 Evergreen Park Drive Southwest, Room 206, Olympia,
 15 Washington, before Administrative Law Judge ANN E.
 16 RENDAHL and CHAIRWOMAN MARILYN SHOWALTER and
 17 COMMISSIONER PATRICK J. OSHIE and COMMISSIONER RICHARD
 18 HEMSTAD.

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JUDGE RENDAHL: Let's be on the record. We're here this morning for our fourth day of hearing in dockets UT 003022 and UT 003040, Qwest 271 SGAT, S-G-A-T proceeding.

And since we have a few -- or one or two new faces this morning, let's take appearances.

First, I am Ann Rendahl. I'm the Administrative Law Judge in this proceeding. And to my right is Chairwoman Marilyn Showalter, and Commissioners Richard Hemstad, and soon to join us, Patrick Oshie.

Ms. Anderl.

MS. ANDERL: Thank you, Your Honor. Lisa Anderl, inhouse attorney for Qwest.

MR. KOPTA: Gregory Kopta, Davis Wright Tremaine on behalf of ELI, and with respect to certain issues, AT&T.

MS. FRIESEN: Good morning, Your Honor. Letty Friesen for AT&T. And Letty is L-e-t-t-y, and my last name is F-r-i-e-s-e-n.

MS. SINGER NELSON: Michel Singer Nelson on behalf of WorldCom, and with me is Tom Dixon, also representing WorldCom as a witness.

JUDGE RENDAHL: Is that for the change

management discussion this afternoon?

MS. SINGER NELSON: Correct, yes.

MS. DOBERNECK: Megan Doberneck, Covad Communications Company.

JUDGE RENDAHL: We're continuing our discussion of compliance issues, Qwest's compliance with Commission orders in terms of its modification to its SGAT. We're using a matrix that includes Qwest's efforts in compliance, and its fourth revision of the SGAT, and any comments filed by the CLECs in those issues. And we got through page 12, and Ms. Anderl has an update.

MS. ANDERL: Yes, Your Honor. When we closed yesterday we were discussing Covad's objection to SGAT section 9.2.2.3.2. And that was a provision which Qwest had inserted in the SGAT that stated if a specific order were placed that required a copper loop and there were none available, Qwest would reject the order instead of holding it.

Qwest is willing to change its position on that issue, and will modify that SGAT section to indicate that order will be held in queue with other loop orders.

JUDGE RENDAHL: Thank you for working cooperatively.

Then the next page where there's an issue is on page 14; is that correct?

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1 MS. ANDERL: Yes. Yes.

2 JUDGE RENDAHL: Now, the first issue on that
3 page I have a question about, the section -- the SGAT
4 section, and that is 9.23.3.11.7 for the record. And I
5 guess there's a concern as to whether it appears that
6 ISPs were excluded. And the question is whether that
7 was unintentional, or the reasoning behind that.

8 MS. ANDERL: Your Honor, that is a section that
9 was in compliance with the 20th supplemental order at
10 paragraph 704. And that ordering paragraph states that
11 Qwest must modify its SGAT to allow CLECs to order UNE-P
12 voice service for Qwest's DSL customers.

13 And I have not yet had an opportunity to go
14 back into the body of the order and verify whether there
15 is a more broad discussion in the order, including ISPs.

16 However, we believe that language as written
17 currently is compliant with the ordering paragraph.
18 And.

19 If there's -- if there are other requirements,
20 that that's potentially an oversight in the SGAT
21 compliance language. But we have not been able to find
22 that.

23 JUDGE RENDAHL: Okay.

24 MR. KOPTA: If I might, I am not aware of
25 anything in the order that discusses ISP in this

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1 particular context. And so having looked at this again,
2 we share the concern, or at least the question that you
3 raised in terms of whether and when this is appropriate.

4 I don't know the circumstances in which Qwest
5 would be providing the DSL service to the ISP instead of
6 to the end user customer that's going to be using that
7 particular line, and perhaps this is a resold
8 circumstance in which Qwest is providing a service for
9 the ISP who is then turning around and providing it to
10 the end user.

11 But even if that were the case, I don't know
12 why there would be any reason why that wouldn't also be
13 available if the CLEC is providing the underlying voice
14 service.

15 And this ties in with the issue we're going to
16 talk about in a moment, but I am not aware that that
17 order addressed that particular issue.

18 MS. ANDERL: And the last sentence of the SGAT
19 section that is apparently of concern is apparently, in
20 my mind at least, to protect against our signing a
21 contract for service or relationship that we have with
22 the internet service provider to another carrier with
23 whom the internet service provider does not have an
24 agreement.

25 I need to double check on that piece of it, if

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1 that's the concern. The potentially confusing thing
2 about the ISP/DSL issues is there's lots of different
3 players; CLECs, Qwest, the end user, and ISP. And each
4 might have different contractual relationships with each
5 other, and sometimes the ISP relationship is with the
6 end user. Sometimes it's with Qwest, and I am not sure.

7 JUDGE RENDAHL: Well, thanks for that
8 clarification. That helps.

9 And then I think the next issue is one that
10 Covad had proposed some language on. And the question
11 is whether there's agreement on that language or other
12 language.

13 MS. ANDERL: Yes, Your Honor. Covad raised two
14 issues about this particular SGAT section, which is
15 9.4.3.2.1. Covad represented to me yesterday that the
16 proposed amendment in their comments really only
17 addressed half of Covad's concerns. We're willing to
18 accept the proposed language that Ms. Doberneck advises
19 methey no longer have any other concerns with.

20 JUDGE RENDAHL: So the language that Covad
21 proposed in its exhibit -- is that 1530?

22 MS. ANDERL: Yes, it is.

23 JUDGE RENDAHL: Which page?

24 MS. DOBERNECK: 7, at the bottom, rolling to
25 page eight.

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1 JUDGE RENDAHL: That language is acceptable to
2 Qwest?

3 MS. ANDERL: Yes. And we will include it in
4 the next update, and our comments.

5 JUDGE RENDAHL: Is it appropriate to include it
6 in the filing on May 10 that we talked about yesterday?

7 MS. ANDERL: Yes.

8 JUDGE RENDAHL: Let's do that.

9 MS. ANDERL: I am planning on including all of
10 the agreed language so that people see it sooner, rather
11 than later, and make sure they can verify that.

12 JUDGE RENDAHL: Thank you. And on the next
13 issue down, I have a question as to whether -- and this
14 is section 9.24.1.1.1.1. And a question as to whether
15 that section should include a reference to resold lines.
16 It doesn't appear to do so. It's my understanding of
17 the requirement in the 20th Supplemental Order was that
18 Qwest must modify its SGATs to allow line splitting on
19 resold lines and other combinations.

20 MS. ANDERL: And I think that we will add the
21 reference to resold lines. I am not aware of why that
22 is not in there. And if it presents any problems --
23 which I have not been able to check with the subject
24 matter expert on this, but I don't think it does present
25 any problems -- and we will advise you through the

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1 filing if there are concerns that I am unaware of today.

2 JUDGE RENDAHL: Thank you. And then there were
3 no other contested issues that I could tell in the
4 remainder of the matrix, but I have a few questions for
5 clarification.

6 MR. KOPTA: Just as a clarification, they may
7 not be contested. But we discussed yesterday about some
8 of the filings that were made on April 11, that that
9 would be considered at the next set of hearings. And
10 there is at least one other issue.

11 JUDGE RENDAHL: Which page does it appear on on
12 the matrix?

13 MR. KOPTA: It appears on page 9, under section
14 271-72 issues, and has to do with the merger of LCI and
15 QCC.

16 JUDGE RENDAHL: That would be the first issue
17 on page 19?

18 MR. KOPTA: Yes. And if we were going to
19 provide any comments, we would do it by the May 6 date
20 that we discussed.

21 JUDGE RENDAHL: I discussed -- I can't remember
22 if it was on the record or off the record, but I think
23 May 6 appears to be an appropriate date, because we have
24 a prehearing to mark exhibits on May 8. So to the
25 extent you file anything in response to the April 11th

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1 status report filings by Qwest, those should come in on
2 the 6th to allow us to include them in the May hearing.

3 MR. KOPTA: That's my understanding, thank you,
4 Your Honor.

5 MS. FRIESEN: Thank you, Your Honor. I have
6 one other issue before you leave the matrix. I
7 mentioned during the prehearing conference that AT&T
8 was -- section 5.8.4, and I think you have the relevant
9 section, which is 5.8.4 on your matrix. In addition to
10 the indemnification -- which I understand from Ms.
11 DeCook you have punted that issue out pending a
12 reconsideration on the order?

13 JUDGE RENDAHL: That is the third issue that
14 appears on page 15 of the matrix. And upon review that
15 issue is subject to the reconsideration order. So that
16 is deferred to the May hearing.

17 MS. FRIESEN: So that would include 5.8.4 as
18 well?

19 JUDGE RENDAHL: To the extent -- I do not
20 recall that that is part of the reconsideration order,
21 so let's be off the record for a moment.

22 (Discussion off the record.)

23 JUDGE RENDAHL: Okay. Let's be back on the
24 record formally this time. While we were off the record
25 we discussed the second and third issues on page 15

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1 referring to sections 5.8.4 and 5.9.1.2, that they are
2 related and reflect the 31st supplemental order on
3 reconsideration are deferred to our May hearing.

4 When we're talking about issues in that order
5 on reconsideration, the last issue on the matrix on page
6 15, Qwest indicated that it will comply with the
7 requirement to file new product offerings with the
8 Commission as SGAT amendments and a query on my part.

9 Is that satisfactory to the other parties, or
10 is there a need to reflect that somehow?

11 MS. FRIESEN: Speaking for AT&T, I believe
12 that's satisfactory. We examined the SGAT this morning
13 and determined that sections 1.7.1.1 and section 1.7.1.2
14 will assist in the endeavor to have Qwest comply. So we
15 think nothing needs to be altered in the SGAT.

16 JUDGE RENDAHL: Thank you.
17 Mr. Kopta.

18 MR. KOPTA: No, I think that should cover it.
19 I mean, obviously there's the larger issue of SGAT
20 amendments and how that's going to be dealt with. But
21 that's not on the table. At least with respect to this
22 one particular issue, I agree with Ms. Friesen the SGAT
23 contemplates that Qwest will file this sort of thing,
24 and that's good enough for us.

25 JUDGE RENDAHL: Okay. I think there may be one

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1 other issue that I have, and that is on the bottom of
2 page 18 of the matrix. And this addresses SGAT sections
3 6.4.1 and 12.3.8.1.5.

4 And, again, these have to do with contacts, I
5 think inadvertent customer contacts with Qwest
6 concerning CLEC customers that inadvertently contact
7 Qwest. And a concern is that in looking at the SGAT,
8 Qwest may have put some language from another state, I
9 think Montana, that may be redundant, but not
10 contradictory. And I just wonder if that should be
11 deleted, or any comments the parties have on that?

12 MS. FRIESEN: Your Honor, could I ask for some
13 clarification? I am not entirely familiar with what the
14 Montana language is, or where it resides in section
15 6.4.1 and/or 12.3.8.1.5.

16 JUDGE RENDAHL: Let's be off the record for a
17 moment.

18 (Discussion off the record.)

19 JUDGE RENDAHL: Let's be back on the record.
20 In section 6.4.1 of the Exhibit 1503, on page 55 there's
21 a footnote that references some Montana language. And I
22 guess the question is, is this entirely necessary, or
23 can we live without it here in Washington?

24 Ms. Anderl.

25 MS. ANDERL: It was an offer by Qwest for

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1 purposes of consistency across the region. I think.
2 For the most part our call centers handle calls on a
3 regional basis, and not -- obviously, they will know
4 which state they are dealing with when a call comes in.
5 But for consistency of messaging, I think we have made
6 the offer to include this here in an attempt to bring
7 everything consistent across the region.

8 If the Commission does not want to see this
9 language here, we certainly don't insist on it. But I
10 think the footnote indicates it's just an offer.

11 JUDGE RENDAHL: Comments by other parties?

12 MS. FRIESEN: I hate to be the densest rock
13 here, but apparently I am because the whole paragraph --
14 I think this is where I am struggling. Footnote 17
15 suggests that perhaps the entire paragraph, or maybe
16 just the strike-out is what is coming out of Montana.
17 But a lot of this language is familiar from before. So
18 that is what I need clarification on. Which part of
19 this paragraph is coming from Montana?

20 JUDGE RENDAHL: Maybe this is something that
21 you and Ms. Anderl can take up at a break and clarify
22 yourselves, and determine between yourselves what you
23 think is appropriate and bring it back to us on the May
24 10 filing.

25 MS. ANDERL: We will be happy to do that.

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1 MS. FRIESEN: That's great. Thanks.

2 JUDGE RENDAHL: With that, we're done with the
3 clean-up issues, and we can turn back to the page 1 of
4 the matrix. These are issues that we deferred to this
5 morning, and I understand it's the first issue on page
6 1, and the second issue on page 2 that we need to
7 address this morning. Are these issues that can be
8 addressed collectively, or do we need to address them in
9 order?

10 MS. FRIESEN: I am sorry. I was taking notes.

11 JUDGE RENDAHL: The first issue on page 1, and
12 second issue on page 2, which is what you were flown in
13 to address, Ms. Friesen.

14 My question is directly to you: Do we need to
15 address this together, or do we want to address them
16 separately?

17 MS. FRIESEN: I would like to address them
18 separately, and I would like to take them out of order
19 if that's okay. Issue 7.3.1.1.2 first, and then segue
20 into the 7.1.2.1.

21 JUDGE RENDAHL: Let's be off the record for a
22 moment.

23 (Discussion off the record.)

24 JUDGE RENDAHL: Let's be back on the record.

25 Ms. Friesen, why don't you begin your

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1 discussion on the second issue on page 2?

2 MS. FRIESEN: Thank you, Your Honor,
3 Commissioners, in the 26th Supplemental Order it
4 instructed Qwest to modify the SGAT section 7.3.1.2, and
5 that's reflected in our brief, if you flip back a few
6 pages.

7 What this applies to, and what the order said
8 is for Qwest to apply proportional rates to CLECs using
9 facilities for both interconnection and special access
10 services, i.e., apply TELRIC rates for the portion used
11 for interconnection and private line tariff rates for
12 those sections used for special access.

13 What this refers to is when a large carrier,
14 such as AT&T, buys DS3 trunk group request out of access
15 tariff or private line tariff, we will cordon off some
16 pieces, some pieces within to use for interconnection
17 trunks.

18 And Qwest attempted to modify its SGAT to allow
19 us to do that. But the modifications that it has made
20 certainly make it impossible for us to do that. And let
21 me explain, if I may. I think if you use the example
22 that I just brought up, the DS3 -- let's imagine that it
23 has 28 DS1 channels. And eight out of those 28 DS3
24 channels have been set aside as interconnection trunks.

25 It's AT&T's position that those eight channels

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1 in the DS3 trunk group can be designated as
2 interconnection trunks and would be billed at rates
3 reflecting TELRIC. With respect to the remaining 20
4 channels within the DS3 trunk group, it's AT&T's
5 position that those are either used for inter or
6 intrastate service, depending on where you buy it, as
7 those would be billed as such.

8 In reality, the remaining 20 some will be
9 spares, and some will be inter or intrastate circuits
10 and billed as such. And they think we should be billed
11 fairly, according to the tariffs.

12 What Qwest's tariffs do is bounce you back and
13 forth. So if AT&T is to buy out of the FCC tariff in
14 the DS3 trunk group that we're talking about, what
15 happens is it's actually our end user customer would
16 designate that most of the usage of those circuits in
17 that trunk group will be for long distance, or interLATA
18 service.

19 As a consequence, if we do the FCC tariff, we
20 buy it out of that PIU, the percent interstate usage, as
21 in accordance with the 10 percent rule in their tariff.
22 So we buy it out of the FCC tariff if that percentage
23 changes according to our customer. We would report back
24 to Qwest, and the tariff would instruct us to go pay the
25 rates out of the private line state tariffs.

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1 So the tariffs bounce you back and forth
2 depending upon the ebb and flow of your end users'
3 customer service. And that's the way those tariffs
4 work.

5 What Qwest's initial SGAT language was, it said
6 in the one hand, in the very first part of the
7 paragraph, CLEC, you buy from the FCC tariff, and then
8 it offers different ways to pay proportionately in those
9 subparagraphs. And at the very end it says, if you buy
10 service, if the service you buy falls within the private
11 line tariff, then you may partake of all of these
12 proportional pricing things. But if it doesn't, you
13 don't.

14 So it created a circular argument -- or
15 circular offering where, on the one hand, it would offer
16 proportional pricing if we purchase a Federal access
17 trunk, or out of the FCC tariff, or the State tariff.
18 And on the other hand, it took it away. You only get
19 that if you buy that at the private line tariff.

20 So we have offered language that cleans it up,
21 and we believe it doesn't matter what tariff you buy the
22 DS3 trunk group out of, you should pay -- for example,
23 the eight channels, if you are using them for
24 interconnection, those should be TELRIC rated channels,
25 and the other remaining 20 should be billed in

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1 accordance with whatever the PIU tells you should be
2 paying pursuant to the tariffs.

3 So that's fully consistent with what we're
4 doing today, except that the interconnection trunk group
5 isn't in there. Today when we buy a DS3, regardless of
6 what tariff we initially buy it out of, if our end user
7 customer changes its PIU factor, we have to bounce back
8 and forth between the tariffs.

9 So what we're asking for is minor adjustments
10 to the SGAT to make it consistent with your order, and
11 actually make it possible for CLECs to purchase
12 proportionally priced trunk groups. Thank you.

13 JUDGE RENDAHL: Mr. Kopta, do you have
14 anything?

15 MR. KOPTA: Yes, I have a couple of things. We
16 have the same concerns that Ms. Friesen is concerned
17 about on behalf of AT&T. And as I read the language
18 that Qwest had proposed, it's very problematic for ELI
19 on a couple of fronts.

20 The first is that the vast majority of circuits
21 that ELI is going to get out of a Qwest special access
22 tariff are going to come from the FCC tariff. And what
23 Qwest's language proposes is that's fine, but if we're
24 going to split this between the interconnection portion
25 and the special access portion, you are going to pay the

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1 state rates. You are not going to pay the FCC rates.

2 And the state rates are substantially higher
3 than the FCC rates. So it's essentially a penalty on
4 using FCC tariff circuits to provide both
5 interconnection and special access, or some other
6 service. That's the first problem that we have.

7 The second problem is that the language that
8 Qwest proposed would have all of the spare capacity for
9 within the circuit assigned the tariff rates elsewhere
10 in the SGAT. It makes clear that for interconnection
11 you are always going to have some spare capacity
12 available for growth. You want to avoid call blocking,
13 so you are not going to -- say these eight circuits, to
14 use Ms. Friesen's example, are going to be lit for local
15 interconnection. And we're not going to have any spares
16 that are going to be available for use as local
17 interconnection.

18 So what we proposed in our language -- which is
19 Exhibit 1533. It's the attachment to ELI's comments --
20 what we proposed was that the spare circuits within this
21 DS3 would be assigned proportionally.

22 So in Ms. Friesen's example, if you have eight
23 circuits that are dedicated to local interconnection and
24 you have some spare circuits, then the percentage of the
25 spares would be the same as the 8/28ths, whatever that

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1 comes down to, in terms of reducing the fraction of the
2 spares that would be assigned to the local
3 interconnection side.

4 What is happening here, to put a practical face
5 on that, since we talked about that a little bit
6 yesterday, is we're trying to maximize the use of
7 existing facilities. If you have a DS3 that is being
8 used for long distance traffic, and it's only half full,
9 but it makes sense to have a DS3 instead of 14 DS1s for
10 pricing purposes, then it makes sense, if you can, to
11 use the remaining capacity of that circuit.

12 Otherwise, what you would have to do is perhaps
13 buy another DS3 for local interconnection, use half of
14 it, and you would have two DS3s, each with half capacity
15 instead of one DS3 that's being used for both.

16 And that's certainly what we interpret the
17 Commission's rule as providing for is efficient use of
18 facilities, and to allow the proper pricing to reflect
19 the uses of that facility.

20 And what Qwest has proposed is language that
21 would momentarily penalize the CLEC for taking advantage
22 of that option. So that's why we proposed the language
23 that we have to, No. 1, clarify if you are buying out of
24 the FCC tariff, the FCC rates apply to that portion of
25 the circuit that's being used for interstate services.

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1 And No. 2, to assign the spare capacity so you
2 are treating the facility as if it's fully being used,
3 both for interconnection and for special access type
4 circuits instead of saying, Well, this is really a
5 special access circuit that we're going to take some
6 pieces out of for interconnection.

7 It may be the opposite. You may end up having
8 more interconnection services circuits than special
9 access circuits. It's going to depend on the
10 engineering. But it's the engineers who ought to decide
11 how those facilities are used, not driven by the price
12 that Qwest wants to put on the circuits because you
13 happen to want to use it for more than one purpose.
14 Thank you.

15 JUDGE RENDAHL: Thank you, Mr. Kopta.
16 Ms. Anderl?

17 MS. ANDERL: Thank you.

18 JUDGE RENDAHL: I am assuming, Ms. Doberneck,
19 and Ms. Singer Nelson, that you have nothing on this
20 issue?

21 MS. DOBERNECK: (Shakes head in the negative.)

22 MS. SINGER NELSON: (Shakes head in the
23 negative.)

24 MS. ANDERL: Let me address Mr. Kopta's main
25 issue first, because there are two very separate and

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1 distinct issues on this.

2 The first page of the matrix -- assuming we do
3 proportional pricing in a manner ordered by the
4 Commission, does the spare capacity get priced
5 proportionally as well? ELI believes it should be, and
6 Qwest and AT&T believe it should not be.

7 Ms. Friesen indicated, consistent with her
8 witness' testimony, Mr. Wilson, and testimony in other
9 states on a proportional or ratcheting type rate.

10 The idle capacity should be priced at the
11 underlying private line rate, and we agree with that, as
12 the correct interpretation.

13 What the Commission ordered here, we believe,
14 is an adjustment to an underlying private line facility,
15 and it is that characterization of the facility as
16 private line in the first instance which drives the
17 pricing of that facility. And it is only those portions
18 that are quote, unquote, being used for interconnection
19 pursuant to the Commission's order that ought to be
20 priced proportionally or ratcheted.

21 And I -- excuse the different use of terms
22 there. The proportional pricing or ratcheting, to me,
23 they mean the same thing. One word just fits better in
24 the sentence than the other. And so it's just that
25 simple.

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1 We don't believe that there's any basis in the
2 Commission's order to proportionally price the spare
3 facility. And indeed, we scoured the Commission's order
4 on balance, and appears to only direct us to
5 proportionally price those portions that are being used
6 for interconnection.

7 However, one thing I would maybe agree with
8 Mr. Kopta on -- and he didn't say this -- but I think
9 you would probably agree as well, the pricing of idle or
10 spare was never directly presented to the Commission, or
11 the Administrative Law Judge.

12 We simply believe here that the better
13 interpretation is that the idle capacity remain priced
14 at the underlying private line rate, which is reflective
15 of what the actual facility is.

16 The CLECs do receive significant proportional
17 pricing for those portions of the facility that are
18 actually used for interconnection and at TELRIC rates.
19 But there's simply no reason to take spare capacity in a
20 ratio to which is used for interconnection, and price
21 the spare LATA at that lower rate as well.

22 The other issue is a bigger issue, and that is
23 whether the Commission's order applies to private lines
24 purchased out of the FCC tariff, as well as private
25 lines purchased out of the intrastate tariff.

7296

1 CHAIRWOMAN SHOWALTER: You need to repeat that.

2 MS. ANDERL: The other issue, which is the
3 bigger issue, is whether the Commission's order requires
4 us to allow ratcheting or proportional pricing of
5 private FCC tariffs, as well as those that are purchased
6 out of the intrastate Washington tariff.

7 The way we have written the SGAT -- and we
8 meant no secrecy here -- is that we believe that the
9 correct interpretation is that it applies to intrastate
10 private line services only, not FCC tariff services.

11 And indeed, Ms. Friesen and Mr. Kopta are
12 correct when they identified in the SGAT that we have
13 been, I believe, very clear about that.

14 The reason for this is a jurisdictional issue,
15 and we have discussed this jurisdictional issue with
16 some or all of the Commissioners on the bench in
17 previous dockets.

18 I think the first time the issue was squarely
19 presented was 1999 when AT&T filed a complaint against
20 Qwest, then US West, with regard to the -- we raised the
21 jurisdictional issue at that time, and the Commission
22 ruled on it stating that the Commission did not believe
23 its jurisdiction entirely preempted by the FCC on an FCC
24 tariff service, and the Commission retained discretion
25 to adjudicate issues arising from FCC tariff purchases

7297

1 when the Commission deemed it necessary to do so.

2 CHAIRWOMAN SHOWALTER: What order and paragraph
3 was that, if we were numbering paragraphs in that time?

4 MS. ANDERL: It was UT-991292 AT&T
5 Communications of the Northwest, Inc., versus US West
6 Communications, Inc. It was the 10th Supplemental Order
7 served May 18, 2000, and it is paragraphs 28 through 30.

8 JUDGE RENDAHL: Thank you.

9 MS. ANDERL: And indeed, the Commission
10 referred to that order only very recently in this
11 docket, in the 30th Supplemental Order in this docket
12 determining issues related to Qwest's QPAP, and whether
13 Qwest would be reporting on special access circuits.

14 And the Commission there quoted from that
15 paragraph 28 of the prior docket, and indicated that the
16 Commission would be asserting its jurisdiction for
17 purposes of the QPAP we submitted.

18 CHAIRWOMAN SHOWALTER: What paragraph was that
19 of the 30th order?

20 MS. ANDERL: 117. However -- and let me back
21 up -- not back up, but stay in 1999 for some additional
22 historical perspective.

23 Qwest, because of its concerns about the
24 jurisdictional issues, at that time US West, submitted a
25 petition to the FCC for a declaratory ruling on the

7298

1 scope of the state's jurisdiction vis-a-vis the FCC's
2 jurisdiction over FCC tariff services.

3 That matter was docketed. It has still not
4 been decided. Just to give you a status update, I
5 believe it's been rolled into one of the existing FCC
6 proposed rule changes, and will be decided when the FCC
7 rules on a number of these issues that have been raised
8 in connection with special access circuits.

9 So we still have an open question from that
10 jurisdictional body. However, we think that the
11 Commission here in Washington has always been cognizant
12 and it's evidenced in your orders that one of the areas
13 where the FCC does have jurisdiction is squarely on the
14 FCC pricing. And we think that this question here on
15 whether you ratchet or proportionally price an FCC
16 tariff service is one that falls squarely within the
17 pricing jurisdiction of the FCC, which is, in our mind,
18 clearly sacrosanct to the FCC that the Commission should
19 not, and cannot order, essentially, a rate reduction to
20 an FCC tariff rate.

21 We briefed that in our compliance or cover
22 brief with the SGAT compliance filing that we filed.
23 You will find that discussion in --

24 JUDGE RENDAHL: Would that be 1500 or 1501?

25 MS. ANDERL: It was 1501. Thank you. I was

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1 trying to figure between the two of them.

2 JUDGE RENDAHL: So 1501.

3 MS. ANDERL: We tried, in those paragraphs --
4 or on those pages 3 through 5, going onto page 6 and
5 ending on page 6, we tried to explain in greater detail
6 just exactly why we believe this order, the Commission's
7 order, if applied to an FCC tariff rate would squarely
8 impact that FCC tariff rate by reduction on the overall
9 private line rate.

10 And we have cited for you their legal
11 authority, as well as portions of language from FCC --
12 Qwest's FCC tariffs, which we believe squarely address
13 this issue, as well, from a pricing perspective.

14 Therefore, we are willing to comply. We have
15 complied with the Commission's order as it pertains to
16 services purchased out of the intrastate tariff. We
17 believe that's appropriate. And we believe the
18 Commission, in this instance, should affirm that that is
19 what is required of Qwest.

20 CHAIRWOMAN SHOWALTER: Ms. Friesen, I have a
21 question. If this Commission is preempted on pricing
22 and interstate tariffs, if that's the case, do you agree
23 or disagree that your proposed language would be a
24 pricing of the interstate portion? I mean, I am
25 trying -- if Qwest and the FCC are correct about their

7300

1 jurisdiction, which way, then, would you argue? Would
2 you argue that you even see we have some other
3 authority, or would that settle the matter?

4 MS. FRIESEN: I don't believe it would settle
5 the matter. Here's why. I don't believe that anything
6 that this Commission does with respect to allowing us to
7 efficiently use a trunk group dictates pricing per se.

8 What dictates the pricing is the end user
9 customer desiring -- PIU percent interstate or percent
10 intrastate usage. That's who determines from which
11 tariff I must pay for the various circuits contained
12 within that trunk group.

13 And what we would ask that you do, and what
14 we're asking you to do in no way diminishes the FCC's
15 jurisdiction, nor your own. In fact, what we're asking
16 is that we pay for what we buy.

17 And if we purchase, for example, the FCC access
18 tariff, and the end user -- we would be purchasing out
19 of that tariff not only because the prices are lower, as
20 Mr. Kopta told you, but because the end user customer
21 tells us that a certain percentage of its usage of the
22 trunk group for which we're purchasing that is going to
23 be used for a certain amount of the traffic, a certain
24 amount of interstate or intrastate traffic if the
25 customer declares to us that's the PIU. Then that's

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1 where we have to buy it.

2 The FCC tariff, along with the state tariff,
3 will tell us that over time if that usage changes, we
4 have to pay according to a different tariff. So we go
5 back to the example of purchasing out of the FCC tariff.

6 In the first instance, if the customer's
7 traffic percentage changes over time, and they inform
8 us, then we're obligated under the tariffs from which we
9 purchased the DS3 to go back to Qwest and tell them we
10 have got to make an adjustment to the PIU, and therefore
11 purchase out of the state private line tariff.

12 So the tariffs instruct this ebb and flow
13 between them for purposes of rates, and that's all we're
14 asking you to do with respect to the particular circuits
15 inside the big group. We're not asking you to step on
16 or change it in either the FCC tariff or the state
17 tariff. We will abide by either tariff, depending on
18 what the customer declares as the PIU factor.

19 With respect to the remaining trunks, going
20 back to the 28 channels, the 20 channels are determined
21 by what the end user customer is doing and we purchase
22 the various tariffs based on the end user customer. So
23 we don't believe this affects any kind of price
24 reduction.

25 This is reality. This is what is happening in

7302

1 the field as opposed to having you say, Okay, well, you
2 can only buy out of the FCC tariff, and these are the
3 rates you will pay if you buy out of the FCC tariff.
4 It's sort of the distinction between the facility that
5 we're purchasing inside the state of Washington versus
6 the rate we're paying for the various circuits inside
7 that facility, which is determined by the end user
8 customer who points to a certain percentage and then we
9 have to go to a different tariff depending on what that
10 percentage is.

11 So I don't think this has anything to do with a
12 jurisdictional conflict the way Ms. Anderl is trying to
13 suggest.

14 CHAIRWOMAN SHOWALTER: I am trying to get to
15 what the dispute is. So am I correct that the dispute
16 is Ms. Anderl says that your proposed language
17 would be a pricing of an interstate tariff, and you say
18 no, it's not a pricing of an interstate tariff? Is that
19 the dispute?

20 MS. FRIESEN: I think that's essentially the
21 dispute, yes.

22 CHAIRWOMAN SHOWALTER: Ms. Anderl, do you agree
23 that that is the dispute?

24 MS. ANDERL: I don't know how Ms. Friesen can
25 say it's not a pricing dispute.

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1 CHAIRWOMAN SHOWALTER: Is that the dispute?

2 MS. ANDERL: The only reason the CLECs want
3 this is they are going to pay a lower rate if they get
4 their way so, of course, it's a pricing issue. We have
5 already agreed, we agreed in the very first workshop
6 that we would allow them to commingle traffic on the
7 facility as long as they paid for the whole facility at
8 the private line rate. That's not a dispute. We would
9 love to have that result.

10 But the reason this is a dispute is because
11 AT&T and ELI will pay less for the same facility if your
12 order applies to FCC tariff services. And so I guess,
13 yes, I have to agree with you that the question is we
14 say it's a pricing dispute, and they say it's not. But
15 how can they say it's not, is what I am struggling with.

16 CHAIRWOMAN SHOWALTER: I'm trying to get it
17 down for myself, what is it that we have to decide. And
18 I guess we have to decide, if we decide that something
19 that we would be about to do is a pricing of a Federal
20 tariff, then I think on the abstract level we can't do
21 that.

22 If we decide it's not a pricing of the tariff,
23 it's something else, then we're in our own policy
24 region; is that right? So we have to decide what this
25 is doing.

7304

1 MS. ANDERL: I think that's the first inquiry.

2 JUDGE RENDAHL: Ms. Anderl, did you have more
3 on this particular issue, or was that the extent of your
4 discussion?

5 MS. ANDERL: That's the extent.

6 JUDGE RENDAHL: Are there any other questions
7 from the bench on this particular issue?

8 (No response.)

9 JUDGE RENDAHL: Mr. Kopta.

10 MR. KOPTA: Thank you, Your Honor. The concern
11 I have is that essentially what we're doing is arguing
12 reconsideration. This isn't a compliance. This is
13 Qwest saying, no, you are wrong and here's some language
14 that shows why you are wrong in the first instance.
15 Because as a practical matter, what we're deciding here
16 is whether or not we're going to do this at all.

17 If you adopt Qwest's language, you might
18 as well say we're not going to have any proportional
19 sharing at all, because it would only apply when you
20 have intrastate circuits. And the vast majority -- at
21 least from ELI's perspective are going to be from the
22 FCC tariff.

23 And as Ms. Friesen points out, because of the
24 fluidity, you could never designate a particular circuit
25 to be both interconnection and special access because as

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1 soon as it flipped to the FCC jurisdiction, you would
2 have to make an adjustment; either fully price the
3 facility or somehow reroute the local interconnection
4 service.

5 So what we're really talking about is whether
6 or not the Commission is going to stand by its earlier
7 decision to allow proportional pricing, or to require
8 Qwest to provide proportional pricing or not. That's
9 the bottom line we're talking about.

10 So this isn't as much of a compliance as it is
11 rearguing the decision that the Commission has already
12 made.

13 CHAIRWOMAN SHOWALTER: A question on the 10
14 percent rule and the end use customer telling you later,
15 oh, by the way, I am actually doing this intrastate.
16 Is this a theoretical issue, or could this really
17 happen? It was my assumption that when somebody alleged
18 the interstate tariff, that would more or less be the
19 end of it, or is there some mechanism that carriers have
20 to keep asking the question of the customers, what they
21 are doing?

22 MS. FRIESEN: Yes. Carriers are supposed to
23 track the customers' usage, and they are -- they are
24 purchasing or paying in accordance with the correct
25 tariff.

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1 CHAIRWOMAN SHOWALTER: How does that occur?

2 MS. FRIESEN: Well, we bill the customer, so we
3 know we're billing our customers for the usage of the
4 various trunks, the end usage customers. So we have to
5 keep tabs on what percentage they are using, but they
6 are letting us know.

7 CHAIRWOMAN SHOWALTER: For voice I can
8 understand you might know. I don't get data, or am I
9 wrong or in the wrong realm here?

10 MS. FRIESEN: I think data is probably stepping
11 out of the realm. But for voice our customers, it's
12 part of what they do. They designate what their usage
13 is going to be, and as it changes, they are supposed to
14 tell us again what they are doing. It's not necessarily
15 theoretical.

16 CHAIRWOMAN SHOWALTER: You say they are
17 supposed to, but do you ask them? Is this just a stated
18 responsibility of the end use customer somewhere, or is
19 there a real mechanism and end use customers actually do
20 flip in and out of intra versus interstate use?

21 MS. FRIESEN: I can find out what the mechanism
22 is for that. I don't know it as I sit here today.

23 JUDGE RENDAHL: That would be Bench Request 48,
24 and if you can respond to Chairwoman Showalter's
25 question in terms of the way AT&T communicates with the

7307

1 customers, and how the customers let you know, and how
2 AT&T tells the customers, that would be Bench Request
3 48.

4 (BENCH REQUEST NO. 48.)

5 CHAIRWOMAN SHOWALTER: And if you have actual
6 data on percentage customers who start interstate and
7 flip to intrastate, I would be interested to know. It's
8 hard for me to think that this happens very often.

9 MS. FRIESEN: I don't know if we have that
10 data. I don't expect we keep big pools of that kind of
11 data, but I will check and see what the mechanism is.

12 CHAIRWOMAN SHOWALTER: You -- or would you know
13 how many lines you were paying for interstate tariff
14 that went to intrastate? I would like that information.

15 MS. FRIESEN: Okay.

16 JUDGE RENDAHL: Okay. If there's nothing else
17 on this issue -- maybe we will find out.

18 Is there anything else on this issue from the
19 bench or from the parties?

20 (No response.)

21 JUDGE RENDAHL: Let's take our morning break
22 and come back at ten to 11:00. We will be off the
23 record.

24 (Brief recess taken.)

25 JUDGE RENDAHL: Let's be on the record.

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1 We're back on the record.

2 That concludes our discussion on compliance
3 issues. Talking about the very first issue on page 1 of
4 the matrix, and Ms. Friesen, could you go first, and for
5 the court reporter, would you slow down just a little
6 bit.

7 MS. FRIESEN: Sure. I am sorry. If you have
8 your notebooks, your exhibits, I would like to have you
9 take a look at Exhibit 1521. As we discuss this, I
10 think that illustration will help our discussion.

11 Let me describe for you first what the issue
12 is, and then I will tell you what I think your order
13 instructs Qwest to do, and why I think Qwest didn't do
14 it.

15 First, in taking a look at Exhibit 1521, it
16 discusses something called entrance facility, and these
17 are interconnection trunks. The issue has to do with
18 whether or not a CLEC can pick a point of
19 interconnection on Qwest's network where it chooses that
20 point to be.

21 And remember, a point of interconnection is
22 where the two carriers determine that they are going to
23 exchange traffic. So everything on one side of the
24 point or POI would be one carrier's responsibility, and
25 the things on the other side of the POI would be the

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1 other carrier's responsibility.

2 JUDGE RENDAHL: When you say POI, you mean
3 P-O-I?

4 MS. FRIESEN: Yes, point of interconnection.

5 As you look at 1521, Qwest has designated the
6 POI on the CLEC network, not its own network. You will
7 see it at the CLEC location and usually uses a point of
8 presence or a switch. The entrance facility is a flat
9 rated facility that then runs between the POI and the
10 closest serving wire center. And beyond that, you see
11 that Qwest has us paying for direct trunk transport,
12 which is distance sensitive.

13 Now, I ask you, if I am to select a POI on
14 Qwest's network -- for example, if I want to pick my POI
15 at the tandem switch, which is that nice triangle in the
16 middle of Exhibit 1521, there is no way under that SGAT
17 that I can do that. I cannot buy a dedicated circuit
18 that runs from the CLEC location through the closest
19 serving wire center to the tandem switch. The only
20 thing that the SGAT offers is an entrance facility,
21 which places the POI back on my network, not on their
22 network at the tandem switch, which is where I would
23 want to designate the POI.

24 If the POI were at the tandem switch everything
25 behind that POI, in other words, that circuit, that

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1 dedicated circuit that ran through that serving wire
2 center would be my responsibility to pay for. And the
3 FCC instructs us that if I have a dedicated facility,
4 such as a dedicated circuit as an interconnection trunk
5 so that I can have a POI at the tandem, I am responsible
6 for paying Qwest for that.

7 We generally lease those dedicated circuits
8 from Qwest, and I pay for them as a flat rated lease
9 agreement.

10 But what the SGAT does, is it doesn't allow us
11 to do that at all. I cannot get my POI at the tandem.
12 There is no direct trunk necessarily from AT&T's
13 location or network that runs into their tandem switch
14 that I can use. I generally have to buy a dedicated
15 circuit, which I can no longer obtain under the SGAT
16 that they filed with you.

17 Now, in your 11th supplemental order you
18 confirmed the ALJ's initial decision stating Qwest
19 modify your SGAT to do two things --

20 JUDGE RENDAHL: Can you slow down?

21 MS. FRIESEN: I am trying to race with the
22 time.

23 -- one, allow the CLECs to use the
24 interconnection trunks to access UNEs, and two, allow
25 CLECs to pick the POI where they choose.

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1 Now, Qwest 7.1.1 on its face suggested that we
2 can pick a POI where we choose. But if you look at the
3 interconnection options available under the SGAT, I
4 can't get that. I can't get the dedicated trunk so I
5 can place my POI at the tandem.

6 Rather the only thing I can do is buy an
7 entrance facility or a mid-span meet, which means
8 there's no facility in place and we both build a
9 facility out to a mutually agreed upon point. That's
10 not what I am looking for either. Or I can get
11 co-location as a form of interconnection.

12 Query this, if I want to put my co-location
13 cage where the tandem switch is, how do I get from my
14 location to that POI inside that co-location cage in the
15 tandem switch? I can't do it. There's no dedicated
16 trunk I can buy from them.

17 So that's really the issue. We think that the
18 SGAT has failed repeatedly to comply with your 11th
19 supplemental order, which says let the CLEC pick the POI
20 on Qwest's network. And that's the issue.

21 I would like to reserve any remainder of my
22 time for rebuttal.

23 JUDGE RENDAHL: Thank you, Ms. Friesen. When
24 you refer to the 11th supplemental order, are you
25 referring to the Commission order that was issued on

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1 June 17 or -- I can't determine from my notes here the
2 Commission order addressing workshop 1 issues, the final
3 order.

4 MS. FRIESEN: I have it in my notes as February
5 22. If I could, I would take a look and clarify which
6 order I am referencing.

7 JUDGE RENDAHL: That would be helpful.

8 Mr. Kopta, are you weighing in on this issue?

9 MR. KOPTA: Very briefly. I don't want to
10 repeat anything that Ms. Friesen said. I think she
11 captured what the issue is. But one of the problems in
12 the SGAT that crops up every once in a while is
13 terminology.

14 And Qwest has defined certain facilities in
15 terms of a product, and this is one of those instances.
16 Because when they say entrance facility, it is a defined
17 term. It's a Qwest product that has certain limitations
18 on it. One of those is that it doesn't go outside of
19 the serving wire center.

20 So I think that's a problem that we have with
21 the language is that when you say -- when the SGAT says
22 you can get an entrance facility that comes with all of
23 the associated limitations of an entrance facility, and
24 what we may want is our facilities or some -- I am not
25 sure what you would call them more generically -- that

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1 would allow for interconnection.

2 But that may not be within the parameters of an
3 entrance facility. And I think that's what Ms. Friesen
4 was talking about in terms of getting interoffice
5 transport, or some other product that Qwest has defined
6 and makes available.

7 So I think by using entrance facility as a
8 defined term, that's where a lot of the problem comes up
9 with the SGAT language. And that's why I believe AT&T
10 has tried to be more generic in defining or using the
11 word facility instead of entrance facility.

12 So it's clear that it may not be entrance
13 facility -- maybe the vast majority of cases it will be
14 entrance facility, but it may not just be entrance
15 facility. It may be some other product that Qwest has,
16 direct transport or something else, that allows for the
17 physical interconnection between the two points. Thank
18 you.

19 JUDGE RENDAHL: Go ahead, Ms. Anderl.

20 MS. ANDERL: Thank you, Your Honor. We remain
21 a bit baffled by AT&T's objections to the Qwest provided
22 language. We have been debating this issue for a long
23 time. And looking for the exhibit list, the parties
24 filed a number of -- which is right here in front of me.
25 The parties found a number of rounds of comments

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1 incorporating disputes about section 7. Qwest's
2 exhibits are 1508 and 1509, and AT&T's exhibits on this
3 are 1522 through 1524 in your books.

4 Those documents were all filed in the January,
5 February time frame, and thus reflect that the dispute
6 is ongoing.

7 What AT&T fails to describe, even today, is
8 which section of which order is Qwest not complying
9 with. We don't know why they object to this language.
10 We think that AT&T's mischaracterizing what the Qwest
11 SGAT language does, and we believe it's compliant in
12 every way.

13 If I look at the document that Ms. Friesen
14 directed you to, Exhibit 1521, that reflects that the
15 only piece of facility that is appropriately called an
16 entrance facility is the piece that is between the point
17 of interconnection and the Qwest serving wire center.
18 That's consistent with the language in Qwest's SGAT
19 section 7.1.2.1 that says entrance facilities may not
20 extend beyond the area served by the Qwest serving wire
21 center.

22 All that means is that wherever the CLEC
23 chooses to locate its POI -- and the CLEC has absolute
24 discretion -- wherever the CLEC chooses to locate its
25 point of interconnection within Qwest's incumbent

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1 territory, there will be a nearest serving wire center
2 between the CLEC. Whatever the nearest serving wire
3 center is is the entrance facility.

4 We talked about this a long time ago in
5 November of 2000, November 7. The transcript page is
6 generally 1250, but you, of course, have to read a
7 little before and a little after to understand.

8 And their -- Qwest's witness, Mr. Frieberg, and
9 AT&T's witness, Mr. Wilson, had a discussion about this
10 and an agreement was made there to strike the words "DS1
11 or DS3 entrance," in other words, which was a modifier
12 of facility, and change it to "Qwest provided facility."
13 I am sorry. It's still "DS1 or DS3 Qwest provided
14 facility." We did change the heading on 7.1.2.1 to
15 identify it as a Qwest provided facility as opposed to a
16 DS1 or DS3 entrance facility, and that was in section
17 7.1.2.

18 It now says a Qwest DS1 or DS3 Qwest provided
19 facility, 7.1.2

20 MR. HEMSTAD: I am trying to focus on the
21 language, and I guess I lost -- point me to the language
22 in 7.1.2.

23 MS. ANDERL: It's in numeral 1, DS1 or DS3
24 Qwest provided facility. If you have the Redline SGAT
25 1503, it's on page 58.

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1 JUDGE RENDAHL: In the paragraph 7.1.2?

2 MS. ANDERL: Yeah.

3 MR. HEMSTAD: Yes.

4 MS. ANDERL: And the CLECs don't agree that
5 they have to establish at least one point of
6 interconnection in each LATA. That's what the first
7 sentence says, and that the parties are to establish
8 through negotiations one of the following
9 interconnection arrangements at any technically feasible
10 point. And we added the word "point," any technically
11 feasible point was also requested and agreed upon
12 language.

13 We don't see that there is -- why there is any
14 remaining dispute here. And again, continue to wait
15 being pointed to ordering language that would require us
16 to delete the entrance language to entrance facility
17 throughout the SGAT, which is what AT&T seems to want.
18 We simply don't think that was required.

19 MR. HEMSTAD: I am trying to understand. Is it
20 your point that this is simply a nomenclature issue,
21 that there is not a -- going back to the diagram, are
22 you agreeing with AT&T that they have their entrance at
23 the tandem switch?

24 MS. ANDERL: They can interconnect. They can
25 establish a point of interconnection and interconnect

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1 with us at the tandem. I believe we have allowed that.

2 MR. HEMSTAD: I am trying to understand if
3 there's a disagreement.

4 MS. ANDERL: That's, again, why I was really
5 asking that we be pointed by AT&T to a provision in one
6 of the Commission orders that we weren't complying with.

7 MR. HEMSTAD: Well, then are you asserting that
8 the use of the phrase entrance facility -- entrance
9 facility is not a term of art, but it is a generic term
10 that it is a point of entrance?

11 MS. ANDERL: It is a term of art. It's a
12 specific -- and I would have to flip back in the SGAT to
13 see if it is a defined term. It's not capitalized, so
14 that would suggest it's not a defined term.

15 JUDGE RENDAHL: I just checked, and it is not.

16 MS. ANDERL: Good. At least that's working.
17 But it is a tariff rate element previously approved by
18 the Commission. There are rates established separately
19 for entrance facilities.

20 MR. HEMSTAD: I guess I am trying to get to
21 going back to the diagram. If Qwest agrees that AT&T
22 can have its point of interconnection at the tandem
23 switch, then there would seem to be no, at least
24 substantive, disagreement between the parties. It's a
25 matter of getting the phrasing right; is that right?

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1 MS. ANDERL: I don't know. That's where I am
2 struggling with AT&T's argument.

3 MS. FRIESEN: May I respond? Maybe I can help.

4 MR. OSHIE: Well, Ms. Friesen, maybe you can
5 answer this question following up on Commissioner
6 Hemstad.

7 1521, if AT&T established a point of
8 interconnection at the tandem switch under your diagram,
9 I guess what I hear you saying -- and you can clarify --
10 is that Qwest would require you to establish an entrance
11 facility from the tandem switch back to the wire center,
12 and then there would be -- then there would be also
13 established the direct trunk transport that is also
14 marked on the diagram. Is that how I understand it?

15 MS. FRIESEN: That's not quite the way it works
16 under the SGAT. And let me give you a little more of an
17 explanation. I think that might help.

18 First, it's a little bit disingenuous for
19 Ms. Anderl to suggest she doesn't know what we're citing
20 to and she's not quite getting it, because we filed a
21 reply brief.

22 CHAIRWOMAN SHOWALTER: Ms. Friesen, it would be
23 wise not to assign any characterization to any other
24 counsel. Simply point to your brief where there's an
25 answer.

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1 MS. FRIESEN: On February 20 I filed a reply
2 brief.

3 CHAIRWOMAN SHOWALTER: You in the back of the
4 room, this is the third time your phone as rung. Put it
5 on vibrate only, or turn it off.

6 MS. FRIESEN: I filed a motion February 15 to
7 further modify the entrance facility, because it wasn't
8 described in such a way that was consistent with what we
9 thought your order said. And it's not consistent with
10 what the law allows.

11 Qwest filed a response saying you are bringing
12 up a new issue. You can't do that now. We have done
13 everything we have to do.

14 We filed a reply brief on February 20 in which
15 we laid out very clearly references to the transcript
16 where our witness is discussing with Mr. Frieberg the
17 deficiencies in the -- we laid out very clearly your
18 order that we were referring to, and I have got them
19 here, and I will reference them now.

20 MR. HEMSTAD: What is your reply brief exhibit?

21 MS. FRIESEN: It's not entered as an exhibit in
22 this particular proceeding.

23 MS. ANDERL: Your Honor, if I may interrupt, I
24 believe that it is.

25 JUDGE RENDAHL: I believe that it is, and I am
7320

1 looking for it now.

2 MS. ANDERL: Probably 1524.

3 JUDGE RENDAHL: Or 1527. 1527, AT&T's reply to
4 Qwest's response to AT&T's motion regarding SGAT section
5 7.1.2.1. It was filed here on the 21st.

6 MS. FRIESEN: That's it. Thank you very much.

7 CHAIRWOMAN SHOWALTER: My numbers seem to go
8 from 1522 to 1530. Do you have 1527?

9 JUDGE RENDAHL: It was originally marked at the
10 prehearing as 1524. And upon reviewing them, I realized
11 there were attachments to one of the previous ones, so
12 it may be marked in your book at 1524.

13 CHAIRWOMAN SHOWALTER: I don't have that
14 either.

15 MS. ANDERL: If you have the wrong numbering,
16 which I do as well as Your Honor. I apologize. When I
17 earlier referred to the Commission, to our comments, I
18 referred you to 1522 through 1524. And those are AT&T's
19 three files. And the 1523 in the old numbering style is
20 the one that Ms. Friesen is addressing.

21 MS. FRIESEN: Let me point to the order
22 briefly. In the initial order rendered by Judge Rendahl
23 on page 22, paragraph 64, it says, The parties raised
24 two primary issues with SGAT 7.2.1, whether Qwest should
25 be permitted to dictate the points of interconnection or

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1 POI, and what rates Qwest should charge.

2 And if you go to --

3 MS. ANDERL: I am sorry. Which order was that?

4 MS. FRIESEN: The initial order rendered by
5 Judge Rendahl.

6 JUDGE RENDAHL: Which date, and which workshop?
7 That might help.

8 MS. FRIESEN: It was rendered February 22nd,
9 2001. It is workshop 2. I believe that contains
10 checklist items 1, 11 and 14.

11 MR. HEMSTAD: What is the order number?

12 JUDGE RENDAHL: I am not sure that had -- it
13 was either 11 -- I don't have those with me.

14 MS. ANDERL: That might have been one that
15 didn't have a number.

16 JUDGE RENDAHL: It might have been one that
17 didn't have a number. Checklist item 1, it was the
18 interconnection order and number portability, is that
19 correct, but not co-location, which was addressed later?

20 MS. FRIESEN: Yes.

21 MS. ANDERL: May I get the paragraph reference
22 again?

23 MS. FRIESEN: Page 22, paragraph 64, where the
24 discussion and the decision begins.

25 Then if you look at the 15th supplemental order

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1 issued in workshop 2 addressing checklist items 1, 11
2 and 14 --

3 JUDGE RENDAHL: And that is the final order of
4 the Commission?

5 MS. FRIESEN: Yes, Your Honor. Page 4,
6 paragraph 12, it clearly identifies starting with the
7 entrance facility and it discusses the issues, including
8 allowing the CLEC to pick the POI on Qwest's network.

9 But let me move away from these orders for just
10 a minute, and I would like to talk to you about what I
11 think the confusion is. I think that the orders are
12 clear that we should be able to pick the POI. The SGAT
13 suggests that we can't.

14 I am telling you that I don't think I can get
15 there using the SGAT, because I cannot buy the dedicated
16 trunk or the dedicated circuit that I need to run from
17 the CLEC location through the serving wire center to the
18 tandem switch so that I can establish a POI at the
19 tandem switch.

20 The only thing that the SGAT offers me is this
21 thing called an entrance facility, which if you go back
22 to my reply comments to Qwest's response, you will see
23 in there citations to the testimony clearly indicating
24 from Qwest that the option is you buy an entrance
25 facility. It is like a loop. And you pay a flat rated

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1 recurring/nonrecurring charge for that, because it's
2 dedicated. And beyond that, you buy direct trunk
3 transport, which is basically a UNE.

4 So I can't get a dedicated trunk which takes me
5 from my location to the tandem switch such that I can
6 put my POI at the tandem switch. And that's what the
7 issue is.

8 It's not so much one of nomenclature per se,
9 but it's a way they are breaking up that circuit to
10 charge us more for the circuit.

11 CHAIRWOMAN SHOWALTER: And I want to make sure,
12 when you say you can't get there, do you mean there's no
13 product of any kind for you to have a POI at the tandem
14 switch, or do you mean you have to pay double or triple
15 or something like that? I mean, are you saying can't do
16 it, or the rates for the things that you have to pay for
17 are unfair?

18 MS. FRIESEN: Well, I can't do it under the
19 SGAT. If you look at the SGAT, there's no way for me to
20 get the dedicated trunk. The only things they offer in
21 terms of interconnection are the things called entrance
22 facility or mid-span meet where we build our facilities
23 to a point that we mutually agree on, or via
24 co-location.

25 But co-location, if I want to co-locate at the
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1 tandem, how do I get from my network to that tandem?
2 The only thing I can purchase under the terms of this
3 particular SGAT in Washington is something called an
4 entrance facility, and a UNE, some dedicated trunk
5 transport. And if I do that, I am back --

6 MR. HEMSTAD: Can, under the SGAT, Ms. Anderl,
7 AT&T get a dedicated trunk?

8 MS. ANDERL: Between --

9 MR. HEMSTAD: Between to the -- back to the
10 example, to the tandem switch.

11 MS. ANDERL: Well, and these are issues that I
12 think are somewhat outside of the scope of compliance.
13 And I think what AT&T is trying to do is really advocate
14 the things they didn't advocate before with you.

15 I am not, as we sit here today, aware of any
16 limitations on their ability to purchase transport from
17 us between two points if they want to purchase a
18 dedicated trunk.

19 MR. OSHIE: Let me ask the question -- you can
20 finish, of course.

21 MS. ANDERL: I think I am finished. I was only
22 going to point out that we did address this issue in
23 Exhibit 1509, which was our February 25th response to
24 some of these filings, some of AT&T's pleadings.

25 And I think, really, AT&T had made some of

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1 these arguments before. And I think our brief there,
2 which is the first four pages, probably addresses it
3 more clearly in writing than you could ever summarize it
4 orally.

5 I think that AT&T, though, is wrong when they
6 say that they can't choose their POI anywhere they want.
7 They can. And I can walk through that language that
8 shows you that, if you like.

9 And I think it's wrong when they claim that
10 they are limited to purchasing entrance facilities for
11 purposes of interconnection. They have all of the
12 Commission ordered options for interconnection and
13 entrance facilities, but one of those options --

14 MS. FRIESEN: I would encourage you to take a
15 look at the SGAT section on interconnection. It
16 describes the methods of interconnection. If you look
17 at your SGAT on page 59, section 7.1.2, it describes
18 three methods of interconnection.

19 That is the interconnection that is available
20 to me. The issue is how do I get there? How do I get
21 to interconnection inside a serving wire center or a
22 tandem. You look at this SGAT, and you won't find any
23 offerings for dedicated interconnection trunk. You will
24 find only entrance facilities.

25 MR. OSHIE: Well, this is the question that I

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1 have is, what is the difference between the direct trunk
2 transport that is illustrated on Exhibit 1521, and
3 between the tandem switch and the Qwest serving wire
4 center as an entrance facility?

5 As I understand the issue is that if AT&T wants
6 to co-locate at the tandem switch, they have to buy
7 both. And they are saying, as I understand it, we
8 should only have to buy one.

9 MS. ANDERL: It depends on where they want to
10 choose their point of interconnection to be. They can
11 co-locate anywhere they want where there's space
12 available.

13 MR. OSHIE: Well, use the tables on 1521. They
14 want to locate at the tandem switch, and I understand
15 the SGAT requires them to go to the nearest Qwest
16 serving wire center.

17 MS. ANDERL: Which may be that tandem switch.

18 MR. OSHIE: Well, use 1521 as the example,
19 which it isn't. So why -- the question is, why would
20 they have to buy two facilities?

21 CHAIRWOMAN SHOWALTER: Well, do they? I don't
22 understand. I think we're all asking the same question.
23 Let's say -- I mean, if AT&T wants its point of
24 interconnection at the tandem switch, then what does it
25 do? What are its options? What does it buy? How would

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1 it work?

2 I think from Qwest's point of view, how does it
3 work, because I think Ms. Friesen is saying it can't
4 work. She can't find the product to buy.

5 MS. ANDERL: And --

6 CHAIRWOMAN SHOWALTER: And at a different level
7 of the question, is this covered by the issue that's in
8 front of us?

9 MS. ANDERL: Thank you. Can I answer the
10 second question first? Frivolity aside, I think this is
11 outside the scope of what we're talking about here.

12 I do think if we want to go into opening this
13 interconnection issue back up again, I would like to
14 have a witness here, Mr. Frieberg. There's a reason why
15 he's the witness on interconnection. It's because he
16 knows how all of these things work. I understand it at
17 a fairly high level, but perhaps not in such a way as I
18 could define for you the Qwest product or offerings to
19 enable interconnection in various different scenarios.

20 I think you need to be careful that there's a
21 difference between co-location and interconnection, and
22 they don't always have to go together. And a CLEC can
23 choose a single point of interconnection in the LATA but
24 can co-locate in as many central offices as they wish.

25 They can interconnect for purposes of traffic

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1 exchange with Qwest, or they can -- and they can use
2 co-location to do that. But it may be that they are
3 using their co-location to simply obtain access to
4 unbundled network elements and not interconnect.

5 So we have to be careful about the terminology,
6 and careful about whether Ms. Friesen is talking about
7 co-locating at a tandem switch or chooses that as a CLEC
8 point of interconnection for the whole LATA.

9 And that's about where we get to the point
10 where I probably want a witness to help explain it
11 better, the subject matter expert.

12 MS. FRIESEN: May I respond?

13 JUDGE RENDAHL: Go ahead.

14 MS. FRIESEN: I can extract from the
15 transcripts for you -- I want briefly to point you to
16 page 2 of my reply brief, which identifies some of the
17 citations. And this was -- this issue was briefed --

18 CHAIRWOMAN SHOWALTER: When you say your reply
19 brief, we need to know what number it is.

20 JUDGE RENDAHL: That's the number that is not
21 entirely clear. The February 20 -- my exhibit is 1527,
22 and it's the one filed February 21st.

23 MS. FRIESEN: I believe it's 1527, page 2.
24 This issue was briefed at AT&T's brief. I can pull that
25 for you. I can pull all the transcripts for you. It's

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1 in Mr. Frieberg's testimony. This is not a new issue.
2 This was fully, fully briefed and discussed during the
3 workshops, and I thought resolved by Judge Rendahl in
4 telling Qwest to modify its SGAT such that we could get
5 a dedicated trunk to the particular point of
6 interconnection that we chose on Qwest's network.

7 I would be happy, as a bench request, to pull
8 out the excerpts from the transcripts for you and pull
9 out the excerpts from our brief, if that would be
10 helpful.

11 I do think Chairwoman Showalter hit the nail on
12 the head when she said, "Clarify for us, Qwest, where in
13 the SGAT AT&T can acquire the dedicated trunk." I don't
14 think it's there, and that's the issue all along.

15 I would point you without discussing --

16 CHAIRWOMAN SHOWALTER: I have to say, I don't
17 think I said that. What I --

18 MS. FRIESEN: I am sorry?

19 CHAIRWOMAN SHOWALTER: My precise question was,
20 if AT&T chooses to put its point of interconnection at
21 the tandem switch, then I asked Qwest how is it supposed
22 to operate? I personally am not committed in this
23 question to trunks or other things, because I am not
24 certain enough as to what anyone is entitled to versus
25 some options are available, and maybe other options for

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1 doing a particular thing are not.

2 But it would seem as if there is simply no way
3 to even have a point of interconnection at a technically
4 feasible point. That could be a problem. But maybe
5 it's because previous to that point you have to elect
6 other options, or after that point you have to elect
7 other options.

8 MS. FRIESEN: Thank you for that clarification.
9 I misunderstood where you were going.

10 CHAIRWOMAN SHOWALTER: You understand more than
11 I do.

12 JUDGE RENDAHL: Ms. Friesen, and Ms. Anderl, a
13 bench request was raised. Do you believe there's a
14 sufficient amount in the record for us to determine this
15 record based on your argument and pleadings, or is there
16 more that we need to know from witnesses to be able to
17 determine this question?

18 MS. FRIESEN: I think there's absolutely no
19 reason to take more evidence. And I would suggest that
20 in my offer of the bench request, if you read those
21 excerpts I will pull you will see exactly why there is
22 no further need.

23 But I do want to make clear that this has
24 nothing to do with a single point of interconnection per
25 LATA. This has nothing to do with that issue. And

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1 they were discussed and briefed. But this has nothing
2 to do with that. This is not that issue.

3 This issue is solely related to entrance
4 facilities and whether AT&T can get a dedicated trunk
5 from its chosen interconnection on Qwest's network back
6 to our location. That's all this issue has to do with.

7 JUDGE RENDAHL: I turn now to Ms. Anderl.
8 Do you believe there's sufficient information in the
9 record that, based on the record and your arguments
10 today and the briefs that are exhibits for this hearing,
11 that we can render a decision on this issue?

12 MS. ANDERL: I think so. I was only suggesting
13 a witness because of my concern that I could not answer
14 specific questions about parts of Exhibit 1521 or
15 hypotheticals posed based on Exhibit 1521.

16 But, no, I think that the written pleadings in
17 January and February, as well as the arguments and the
18 record that we have today is sufficient.

19 MS. FRIESEN: If I might make one concluding
20 remark quickly?

21 JUDGE RENDAHL: Yes, let's go ahead. Is there
22 anything more from the bench?

23 (No response.)

24 JUDGE RENDAHL: I would make one brief
25 comment -- Ms. Doberneck, can you stop. It's hard to

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1 hear and focus.

2 Any concluding remarks? Let's go forward.

3 MS. FRIESEN: Thank you, Your Honor. I would
4 direct your attention to 1520, which is the AT&T
5 compliance exhibit we offered to try and fix the SGAT.

6 So it's very clear on its face that not only
7 can I buy an entrance facility if I am interested in
8 having the POI at my network, but I would also get a
9 dedicated trunk so I could put my POI at the tandem
10 switch.

11 One other inquiry that I would like to leave
12 you with is that with respect to the entrance facility,
13 if the POI is located on my network, shouldn't Qwest be
14 paying for the facilities on its side of the POI that is
15 the entrance facility and the dedicated trunk transport?
16 Why is it I am paying to exchange traffic at a
17 particular point of interconnection, both in front of my
18 POI and behind my POI? Those are my last remarks.
19 Thank you.

20 CHAIRWOMAN SHOWALTER: Well, I have to say a
21 new issue was just raised, which I think Ms. Anderl
22 deserves a chance to respond to.

23 JUDGE RENDAHL: Yes, I am going to allow Ms.
24 Anderl to respond to that.

25 MS. ANDERL: Your Honor, I don't even really

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1 want to address the rate issue. I don't think it's
2 squarely before you. I don't think, really, rate issues
3 have ever been before you in the 271 proceeding, but
4 have been handled in cost dockets.

5 And if AT&T has an issue with the way rates are
6 charged, then they ought to have raised that issue
7 either in the terms and conditions discussion in this
8 docket, or brought it up in a cost docket, or bring a
9 separate proceeding to get existing terms and conditions
10 modified.

11 But I simply can't see how a throwaway line
12 like that can squarely raise an issue for consideration
13 in a compliance proceeding. This is not, as Mr. Kopta
14 pointed out, reconsideration. It's a compliance
15 proceeding.

16 MS. FRIESEN: And to clarify, I was not asking
17 you to consider the particulars, just to think about
18 that.

19 JUDGE RENDAHL: Is there anything more on this
20 particular issue?

21 (No response.)

22 JUDGE RENDAHL: Unless there's anything else
23 from counsel, I think we have finished our compliance
24 discussion. Let's be off the record for a moment.

25 (Lunch recess taken.)

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1 JUDGE RENDAHL: Let's be back on the record.
2 We will be back on the record after our lunch break.
3 And while we were off the record during lunch the
4 parties got together, counsel got together with me and
5 we have identified a few additional exhibits to the
6 exhibit list I circulated last Friday, April 19 for
7 Change Management Process issues.

8 Exhibit 1549 will be either provided tomorrow
9 or late filed, and that is Qwest Communications' OSS
10 Evaluation, Draft Final Report Version 1.0 by KPMG
11 consulting, dated April 19, 2002.

12 Exhibit 1603 is a subset of that report
13 concerning test 23, addressing CMP, Change Management
14 Processes, and test 24.6 addressing OSS interface
15 testing, and what has been called SATE, or S-A-T-E.

16 And I can't remember what it stands for --

17 CHAIRWOMAN SHOWALTER: Stand Alone Testing
18 Environment.

19 JUDGE RENDAHL: Thank you. Exhibit 1604 is an
20 April 17, 2002 e-mail from Tresa, T-r-e-s-a, Bahner,
21 AT&T's comments to Qwest's binding response PC 030802-1
22 with attachment P, as in Paul.

23 And 1614 is an April 11, 2002 letter from Penny
24 Bewick, B-e-w-i-c-k, of New Edge Networks to Chairman
25 Gifford, G-i-f-f-o-r-d, of the Colorado Commission.

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1 And then 1615 is a copy of hardcopy portions of
2 screen shots from Qwest's wholesale CMP website.

3 And the parties have stipulated that these
4 exhibits, as marked, can be admitted without objection;
5 is that correct?

6 MR. CRAIN: That is correct, with the one
7 exception of 1614, which is a letter from New Edge
8 Networks to the Colorado PUC.

9 JUDGE RENDAHL: Before you go further,
10 Mr. Crain, we do have an addition to our group, which is
11 you. And we probably ought to go through a brief set of
12 appearances, so let's interrupt that and have you do
13 that.

14 For the record, I am Ann Rendahl,
15 Administrative Law Judge. To my right is Chairwoman
16 Marilyn Showalter, Commissioner Richard Hemstad and
17 Commissioner Patrick Oshie, beginning with Qwest.

18 MS. ANDERL: Thank you, Your Honor. Lisa
19 Anderl, Qwest.

20 MR. CRAIN: Andy Crain representing Qwest.

21 MS. SCHULTZ: Judy Schultz, Qwest.

22 MS. FRIESEN: Letty Friesen with AT&T. And
23 joining me today will be Tim Connolly, C-o-n-n-o-l-l-y,
24 on the phone.

25 JUDGE RENDAHL: Is Mr. Connolly an attorney or
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1 a witness?

2 MS. FRIESEN: No, he will be a witness.

3 JUDGE RENDAHL: For this purpose we just need
4 attorney identification, but thank you.

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

7 JUDGE RENDAHL: That's right, you are not an
8 attorney now, Ms. Doberneck.

9 Go ahead, Mr. Crain.

10 MR. CRAIN: Exhibit 1614 is the only exhibit to
11 which we have any objection to. This is a letter from
12 New Edge Networks to the Colorado PUC. And it's my
13 understanding it's being offered for the truth of the
14 matter set forth therein. We object to this. This is
15 something that was available at the time we had our
16 pretrial conference on this. We had no idea this was
17 going to be admitted. New Edge is not here to discuss
18 any of the matters involved therein, and to be subject
19 to cross examination.

20 And as a result of both the surprise this
21 entails, and the fact that there's no one here to cross
22 examine, we would object to this being admitted.

23 JUDGE RENDAHL: Ms. Friesen or Ms. Singer
24 Nelson?

25 MS. SINGER NELSON: I can do it. Covad would

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1 like to introduce this exhibit. It's a response to
2 something that was filed after the last prehearing
3 conference. It's in response to the affidavits that
4 were attached to Qwest's April 16 filing.

5 And in those documents it implied that this --
6 that the issue was unique to Covad, that Covad was the
7 only carrier affected by the issue. And the exhibit is
8 meant to show that, in fact, the effect is broader than
9 just Covad, that New Edge also has similar concerns.

10 JUDGE RENDAHL: I note that the date on the
11 letter is April 11, and our prehearing was on the 18th.
12 So I guess when you say was available after --

13 MS. SINGER NELSON: It was in response to the
14 April 16 filing that Qwest made, so it wasn't the --
15 Covad did not feel it was necessary to introduce the
16 exhibit until there was an implication that Covad wasn't
17 the only party that was affected by the issue. So it's
18 in response to the affidavit that Qwest filed after the
19 prehearing conference.

20 JUDGE RENDAHL: And the affidavit was by Homet.

21 MS. SINGER NELSON: It was Qwest's affidavit
22 attached to its April 16 filing. It was Jeff Hubbard's
23 affidavit.

24 JUDGE RENDAHL: And Mr. Hubbard, as we talked
25 off the record, is not available; is that correct?

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1 MR. CRAIN: That's correct. If the sole issue
2 is whether or not New Edge has similar concerns to
3 Covad, we can stipulate to that. But as to the
4 introduction of the document, and the facts set forth
5 therein, that's what we're objecting to.

6 JUDGE RENDAHL: Let's be off the record for a
7 moment.

8 (Brief recess taken.)

9 JUDGE RENDAHL: Back on the record.
10 Could you restate your offered stipulation?

11 MR. CRAIN: Sure. The stated reason that Covad
12 wanted to enter this exhibit was to demonstrate that
13 there were other companies that had similar concerns to
14 Covad. To the extent it's being offered for that
15 purpose, we have no objection to stipulating that there
16 are other companies, and New Edge is one of them, who
17 have concerns similar to Covad's concerns.

18 JUDGE RENDAHL: Ms. Singer Nelson, is that
19 stipulation acceptable to Covad?

20 MS. SINGER NELSON: To the extent that the
21 record reflects that the concern was the lack of notice
22 to New Edge, then that would be acceptable.

23 JUDGE RENDAHL: Is that a similar concern to
24 lack of notice to Covad? We're talking about the same
25 concern here?

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1 MS. SINGER NELSON: Yes. Yes.

2 JUDGE RENDAHL: Is that acceptable to
3 Mr. Crain?

4 MR. CRAIN: Yes. Yes.

5 JUDGE RENDAHL: You were saying the same
6 concern reflecting that the same concern is lack of
7 notice. Is that acceptable?

8 MR. CRAIN: Yes, that is acceptable.

9 JUDGE RENDAHL: Lack of notice to clarify the
10 record?

11 MS. DOBERNECK: May I?

12 JUDGE RENDAHL: Maybe we ought to clarify this
13 when you are available to testify, if that is
14 acceptable, Mr. Crain?

15 MR. CRAIN: That's acceptable.

16 JUDGE RENDAHL: So the exhibit will be
17 withdrawn, and with the exception of Exhibit 1614, the
18 parties stipulate to the remainder of the exhibits; is
19 that correct?

20 MS. FRIESEN: That's correct, Your Honor.

21 MS. SINGER NELSON: That's correct.

22 JUDGE RENDAHL: Mr. Crain?

23 MR. CRAIN: We also have one more introductory
24 point, which is that Jeff Thompson, who did submit an
25 affidavit, will be available by phone. He will be

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1 joining us within the next half an hour on the bridge.

2 JUDGE RENDAHL: But do you have objections to
3 the exhibits?

4 MR. CRAIN: No.

5 JUDGE RENDAHL: Thank you.
6 (EXHIBITS 1549, 1603, 1604,
7 and 1615 ADMITTED.)

8 MR. CRAIN: Yes.

9 JUDGE RENDAHL: With that, I think we're ready
10 to go ahead with your opening statements, I think.

11 Mr. Crain, we should begin with you.

12

13 OPENING STATEMENT

14

15 MR. CRAIN: Sure. The issues we're going to
16 discuss today relate to our change management process.
17 And Qwest has done a considerable amount of work over
18 the last, almost year now, eight or ten months, with the
19 CLECs to address their concerns with regard to our
20 change management process.

21 JUDGE RENDAHL: I am sorry to interrupt you,
22 but can you make sure the microphone is close to you so
23 that not only we can all hear you, but anyone who calls
24 on the bridge line can hear you.

25 MR. CRAIN: Yes, sure.

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1 JUDGE RENDAHL: Thank you.

2 MR. CRAIN: I would first like to address what
3 change management is, and what it is not. There seems
4 to be some misunderstanding that change management is
5 going to resolve all issues and all concerns and
6 eliminate all disputes between us and the CLECs in the
7 future.

8 Since Qwest took over US West, I think --
9 merged with US West, I think we have demonstrated a
10 willingness to work with CLECs, and have demonstrated
11 that we're able to resolve the vast majority of issues
12 with CLECs.

13 We have done that over the last two years in
14 workshops where we have hammered out negotiated
15 solutions to the vast majority of issues that we had
16 that CLECs brought to the table, on the checklist items,
17 and another item, 271 issues.

18 We are and will continue our willingness to
19 work with CLECs. Change management is one of the
20 processes that will be used to do that. It establishes
21 a process for us to communicate changes that we're
22 making to our systems, our OSS, operational support
23 systems, and also to the manual processes.

24 And basically most of the contacts and the
25 methods that we have for working with the CLECs, we will

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1 be submitting -- or there are processes that have been
2 established for us to communicate changes to CLECs for
3 all of that.

4 There are processes that have been established
5 for CLECs and Qwest to request changes. CLECs submit
6 changes to our request for changes to our interfaces,
7 which are called change requests. There are processes
8 for us to respond to those, and for us to submit our
9 changes to our interfaces as well, and for all of us,
10 CLECs and Qwest, to sit down and prioritize all of those
11 change requests.

12 There are processes for CLECs to bring issues
13 to the table, not only issues with OSS, if they have
14 problems with OSS, there are processes established to do
15 that. There are also processes for CLECs to bring
16 issues to the table if there is an issue they are having
17 with some of our manual processes as well.

18 So change management provides a forum for us to
19 communicate to each other regarding all of these issues,
20 and for us to have discussions. And sometimes those are
21 done on a very expedited basis to resolve problems as
22 quickly as we can.

23 What it doesn't do, and what it won't do in the
24 future is eliminate all possible problems between us.
25 And, I think, the CLECs somewhere say in their brief

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1 that change management must provide a process that
2 essentially ensures perfection, that we will not have
3 issues or problems when we implement a change.

4 What it does is provide a process for us to
5 provide notice and work with them to resolve issues.
6 We will continue to work with them, as Judy Schultz is
7 here to testify. She is the person who's in charge of
8 our change management process.

9 She has been in charge and has led our
10 negotiations with the CLECs, on our redesign effort.
11 And her team actually runs the change management
12 process. And she's got evidence, and we will cite some
13 statistics that of all the issues we have brought to the
14 table, we have only had a handful of escalated issues.

15 There's an escalation process where issues are
16 quickly escalated to higher levels of both companies to
17 see if they can be resolved one more time.

18 There's also a dispute resolution process, and
19 we are hoping that this process -- and I think it will
20 prove, and I think we have proven that it does eliminate
21 most disputes. And we are able to work up most
22 disputes, but there will be times in the future where
23 the parties are not going to be able to resolve their
24 differences and the disputes will be brought before you.

25 So putting that in context of what change

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1 management actually is, I think, is important. It
2 doesn't ensure perfection on Qwest's part in terms of
3 implementing changes. It also doesn't ensure we will be
4 able to solve all disputes without coming before you.
5 But I do hope, and I think we have proven that we have
6 been able to solve a lot more disputes this way than we
7 have in the past.

8 The FCC, when they look at change management,
9 has referred solely to the systems side of change
10 management. There are two pieces in our change
11 management process. The first is a process and a forum
12 for handling changes and issues relating to our OSS
13 interfaces, the computer interfaces that we provide to
14 CLECs.

15 The second piece is what we call the product in
16 process change management process, where our manual
17 processes and our offerings themselves are subject to
18 notification intervals for changes, and a process for
19 CLECs and Qwest to submit change requests and to deal
20 with those change requests, and to handle issues as they
21 come up.

22 The FCC, in the past, in their 271 orders has
23 reviewed change management. They looked at the first
24 piece, which is the OSS systems change management
25 process, as they define it in what is called Appendix D

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1 to their current orders. They set forth in their orders
2 an appendix which lists the legal standards that they
3 follow in 271, Appendix Arkansas Missouri Order, at
4 paragraph 41 of that appendix defines change management
5 as "The methods and procedures that the BOC employees to
6 communicate with competing carriers -- "

7 JUDGE RENDAHL: You need to read slowly when
8 you are reading.

9 MR. CRAIN: "The methods and procedures that
10 the BOC employees to communicate with competing carriers
11 regarding the performance of and changes in the BOC's
12 OSS systems." So the FCC has looked solely at the
13 systems piece.

14 Nevertheless, Qwest has implemented a complete
15 process to handle the other piece, which is product in
16 process changes. We implemented that first, at the end
17 of 1999, and we have been following that since.

18 We have, in our redesign effort, which is
19 meetings that we have had with the CLECs every two weeks
20 since, I think, June or July of last year -- and we have
21 addressed all of the issues that they are bringing
22 forward about change management in those sessions.

23 We first addressed the systems issues, and we
24 have gone through and worked out new processes to handle
25 systems. We have more recently gotten to the product in

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1 process issues in that redesign effort.

2 The evidence that Judy will be putting forward
3 and talking about how we have implemented those
4 processes will have a longer period demonstrating
5 compliance with the systems piece than the product in
6 process piece. The product in process piece was finally
7 baselined in the beginning of April.

8 JUDGE RENDAHL: What do you mean, "baseline"?
9 What do you mean?

10 MR. CRAIN: That's a good question, and you
11 will hear a lot today about when is a process
12 implemented, and when is it far enough along the curve
13 to be evaluated and be considered enough.

14 The redesign effort -- and I am sorry, but this
15 is going to be an extensive response to your question.
16 The redesign effort was the result of issues that were
17 brought forward in the workshops, and also brought
18 forward by the testers in both Arizona and in the RBOC.

19 When the CLECs filed testimony about change
20 management they included a list of -- or included quite
21 a few suggestions and improvements to our change
22 management process. They will say they were
23 deficiencies; we would say suggestions and improvements.

24 Nevertheless, we looked at them, and we decided
25 that we could meet a lot of their concerns here. But we

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1 also realized that the workshop process we had been
2 going through wasn't necessarily appropriate for meeting
3 their concerns, because we couldn't just reach
4 agreements in those workshops and implement them.

5 What we needed to do was go to the change
6 management process itself, and give all of the CLECs
7 participating in change management the opportunity to
8 weigh in on those changes.

9 So what we did was implement the change
10 management redesign process. We first dealt with the
11 OSS issues, and have gone through and have -- we first
12 started with the OBF language, which is the ordering and
13 billing forum.

14 The standards body for OSS OBF has issued some
15 draft standards relating to change management, and we
16 started with that document and said, "Okay, these are
17 the standards. Let's work this document from here."
18 And we went through that document section by section and
19 reached agreement with the CLECs on new language, and a
20 new process to handle each section.

21 The OBF standards relate just to the systems
22 side of change management. When we reached agreement on
23 the actual language of each section, the parties agreed
24 that Qwest would take those sections to the change
25 management monthly forums, present those sections to the

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1 CLECs, and would then implement those sections if all
2 the CLECs agreed that we could do that.

3 As we have gone through each piece of change
4 management, we have taken those revised sections,
5 presented them to the CLECs, and implemented them as we
6 have reached agreement.

7 Those newly implemented processes are still
8 defined as interim, mainly because the CLECs insisted
9 that they continue to be called interim. But what
10 interim means is that the parties have agreed upon the
11 language.

12 The parties have said basically that we think
13 this is what we ought to be doing here. But at the end
14 of the redesign process, we will all go back and
15 everybody will have the opportunity to take a look at
16 the document again and say, I think we need to tweak
17 this piece or that piece.

18 So they are agreed-upon processes. They have
19 been implemented. There is the possibility that in the
20 future somebody is going to raise an issue, and through
21 agreement, they could be changed. That can happen.

22 Also through the change management process
23 itself, we have actually agreed upon a procedure to
24 change the change management process in the future if
25 all parties look at something and say, "You know, we

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1 think we can improve this process."

2 Three years from now if somebody comes up with
3 an idea of improving the process, there is a set
4 procedure within change management to get that done,
5 as well as to implement changes to the procedure itself.

6 So we have gone through and actually covered
7 all of the OBF document, all of the pieces of it and
8 implemented those new processes and procedures as we
9 have reached agreement with CLECs.

10 We first did that with the OSS piece. We have
11 just recently included that piece on the product and
12 process side. We're continuing to work with CLECs on
13 some administrative issues and additional issues and
14 additional details through change management redesign.

15 And we will continue to do that, as I think I
16 said, in Colorado a couple of months ago -- and people
17 keep telling me this -- until the end of time. And
18 sometimes it seems like we're going to be doing it at
19 the end of time.

20 But we have reached agreement on all of the
21 substantive issues. We're still working on a lot of the
22 details. So I guess that's a long answer to "what does
23 interim" mean.

24 JUDGE RENDAHL: I guess my question was what
25 does "baseline" mean, and that's what you mean by

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1 interim?

2 MR. CRAIN: Yes.

3 JUDGE RENDAHL: Okay. Thank you.

4 MR. CRAIN: Sometimes when I talk too long I
5 forget what the question was.

6 JUDGE RENDAHL: I hope I didn't derail you
7 completely, but thank you for answering my question.

8 MR. CRAIN: That's okay. We have, as a result
9 of a Colorado proceeding a couple of months ago, sat
10 down with the CLECs, and the CLECs brought forth a list
11 of issues that they considered substantive enough that
12 they may possibly lead to impasses. I am happy to
13 report here that we have gone through all of those
14 issues and reached at least preliminary agreement on all
15 of them. And the parties have agreed that they are not
16 going to be an impasse, and we will not be presenting
17 any impasse issues to you to decide.

18 Basically we have gone through and reached
19 resolution on all of the concerns that the CLECs have
20 brought to the table, that they considered substantive
21 enough to possibly reach impasse. The vast majority of
22 those issues have actually been implemented and had
23 language baselined and the interim process has been
24 implemented.

25 There are some of those issues that we're still

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1 working on language. Mainly the language relates to
2 some of the more -- some of the procedural issues in
3 change management.

4 So as Judy will go through, we have worked
5 through this process with the CLECs and reached
6 agreement on what the process should be when you look at
7 the FCC requirements.

8 And once again, this is -- these are all set
9 forth in Appendix D to their current order. It's
10 paragraph 40 of Appendix D of the Arkansas Missouri
11 Order -- sets forth the factors the FCC looks at when
12 addressing change management.

13 First of all, they look at whether or not the
14 information relating to the change management process is
15 clearly organized and readily accessible to competing
16 carriers.

17 Judy will set forth how we have done this. The
18 change management, the change -- the governing document
19 for our change management process is what we have been
20 working with with CLECs. To the extent CLECs have had
21 concerns about the clarity of that language, or what it
22 covers, we have worked through that and agreed upon
23 language with them. That is the document that is
24 currently on our website as the governing document for
25 change management.

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1 So to the extent CLECs have any concerns or
2 questions about what change management is, it's clearly
3 set forth on the website. And the CLECs themselves have
4 had as much to do with developing that language as Qwest
5 has.

6 And to the extent that there's any question
7 about the clarity of those documents, that has been
8 addressed in the redesign process.

9 The second issue that the FCC looks at is
10 whether or not competing carriers have had substantial
11 input in the design and continued operation of the
12 change management process.

13 At this point I don't think there should be any
14 question that CLECs have had substantial input into the
15 design of our change management process. We have worked
16 with them over the course of the last eight months or
17 so, had many, many long, excruciating meetings on this,
18 and have worked out agreements on all of the substantive
19 issues in change management.

20 The third issue the FCC looks at is whether or
21 not the change management plan defines a procedure for
22 the time leap resolution of change management disputes.
23 This is one of the first issues that we addressed
24 through the redesign process, and we have reached
25 agreement on both an escalation process for disputes,

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1 and a dispute resolution process.

2 The escalation process provides for a very
3 timely and quick escalation of the issues to a high
4 level of both companies so that both companies can sort
5 of take the last stab at trying to resolve the issue.

6 At any time, before or after the escalation
7 process is complete, CLECs can use a dispute resolution
8 clause, which essentially is -- and we hashed this
9 through, and this was really the only way we could do
10 this. And it's consistent with the way change
11 management is being handled across the country.

12 The dispute resolution clause provides that if
13 there's a dispute that can't be resolved through change
14 management, the parties can bring them to an appropriate
15 regulatory body for approval -- or not approval, but for
16 resolution.

17 One of the issues that came up with that is do
18 we implement a change in the interim. And what we have
19 agreed to with CLECs -- and this is one piece that we're
20 still working on the language for -- is that there will
21 be an arbitrator or set of arbitrators available for a
22 quick resolution of a stay if a CLEC wants to stay our
23 implementation of any particular change in the interim
24 while the Commission resolves either request for stay or
25 the dispute itself, depending on the situation.

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1 So we have defined -- we have implemented a
2 process for the resolution of change management
3 disputes.

4 The fourth issue that the FCC looks at is
5 whether or not the BOC has demonstrated a pattern of
6 compliance with the change management plan. This is a
7 piece that you will probably hear quite a bit about over
8 the next day or so, because we have worked with CLECs
9 for so long, and because we have addressed their issues,
10 and really worked hard to address their issues. It's
11 taken quite a while to get this change management
12 redesign process done.

13 We have, as I -- I didn't testify -- as I said
14 earlier, implemented the new language as we have gone
15 along. Judy will explain how we have implemented that,
16 and we will go through each piece and explain how long
17 each piece has been implemented for, and demonstrate how
18 we have been complying with those processes.

19 The CLECs, I am sure, will point to the draft
20 final report that was just issued by KPMG. At this
21 point, KPMG has attended all of the redesign sessions
22 and evaluated the change management through the OSS test
23 through the ROC. We have addressed the concerns raised
24 by KPMG. As they have identified concerns, they have
25 brought forward observations and exceptions through the

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1 OSS test.

2 We have addressed the concerns raised by KPMG
3 with the exception of one exception that was closed
4 unresolved. And to explain, even though we have
5 addressed the concerns raised by KPMG, there are two
6 exceptions that they closed unable to determine. And
7 one they closed unresolved.

8 The two unable to determine exceptions, as we
9 can explain later, and as we fully set forth in our
10 brief, were closed because KPMG said, "You know, we have
11 seen the new processes you have implemented. They look
12 like they are going to resolve the issues and they look
13 like they address our concerns. But we haven't had a
14 chance to see those in practice."

15 And the one closed unresolved issue related to
16 a product in process change that, as I stated before, is
17 beyond the scope of what the FCC looks at when they look
18 at change management. But we have addressed the issues
19 that they have had in that change through our newly
20 implemented process for product in process.

21 That actually didn't happen until after KPMG
22 closed this exception unresolved. We have actually
23 asked them to take another look at that exception, which
24 is 3094, before the final final report comes out. We
25 have also asked them to take another look at the other

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1 one of the closed unable to determine exceptions before
2 the final final report comes out on May 28 as well.

3 JUDGE RENDAHL: Which exception is that?

4 MR. CRAIN: The closed unresolved exception was
5 3094. That related to product in process. They are
6 taking another look at that.

7 We have also asked them to take another look at
8 Exception 3110, which was an issue that KPMG brought
9 forward, quite a few issues they had with our
10 performance in terms of notification releases. And we
11 resolved all of the issues with them related to that.

12 Their final look was to look at our internal
13 methods and procedures to see if we have adequate
14 methods and procedures to make sure we send out notices
15 as required. They have said that those look good, but
16 they didn't have a chance to see those notifications
17 going out for major release. We just had major release
18 notifications go out a week and a half ago. We're
19 having our next round going out in a week or so. So we
20 have asked KPMG to take a look at that and see if they
21 can close 3110 before the final final report comes out.

22 JUDGE RENDAHL: Thank you. How much more
23 do you have?

24 MR. CRAIN: Not a lot longer. And I am
25 probably past my 15 minutes.

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1 JUDGE RENDAHL: Yes, you are.

2 MR. CRAIN: The other issues that the FCC looks
3 at are the adequacy of technical assistance provided to
4 CLECs. I think we have established -- and the CLECs
5 have actually asked that the draft final report on
6 section 24 be entered. And we have agreed to that.

7 If you look at the draft final report, the
8 technical assistance provided to CLECs has been
9 thoroughly evaluated by KPMG, and we have satisfied all
10 of those requirements.

11 There are two other issues that the FCC looks
12 at, which is first, the availability of a stable testing
13 environment, which I will come back to.

14 The final issue is the adequacy of
15 documentation building EDI interface, which is our
16 computer to computer interface. That was fully
17 evaluated by the testers, and the ROC test, and we have
18 satisfied all of the requirements for that within our --
19 and the report sets forth that, I think, very clearly.

20 The other issues, the two issues I think you
21 are going to hear today from the CLECs, as I said
22 earlier, are demonstrated pattern of compliance, an
23 issue of when is good enough enough. When are we far
24 enough along in implementing these processes to say,
25 yes, these are good enough and Qwest is following them.

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1 And the stable testing environment, we will
2 probably have to readdress this when we have our next
3 hearing on the results of the OSS test. But we have
4 had, as the affidavit of Jeff Thompson has established,
5 we have had 20 CLECs build to our EDI interface, and are
6 using our EDI interface. So we have demonstrated we can
7 proactively work with them and all of our testing, in
8 real life, to build to our EDI interface and use them.

9 JUDGE RENDAHL: When you say -- is that
10 "build," b-u-i-l-d, or "billed," b-i-l-l-e-d?

11 MR. CRAIN: B-u-i-l-d. It's a computer to
12 computer interface. We provide what is called our side
13 of the interface for CLECs to use that they have to
14 build their side to. It hooks up with their downstream
15 systems. And the overall hook is can they -- can CLECs
16 effectively do that.

17 And we have established that, I think,
18 conclusively, the testing environment is a question
19 of -- there's a testing process in place where we
20 transfer orders and notification back and forth so that
21 both sides understand that these two interfaces work
22 together.

23 We have, in the past, actually used that
24 environment in the production environment. It's called
25 the interop testing that we have done with CLECs in the

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1 past.

2 The FCC has also asked for us to provide a
3 stand alone testing environment, which is SATE. We have
4 actually had nine CLECs use SATE to develop their side
5 of the interface, and we have established that they can
6 effectively do that.

7 Four of them did build those on their own.
8 Five of them worked through a service bureau to do that.
9 Companies like Telcordia and a company called Nightfire
10 (ph.) have actually gone into the business of working
11 with RBOCs to build interfaces like this for CLECs.

12 JUDGE RENDAHL: When you say RBOC, R-B-O-C?

13 MR. CRAIN: Yes. Regional Bell Operating
14 Company --

15 JUDGE RENDAHL: You don't need to go into that.
16 I am only spelling it for the court reporter.

17 MR. CRAIN: The spin-off from the mother ship.

18 So we have demonstrated in real life that CLECs
19 can do this. KPMG has issued a couple of exceptions
20 relating to our stand alone testing environment, and
21 asked for additional functionality.

22 We have implemented most of the changes they
23 have requested. There are a couple of changes that are
24 happening in the future to address a couple of their
25 additional concerns.

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1 But as a result of that, two of those
2 exceptions were closed unresolved, but in real life,
3 when you look at the experience of CLECs using our
4 system and building to our interfaces, we have
5 established that we -- that CLECs can build to our
6 interfaces, and that our testing environments are
7 adequate for use in doing that.

8 Overall, I would say that we have established,
9 and through a result of the redesign process, have
10 implemented and developed a change management process
11 which is as comprehensive and complete as any other
12 change management process in the country. It handles
13 not only all of the OSS issues that other RBOCs have,
14 but has a product in process change management process
15 that is more complete and comprehensive than any other
16 RBOC has.

17 What you won't hear from the CLECs over the
18 next day or so is anything that any other company does
19 that we don't. Our change management process is
20 complete. It's implemented. It is as complete and
21 comprehensive as any other RBOC's, and we're actually
22 quite proud of the work we have done over the last year
23 or so to redesign that process.

24 And those are my opening remarks, my 15
25 minutes.

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1 JUDGE RENDAHL: Yes, it's an extensive 15
2 minutes.
3 Go ahead, Ms. Singer Nelson.

4
5 OPENING STATEMENT

6
7 MS. SINGER NELSON: I am ready. Thank you,
8 Judge.

9 I am going to go briefly through the legal
10 standards that apply to the change management process.
11 Then I am going to identify our witnesses and summarize
12 the subjects that they are going to be addressing. And
13 then finally I am going to outline for the Commission
14 the specific relief that the CLECs are seeking before
15 this Commission would give a positive recommendation to
16 the FCC relating to Qwest's 271 application for the
17 state of Washington.

18 Now, in the legal standards for section 271
19 approval Qwest must demonstrate a concrete and specific
20 legal obligation to furnish a 271 checklist item, and
21 secondly, that it is ready to furnish the items in
22 quantities that CLECs may reasonably demand at an
23 acceptable level of quality.

24 And the FCC has said that for those functions
25 that Qwest provides to competing carriers that are

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1 analogous to the functions that Qwest provides to itself
2 in connection with its retail service offerings, that
3 Qwest must provide access to competing carriers in
4 substantially the same time and manner as it provides it
5 to itself.

6 And then for those functions that have no
7 retail analog, Qwest must demonstrate that the access it
8 provides to competing carriers would offer an efficient
9 carrier a meaningful opportunity to compete.

10 JUDGE RENDAHL: Where are you citing from?

11 MS. SINGER NELSON: From the Pennsylvania 271
12 order, Appendix C.

13 JUDGE RENDAHL: Thank you.

14 MS. SINGER NELSON: Now, the change management
15 process, as Andy has said, includes procedures and
16 methods that Qwest uses to communicate with competing
17 local exchange carriers about changes and operational
18 support systems, or the performance of the system.

19 And the FCC has said that the change management
20 process is an important factor to evaluate whether Qwest
21 offers competitive local exchange carriers support for
22 OSS, and a meaningful opportunity to compete.

23 So that's really where it fits into the
24 standard of proof for Qwest's 271 applications, whether
25 Qwest is providing carriers that meaningful opportunity

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1 to compete.

2 And to summarize the elements that Andy went
3 through, the FCC has said that Qwest must prove with
4 regard to change management that change management
5 information is organized and readily accessible to
6 competing carriers; that second, that the competing
7 carriers had substantial input in the design and
8 continued operation of the change management process;
9 third, that the change management plan defined a
10 procedure for timely resolution of disputes; fourth,
11 that the availability of a stable testing environment or
12 SATE that mirrors production; fifth, that change
13 management includes useful documentation to enable
14 competing carriers to build electronic gateways; and
15 finally, Qwest must demonstrate a pattern of compliance
16 with its change management plan.

17 Since many of the redesign elements of the
18 change management plan are brand-new or yet to be
19 developed, the CLECs contend that the Commission cannot
20 determine Qwest's compliance until Qwest provides the
21 necessary evidence, and the joint CLECs present their
22 comments in their areas where they believe -- where we
23 believe Qwest has failed to provide the necessary
24 evidence.

25 The witnesses that are going to be testifying

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1 about those issues include Tom Dixon from WorldCom. And
2 Mr. Dixon is going to give a background on the change
3 management process as it relates to the 271 docket, and
4 then he will discuss the outstanding observations and
5 exceptions of the third party tester, KPMG, with regard
6 to change management.

7 And Mitch Menezes from AT&T is going to discuss
8 the draft change management document, that it's not
9 complete, and that Qwest's change management process is
10 not, in fact, reflected in a single document.

11 And Megan Doberneck from Covad will also both
12 discuss circumstances where Qwest has failed to adhere
13 to the redesign process, and then Tim Connolly, from
14 AT&T, will discuss the failures of the stand alone test
15 environment.

16 As Andy had said, the stand alone test
17 environment is a test bed that the CLECs may use to test
18 their operational support systems with Qwest IMA without
19 risking service provided to real customers.

20 Now, to be in compliance with section 271, the
21 FCC has declared that Qwest must support its application
22 with actual evidence demonstrating its present
23 compliance with the statutory conditions for entering;
24 that is, Qwest must show it has fully implemented the
25 competitive checklist.

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1 Therefore, Qwest must plead, with appropriate
2 supporting evidence, the facts necessary to demonstrate
3 that it has complied with a particular requirement of
4 the checklist item under consideration.

5 In the course of 271 workshops, Qwest moved
6 many of the compliance issues to the change management
7 process, and included in those issues was whether
8 Qwest's internal operating documents and technical
9 publications were updated to be consistent with the
10 terms of the statement of generally available terms and
11 conditions, the SGAT.

12 The CLECs are asking this Commission in this
13 proceeding to confirm that Qwest has updated its
14 technical publications to ensure they are consistent
15 with the rights and obligations set forth in the SGAT.

16 Also, the Commission should ensure that the
17 change management process dispute resolution process is
18 set up to address disputes about whether Qwest actually
19 modified its technical publications to conform to the
20 SGAT.

21 In sum, the joint CLECs request that the
22 Commission withhold any findings of the change
23 management compliance until Qwest provides evidence
24 demonstrating first, that the final draft to the change
25 management redesign document is clearly organized and

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1 readily accessible to competing carriers, and that it's
2 not merely an incomplete draft available on a website.

3 Secondly, that the competing carriers had
4 substantial input into the redesign by Qwest's actual
5 incorporation of all the agreements into its final
6 change management document.

7 Third, the CLECs ask the Commission to ensure
8 that the final change management plan defines a
9 procedure for timely resolution of disputes, and that
10 Qwest is actually adhering to that procedure.

11 Fourth, we request that the SATE is -- in fact,
12 we request that the Commission find that there's
13 necessary evidence to show that the SATE is, in fact, a
14 stable testing environment that mirrors production.

15 Fifth, the usefulness of Qwest's change
16 management documentation is demonstrated by Qwest
17 actually following the process outlined in it, and that
18 all third-party observations and exceptions have been
19 closed.

20 And finally, consistent with Qwest's promises
21 during the 271 workshops, that Qwest has adequately
22 updated its technical publication to be consistent with
23 the SGAT. Thank you.

24 JUDGE RENDAHL: Thank you. Is there anything
25 further in terms of opening statements?

7367

1 (No response.)

2 JUDGE RENDAHL: Let's proceed to our first
3 witness, and that would be Judith Schultz; is that
4 right?

5 THE WITNESS: Right.

6 JUDGE RENDAHL: Ms. Schultz, will you state
7 your name for the court reporter, and give your address,
8 please?

9 THE WITNESS: My name is Judith M. Schultz.
10 My work address.

11 JUDGE RENDAHL: You need to make sure that mic
12 is on. We can't hear you.

13 THE WITNESS: My name is Judith M. Schultz. My
14 work address is 1005 - 17th Street, Room 1730, Denver,
15 Colorado.

16 JUDGE RENDAHL: Thank you. Raise your right
17 hand.

18
19 JUDITH M. SCHULTZ,
20 produced as a witness in behalf of Qwest, having been first
21 duly sworn, was examined and testified as follows:

22
23 JUDGE RENDAHL: Please go ahead.

24 MS. SCHULTZ: Today what I would like to do is
25 to describe our change management process, and then show

7368

1 how our change management process satisfies four of the
2 factors relied upon by the FCC to evaluate a BOC's
3 compliance with change management.

4 Qwest has had a change management process since
5 1999. And in June of 2000 we entered into a
6 collaborative effort with the CLECs to redesign and
7 improve our change management process.

8 The redesign effort is open to all CLECs, and
9 several have elected to participate on a consistent
10 basis. We have also had members from KPMG and CAP
11 Gemini Ernst & Young participate in the meetings, as
12 have members from the Colorado Commission Staff. The
13 team has been meeting four days a month since July of
14 2001.

15 This next part I am going to touch on because I
16 think Andy explained a lot of this, but the approach
17 that the team agreed to use is to follow OBF issue 2233
18 as the basis for our discussions.

19 And that issue has to do with establishing
20 national standards for change management processes.

21 CHAIRWOMAN SHOWALTER: What is OBF?

22 MS. SCHULTZ: Ordering and billing forum. We
23 agreed to work first on systems issues, and then product
24 and documented detail processes, which are contained in
25 what we call the master Redline document. This is

7369

1 posted on Qwest's wholesale change management website.

2 Once we reached agreement on a given process,
3 Qwest implemented that improvement as quickly as
4 possible. And at this point, all substantive
5 negotiations regarding systems products and processes
6 have been completed.

7 Our change management process supports the five
8 categories of OSS functionality, and that would include
9 preorder, ordering, provisioning, maintenance and
10 repair, and billing. And it's basically the process
11 that we follow to communicate and manage changes to the
12 systems, products and process that affects the CLECs.

13 The change management process provides the
14 CLECs with the opportunity to have input into Qwest's
15 proposed changes, and to propose their own changes. We
16 meet at least two full days a month to discuss these
17 changes, and minutes from our meetings are posted to
18 that website, as are the actual change requests that are
19 active changes to systems. Products and processes are
20 communicated to the CLECs in accordance with the
21 agreed-upon time frames contained in our change
22 management process.

23 The major components of the CMP include the
24 change request initiation process, changes to existing
25 systems, new or retired systems, prioritization,

7370

1 interface testing, production support, and the
2 escalation of dispute resolution procedures.

3 I am going to go into a little bit of detail
4 about the major components of the process. First, the
5 change request, or CR, initiation process, either a CLEC
6 or Qwest can initiate change by filling out a change
7 request form, which is located on the website along with
8 instructions on how to complete that form.

9 Once Qwest receives a completed CR, we
10 acknowledge receipt of that. We post that to our
11 website. We contact the originator of the request, and
12 let them know who is assigned to process the request,
13 and schedule what is called a clarification meeting.

14 We then hold a clarification meeting with the
15 originator. And the purpose of that meeting is to make
16 sure that the Qwest subject matter experts who have been
17 assigned to work on that change request fully understand
18 the nature of the request, and the expected deliverables
19 from the CLEC's perspective.

20 Then we issue our initial response, and post
21 that response to the website. We present that change
22 request at the upcoming CMP monthly meeting, and get
23 CLEC input on that. And if necessary, we revise the
24 response and post the final response to the website.
25 Along the way, the status of the CR is tracked and it's

7371

1 posted on the web.

2 So for example, if you went out to our website
3 to look at a given CR, you would see the description of
4 the CR, who is assigned to work on the CR, minutes from
5 the clarification meeting, and any subsequent meetings,
6 Qwest's responsibility to the CR revisions to Qwest's
7 response, and the current status of the CR.

8 The next major component, then, is changes to
9 an existing interface. And this process addresses what
10 happens to a systems CR once it is selected for a
11 release. And there are six key elements in this
12 process, and I am going to talk on the application to
13 application process.

14 We have similar processes for GUI, graphical
15 user interface, changes, as well as for new or retired
16 systems. But the biggest difference is just the time
17 frames involved. So this process has six key elements.

18 The first one is Qwest is obligated to provide
19 our draft technical specifications 73 days prior to
20 implementation. And that's the information that the
21 CLECs use to make the coding changes on their interface.

22 We then conduct a walk-through. And the
23 purpose of the walk-through is for Qwest and CLEC's
24 technical subject matter experts to get together and
25 talk about the proposed change, and for Qwest to answer

7372

1 any questions that the CLECs might have.

2 That's followed by a CLEC comment period. And
3 then Qwest's response to the CLEC comments. 45 days
4 prior to implementation we issue our final technical
5 specifications. There's a joint testing period 30 days
6 prior to implementation. And then the last key element
7 is the actual deployment date.

8 The next major section of the change management
9 process has to do with prioritization. So this is the
10 process that the CLECs and Qwest follow to prioritize,
11 when necessary, the systems change requests.

12 And there are four types of change request.
13 There's CLEC originated change requests, Qwest
14 originated change requests, regulatory change requests,
15 and industry guideline change requests.

16 And the CLECs have all prioritized their own
17 CRs. As of August 2001, they have also prioritized
18 Qwest originated CRs. And we have recently approached
19 CLECs to prioritize the regulatory and industry
20 guidelines CRs, provided the required implementation
21 dates can be met.

22 The CLECs actually prioritized industry
23 guidelines CRs, Qwest CRs, and CLEC prioritized the IMA
24 11.0 release.

25 Production support is another section, and that

7373

1 process basically addresses what the processes are for
2 correcting systems or process problems once the change
3 has already been implemented.

4 And finally, the last key section is escalation
5 and dispute resolution procedures. These procedures
6 outline the steps to be followed if the CLEC wants to
7 escalate, or these were jointly developed and agreed to
8 by the CLECs and Qwest.

9 And escalation can be initiated by filling out
10 an escalation form, which is also located out on our
11 website. And once Qwest receives a completed escalation
12 form, if the escalation form is related to a change
13 request, we have got seven days to come back to the CLEC
14 with a binding response. If it's not directly related
15 to a CR, we have got 14 days to come back with a binding
16 response.

17 Now, I would like to talk a little bit about
18 how our change management process satisfies the four
19 factors I am about to list, relied upon by the FCC to
20 evaluate a BOC's change management process.

21 The first one is information relating to the
22 CMP is clearly organized and readily accessible to
23 competing carriers. Second one is competing carriers
24 had substantial input into the design, and continued
25 input into the operation of the CMP. Third, the CMP

7374

1 defines a procedure for the timely resolution of change
2 management disputes. And the fourth factor is the BOC
3 has demonstrated a pattern of compliance with the change
4 management process.

5 So going back to the first one, the information
6 relating to the CMP is clearly organized and readily
7 accessible. Qwest maintains a website that the CLECs
8 helped to design that contains basically all of our
9 change management information. The website includes
10 things like the actual change management process
11 document, forms and instructions for initiating a
12 change, the product process and systems interactive
13 properties that contain the CR detail that I talked
14 about a little earlier, change management meeting
15 schedules, and change management meeting materials,
16 including meeting minutes from our monthly sessions.

17 We have a document review site, and that's for
18 CLECs to review and provide comments on changes to the
19 PCATs and Tech Pubs.

20 And then we have also got a site that
21 demonstrates escalation and dispute information, the
22 forms, as well as the status on any outstanding
23 escalations or disputes.

24 We have got a redesign site that has a host of
25 information, but includes things like minutes from our

7375

1 meetings, action items, current and previous versions of
2 our Master Redline document.

3 Our website also has links to systems
4 documentation. We have got a 12-month rolling view of
5 planned systems releases. And then all of the
6 notifications that go out to the CLECs.

7 The second area is CLEC input into the design
8 and continued operation of CMP. Our process provides
9 for substantial CLEC input into both the design and
10 continued operation of the CMP with regard to redesign.

11 As I mentioned earlier, a number of CLECs have
12 participated in the redesign of Qwest's change
13 management procedure process. And the efforts provided
14 an opportunity for the CLECs and Qwest to jointly
15 redesign the process by expanding the scope, developing
16 and documenting more detailed processes, improving
17 notification intervals, and establishing meeting
18 standards.

19 As a team, we have been able to reach agreement
20 on all issues, with the exception of a single issue that
21 went to impasse, and has since been resolved.

22 We have even reached agreement with regard to
23 CLEC's input into continued operations. The CLECs and
24 Qwest meet at least two full days per month to manage
25 changes related to systems, products, and processes.

7376

1 The key elements of those monthly meetings were
2 developed by the CLECs and Qwest as part of the redesign
3 process. Our change management process provides
4 opportunity for CLEC input throughout the lifecycle of a
5 given change request for all CRs.

6 The CLECs have the ability to provide input at
7 the clarification meeting. When we present the CR at
8 the monthly meeting, the CLECs, again, can provide input
9 about the change, and any change that Qwest proposes a
10 response for. The CLECs at that same meeting can
11 provide input on Qwest's response.

12 Then, specifically for systems, the CLECs have
13 an opportunity to prioritize, and most important to them
14 gets worked first. They have got an opportunity later
15 in the process to select a packaging option.

16 And basically what that is, is we come up with
17 a list of change requests. And if all of them can't be
18 worked, then Qwest can come back with packaging options
19 which will basically say, "We can do these two, or these
20 three." We talk about combining different CRs, so we
21 can fit more into a release. So the CLECs get to select
22 packaging options.

23 We conduct a walk-through with the CLEC, which
24 we described earlier --

25 CHAIRWOMAN SHOWALTER: Ms. Schultz, it's very

7377

1 hard to actually comprehend something when you are
2 reading it. As soon as you start talking to us, you are
3 looking at us. If you are going to read, you are going
4 to have to slow down. But it's simply hard for any
5 listener to actually comprehend something being read for
6 a long period of time.

7 MS. SCHULTZ: I am sorry.

8 Then for product and process, for any change
9 that has even a minimal impact to a CLEC's operating
10 procedures, the CLECs have a comment cycle where they
11 can go to our website and submit comments on the
12 proposed changes.

13 For changes that have a major impact on a
14 CLEC's operating procedures, our process allows for what
15 we call a collaborative effort. And what that means is
16 at the change management meeting at which that change
17 request is presented, the CLECs and Qwest have to reach
18 agreement on what that collaborative effort entails.

19 So it could be something as simple as the CLECs
20 submitting written comments, or something as extensive
21 as several meetings where the CLECs and Qwest get
22 together and discuss and develop the proposed change.

23 Then the change management process defines a
24 procedure for the timely resolution of CMP disputes.
25 The escalation and dispute resolution procedures were

7378

1 jointly developed by the CLECs and by Qwest. And we
2 have implemented those procedures.

3 And as I mentioned earlier, we have got time
4 frames during which we have to meet or provide a
5 response to the escalation.

6 One of the key improvements in that process is
7 in the past the CLECs would come to Qwest, and then kind
8 of escalate up the chain of command. And at the CLECs'
9 request, we revised the process so now there's a single
10 point of contact. The CLECs come into Qwest, there's a
11 director assigned to work that escalation, and they take
12 care of all the internal calculations.

13 As I mentioned earlier, the escalation process
14 calls for Qwest to respond with its binding within the
15 7- or 14-day period. As of March 26th, Qwest had
16 received only one systems escalation, and four product
17 and process escalations, and we haven't had a single
18 issue going to dispute resolution.

19 The next thing I would like to talk about is
20 that Qwest has already established a strong pattern of
21 compliance with its change management processes, and we
22 have got an exhibit that I provided. It's Exhibit 1540,
23 and I will go over some of the highlights with you. But
24 if you would like to refer to that, that might help.

25 JUDGE RENDAHL: That's 1540?

7379

1 MS. SCHULTZ: Yes.

2 JUDGE RENDAHL: And it's titled Change
3 Management Improvements as of April 15, 2002?

4 MS. SCHULTZ: Yes. Yes, it is.

5 First section of this has to do with the scope,
6 and we reached agreement on the scope on October 2,
7 2001, and we have complied with that process for over
8 six months.

9 And at this time we have processed 154 systems
10 requests, and 43 product and process requests. And we
11 have only rejected one request on the ground that it was
12 not within the scope of the change management process.
13 And the parties have since agreed with Qwest's
14 assessment of that.

15 Skip over to section 5, and that has to do with
16 CLEC and Qwest's OSS interface change request initiation
17 process. We reached agreement on that originally on
18 September 5, and then we revised that process on October
19 16, and we have complied with that revised process for
20 over five months now.

21 Between November 1 of 2001 and March 26 of
22 2002, we have processed 103 new systems requests in
23 accordance with that process. There are nine separate
24 milestones that we're obligated to meet when we process
25 those systems requests. Out of a possible 599

7380

1 milestones that we have reached for those change
2 requests, Qwest is responsible for missing only five,
3 which equates to a compliance rate of better than 99
4 percent.

5 The next area has to do with Qwest -- excuse
6 me, CLEC product and process change request initiation
7 process. On that one we reached agreement on October 1.
8 We revised it on October 30. So, again, Qwest has
9 complied with this process for over five months.

10 And in that period of time we have process the
11 36 new CLEC originated product in process change
12 requests. We're responsible for missing 7 out of a
13 possible 231 milestones, which equates to a compliance
14 rate of 97 percent.

15 Section 7 has to do with the introduction of a
16 new application to application, or the introduction of a
17 new GUI. And we agreed on that process in November of
18 2001. And on March 8, 2002 we had an opportunity to
19 introduce a new GUI, and to follow the process.

20 The name of the GUI is the forecast system, and
21 there are six milestones that Qwest tracks with the
22 introduction of a new GUI. And we're 100 percent
23 compliant with meeting those milestones, with the
24 exception of the actual implementation date which hasn't
25 been reached yet.

7381

1 Changes to an existing OSS interface, there are
2 several components. One has to do with the fact that
3 Qwest agreed to implement no more than three major
4 releases, and no more than three point releases in a
5 year. We agreed that we would space those major
6 releases no closer than three months apart, and we have
7 agreed that we would support the previous major IMA
8 releases for six months. And Qwest is 100 percent
9 compliant with all of those processes.

10 We're currently in the process of introducing a
11 change to an existing OSS interface. That would be the
12 IMA 10.0 release. And as I mentioned earlier, there are
13 six major deliverables when we introduce a change to an
14 application to application interface.

15 So far we have reached the first two
16 milestones. We're 100 percent compliant with that. The
17 remaining four milestones will be completed by June 16.

18 We did also have an opportunity to change --
19 introduce a change to a graphical user interface, and we
20 introduced that change on April 7. And there are four
21 milestones that we track for that, and Qwest is
22 compliant with the first three milestones. The
23 milestone that is left is deployment, which is scheduled
24 for May 5 of this year.

25 I would like to talk a little bit about
7382

1 production support. We reached agreement on the
2 production support process in December. We finalized it
3 and implemented it in February of 2002. We have
4 complied with this process since then. In that time we
5 have had three planned outages. And in each instance
6 Qwest was 100 percent compliant with the process.

7 It's been Qwest's practice, even before the
8 redesign effort, to conduct post deployment meetings, so
9 we have been compliant with that all along.

10 And there's some data in here about the number
11 of production support issues that were handled via this
12 process.

13 And then finally with regard to the escalation
14 process, I mentioned the number of escalations that we
15 received. Five in total out of a possible 40
16 milestones, because we track eight deliverables for each
17 escalation. Qwest is responsible for missing only one
18 milestone. We actually posted some updated information
19 on our website, so we have a compliance rate of 98
20 percent. And, again, we have had nothing go to dispute.

21 So in closing, I would like to say that I think
22 the CLECs and Qwest have worked very hard to develop
23 this redesign process, and I believe that Qwest meets
24 the factors required by the FCC, and that we have, in
25 fact, demonstrated compliance with those processes over

7383

1 time. Thank you.

2 JUDGE RENDAHL: Thank you. I think this is a
3 good time for a break, so we will be off the record
4 until quarter after 3:00.

5 (Brief recess taken.)

6 JUDGE RENDAHL: Let's go back on the record,
7 and we're beginning with cross examination by
8 Ms. Friesen of Qwest's official.

9

10 CROSS EXAMINATION

11

12 BY MS. FRIESEN:

13 Q Good afternoon, Ms. Schultz. I may have
14 misheard your testimony, so I want to ask -- this is a
15 clarifying question. It's true that the kick-off
16 meeting for the redesign process took place July 11,
17 2001, and not sometime in June?

18 A We actually first proposed the redesign effort
19 in June, and the kick-off meeting was in July. But we
20 discussed it and presented it in the June time frame.

21 Q But the actual work on redesign didn't really
22 begin in earnest, at least from the CLEC's perspective,
23 as a joint effort until July?

24 A Correct. Correct.

25 Q Now, am I also correct that you assumed your

7384

1 position as the director of change management in July
2 sometime of 2001?

3 A Correct.

4 Q And you have people working for you on the
5 change management process, and I believe those people
6 are called project managers; is that correct?

7 A Yes.

8 Q And do these project managers track the change
9 requests or CRs that you have just discussed with the
10 Commission?

11 A Yes, they do.

12 Q Are they responsible for individual CRs that
13 are assigned to them?

14 A Correct.

15 Q So you kind of oversee them?

16 A Yes.

17 Q And they have assistants that work on those
18 with them, or no?

19 A Assistants? What they do, basically, is when a
20 change request comes in, they serve as the project
21 manager to the change request that is assigned to them,
22 but they are not subject matter experts on everything.
23 So they pull together the appropriate Qwest subject
24 matter experts who work with the CLECs to resolve the
25 issues.

7385

1 Q You talked a little bit about milestones?

2 A Uh-huh.

3 Q And if you would, could you define for us what
4 those milestones are?

5 A For which process?

6 Q Well, let's start with the system process. And
7 if you wouldn't mind, I think you suggested there are
8 nine -- or there are six? Could you just tell me what
9 they are?

10 A Sure. There are a couple of different systems
11 processes, but I think the one you are referring to is
12 the change request initiation process.

13 And so our milestones are, upon receipt of a
14 completed change request, we acknowledge receipt of the
15 change request. We post that to the website. We
16 contact the originator of the change request to schedule
17 the clarification meeting. We hold the clarification
18 meeting. We draft an initial response. We post that to
19 the web. We present that response and the CR at the CMP
20 monthly meeting. And if necessary, we revise the change
21 request, and we post the revision to the website.

22 Q Okay. Now, let's take the very first one. You
23 acknowledge that you have received a CR --

24 A Correct --

25 Q So the project manager would say call up the

7386

1 CLEC, or send them an e-mail acknowledging receipt, and
2 you check off your milestone, correct --

3 A It's an e-mail. And what we do when we
4 acknowledge it is we acknowledge that we received it.
5 We assign it a CLEC number so the project manager can
6 track the progress of the CR request. It's just really
7 an acknowledgement that we did receive it.

8 JUDGE RENDAHL: Can I ask both of you not to
9 talk over each other. Wait until each other is
10 finished. It's easier to listen, and a lot easier for
11 the court reporter to take down the record.

12 Q BY MS. FRIESEN: But is it the project manager
13 that is measuring the milestone that would check off --
14 in other words, you just sent the e-mail acknowledging
15 receipt of this CR, check on the milestone; is that
16 correct?

17 A That's correct.

18 Q With respect to the milestone for clarification
19 meetings, how does that one work?

20 A How that one works is according to the process
21 we agreed to, within eight business days of receipt of a
22 completed CR we hold a clarification meeting. And what
23 that entails is if it's a CLEC originated request, we
24 meet with the CLEC and anybody they want to have join in
25 on the call.

7387

1 And we have a CR project manager on the call,
2 and we bring in the appropriate Qwest subject matter
3 expert, and we discuss the CR.

4 There are a series of questions that we ask the
5 originator of the change request, but we're trying to
6 get at specifically, what are you trying to accomplish?
7 What's the functionality with the CR, and what are the
8 expected deliverables in order to close out this change
9 request?

10 Q So if I am the project manager measuring my
11 milestone for that clarification meeting, as soon as I
12 set up the meeting, do I say check --

13 A No.

14 Q -- or do I wait until the meeting is held,
15 check?

16 A You wait until after the meeting is held, and
17 then you check it. All of that information, if a CLEC
18 wanted to verify if that was occurring, that's all
19 tracked on our website under the status history of the
20 milestone.

21 Q And the milestone is that the meeting was held?

22 A Correct.

23 Q If Qwest comes ill prepared to that
24 clarification meeting, in other words, if you are not
25 ready for it, is there a measure or milestone for that?

7388

1 A Well, I would say at that meeting there's
2 really not an opportunity for Qwest to come ill
3 prepared, because the purpose of the meeting is really a
4 fact-finding meeting with the CLEC originator of the
5 request.

6 Q Now, are the milestones that you discussed
7 associated with implementing the CR -- let's say you go
8 up through, you know, you acknowledge receipt, you post
9 it on your website, which I understand is a milestone,
10 you contact the CLEC, you hold your clarification
11 meeting, you offer an initial response, is that a
12 milestone?

13 A Yes.

14 Q Then you post your initial response on your
15 website. Is that a milestone?

16 A Yes.

17 Q Then what do you do after you have posted the
18 milestone? If Qwest determines it's going to implement
19 the CR, are there milestones with respect to the
20 implementation?

21 A Yes.

22 Q Could you define those for me?

23 A Sure. If it's a systems change request that
24 we're going to implement, what happens is after we issue
25 our response, that's generally yes, this is technically

7389

1 feasible, then it kind of goes in a holding tank, if you
2 will, with the other change requests that we believe we
3 can implement until the next opportunity to prioritize
4 change requests comes up.

5 So let's jump ahead and say that a given change
6 request is prioritized by the CLECs highly enough that
7 it's included in the next release.

8 Then at that point in time, that's where those
9 other milestones come into play, where for a given
10 change, the draft technical specifications that are
11 driven from that change would be provided to the CLECs
12 73 days in advance of the implementation.

13 We have the walk-through. We have got the
14 comment cycle. We have got the 45-day period for final
15 technical specifications, joint testing, all the way
16 through deployment and implementation of that change
17 request.

18 And following the implementation of that change
19 request, we have something that we call CLEC tests. So
20 that means after something is in production it goes into
21 a CLEC test mode where we check with the CLECs following
22 the implementation and make sure that the change request
23 met their needs.

24 Q Okay. Great. Thank you. Now, the milestones
25 are measured by the project managers that you oversee.

7390

1 Are these milestones also PIDs?

2 A Well, some of them are.

3 Q Which ones are?

4 A The PID that applies to change management is
5 the PL16 PID, and that really has to do with release
6 notifications.

7 JUDGE RENDAHL: When you say PID, you all are
8 referring to P-I-D for the court reporter?

9 MS. FRIESEN: Correct, yes.

10 JUDGE RENDAHL: Thank you.

11 Q BY MS. FRIESEN: PL16 has to do with release
12 notifications; that is, telling the CLEC when Qwest is
13 releasing a new upgrade to an interface, or something of
14 that nature; is that correct?

15 A It really has to do with the milestones that I
16 just described where we send out the draft technical
17 specifications and the final specifications. So it's
18 notification about systems.

19 Q I guess I am not really following how PL16 is
20 like the milestones that you have just explained to me.
21 I am not following the connection.

22 A Well, that's what PL16 measures. They will
23 specifically look at did we provide the draft technical
24 specifications 73 days in advance of implementation, for
25 example.

7391

1 Q So how does the acknowledgement of receipt of a
2 change request milestone fit into that?

3 A That piece doesn't. Not all of our milestones
4 fit into PL16. Just some of them do.

5 Q Does timeliness of posting a CR on the website
6 fit into that milestone?

7 A No.

8 Q I am sorry?

9 A I know what you are trying to say --

10 Q Does it fit into that PID? Does contacting the
11 originating CLEC fit into that PID?

12 A No. Actually some of those milestones that you
13 are mentioning, those are not tied into PL16. But we
14 track those, because that's the process that Qwest
15 agreed to follow. So we're just monitoring our own
16 compliance.

17 Q So those are internal measures by project
18 managers, and they really are not associated with the
19 ROC PIDs?

20 A That's correct.

21 Q Now, you testified on February 27, 2002 before
22 the Colorado Public Utility Commission; is that correct?

23 A I would assume so, yes.

24 Q Subject to check on that date. You did
25 testify?

7392

1 A Yes. Yes.

2 Q In a somewhat similar manner to what you are
3 doing today; is that correct?

4 A Yes.

5 Q And at that time, is it fair to say that you
6 offered up much of the same information that you have
7 just presented to the Washington Commission?

8 A Yes.

9 Q And you are aware, I think, that the Colorado
10 Commission in decision R02-425-I concluded that the
11 testimony that you are offered, along with the CMP
12 briefs which the parties filed on April 8 was not
13 sufficient evidence to prove that Qwest's CMP complied
14 with the FCC's requirements.

15 In fact, the Commission said if the Commission
16 were to decide on the current record, it would have, at
17 best, to remain silent on CMP meeting FCC criteria, or
18 at worst to urge the FCC to deny the Qwest application
19 because of CMP deficiencies.

20 Are you aware that the Colorado PUC has come
21 out with that?

22 A I was actually at that hearing, and my
23 understanding was that the Commission was looking for
24 more evidence in the record with regard to SATE, not the
25 change management process that I described.

7393

1 Q You think the Commission was only interested in
2 SATE?

3 A That's my understanding.

4 Q You do understand that -- do you not, that this
5 is a Commission decision in writing saying your CMP
6 process, not specifically SATE, was insufficient?

7 MR. CRAIN: I object to this line of
8 questioning in terms of the order. The order speaks for
9 itself, and I don't understand. I think she's being
10 asked for her interpretation of this order, and I don't
11 think that's appropriate here.

12 MS. FRIESEN: I am not asking for her
13 interpretations. I am asking if she's aware that the
14 evidence proffered was insufficient. That's the
15 foundation for the next question. And to Andy's point,
16 if she's not familiar with this order, it is offered as
17 Exhibit 1602, and it does speak for itself. So --

18 JUDGE RENDAHL: Why don't we try the next
19 question, and see if it needs the foundation you were
20 trying to lay.

21 Q BY MS. FRIESEN: Are you aware of what the
22 Colorado Public Utility Commission has offered Qwest to
23 do -- let's see, the three fixes that it offered?

24 A No.

25 Q You are not?

7394

1 A No.

2 Q Do you know whether or not Qwest has been given
3 an opportunity to put more evidence into the record in
4 Colorado?

5 A I understood from the hearing, I heard the
6 Commissioner talk that we were requested to put more
7 evidence in the record. I can't remember the date that
8 that was due.

9 Q Okay. Okay.

10 A Sorry.

11 Q Have you --

12 CHAIRWOMAN SHOWALTER: May I interrupt. You
13 are speaking of the Colorado Commission, and Exhibit
14 1602 appears to be signed by a hearing commissioner.
15 And I don't know which actually happened myself, but
16 would you make your questions precise as to whether you
17 are intending to speak of the Commission or of a
18 commissioner, a hearing commissioner.

19 MS. FRIESEN: I will. Okay.

20 Q BY MS. FRIESEN: Let me just say this: have
21 you offered to this Commission the information you
22 intend to offer in response to Chairman Gifford's
23 request, or opportunity he's given you to provide more
24 evidence into the record in Colorado? Have you offered
25 that evidence here today to this Commission?

7395

1 A I guess the only thing I can say is my piece of
2 this is the change management process. So I would
3 suspect that we would provide the updates on the
4 agreements that we reached at the last redesign session.

5 But again, it's my understanding that the bulk
6 of the additional information would be more on the
7 systems side. And so, no, I haven't shared that
8 information. That's not my area of expertise.

9 MS. FRIESEN: In light of that response, I
10 would like to request that this Commission take
11 administrative notice of R02-453-I. It is a decision
12 from the Colorado Public Utilities Commission --

13 JUDGE RENDAHL: As a whole?

14 MS. FRIESEN: -- by Hearings Commissioner Ray
15 Gifford requesting -- it's actually outlining the scope
16 of what Qwest is to provide with respect to additional
17 information for CMP, not just SATE.

18 And it offers three alternatives, and it
19 defined the one that Qwest has chosen. I can get copies
20 of that made this afternoon and distributed.

21 JUDGE RENDAHL: I think that would be helpful.

22 MS. FRIESEN: Thank you. That concludes my
23 cross examination. And thank you, Judy.

24 JUDGE RENDAHL: Any redirect? Actually, before
25 you have redirect, are there any questions from the

7396

1 bench?

2 CHAIRWOMAN SHOWALTER: Yes, I have one. You
3 were making a distinction between the change management
4 process on the one hand, and I think systems processes
5 on the other, is what I thought I heard you say?

6 MS. SCHULTZ: Yes.

7 CHAIRWOMAN SHOWALTER: I know what the change
8 management process is, I think. How is it distinguished
9 from the systems processes?

10 MS. SCHULTZ: Okay. I probably didn't state
11 that very clearly, but what Andy mentioned earlier about
12 the need to have a stable testing environment that the
13 SATE, EDI, and then technical assistance, those kinds of
14 areas --

15 CHAIRWOMAN SHOWALTER: As distinct from the
16 change management process whereby a CLEC proposes a
17 change, and there's a process to handle that proposed
18 change?

19 MS. SCHULTZ: Yes.

20 CHAIRWOMAN SHOWALTER: Thank you.

21 JUDGE RENDAHL: Any other questions
22 at this point?

23 (No response.)

24 JUDGE RENDAHL: I have one clarifying question.
25 During your run through Exhibit 1540 -- do you have page

7397

1 30?

2 MS. SCHULTZ: I have one. I am not sure it's
3 the exact one you have.

4 JUDGE RENDAHL: And it discusses the process,
5 Section 8.2, graphical user interface. And under the
6 record of compliance column, I just wanted to clarify
7 the dates. I think the year may be incorrect there?

8 MS. SCHULTZ: I am sorry. Yes. That should be
9 2002.

10 JUDGE RENDAHL: And also at the bottom,
11 deployment is planned from May 2000 to 2002?

12 MS. SCHULTZ: Correct. Correct.

13 JUDGE RENDAHL: And I don't know if there are
14 other date problems, but that might be something you
15 might want to look through.

16 MS. SCHULTZ: Thank you.

17 JUDGE RENDAHL: I don't have any other
18 questions than that.

19 So Mr. Crain, any redirect?

20 MR. CRAIN: No further redirect.

21 JUDGE RENDAHL: Let's be off the record for a
22 few minutes.

23 (Brief recess taken.)

24 (Ms. Doberneck was previously sworn.)

25 JUDGE RENDAHL: Let's be on the record.

7398

1 We're back on the record after a brief
2 reorganization break. We have a panel of witnesses in
3 front of us, and one witness and one potential witness
4 on the bridge line.

5 So starting in order with Mr. Dixon, could you
6 state your name for the court reporter and your address.

7 MR. DIXON: My name is Thomas Fred Dixon. I
8 live at -- or my office is 707 -- 17th Street, 42nd
9 Floor, Denver, Colorado, 80202.

10 JUDGE RENDAHL: And you are here as a witness
11 for WorldCom?

12 MR. DIXON: I am appearing on behalf of
13 WorldCom, yes.

14 JUDGE RENDAHL: Mr. Menezes.

15 MR. MENEZES: Mitchell A. Menezes, 1875
16 Lawrence Street, 15th Floor, Denver, Colorado, 80202.
17 And I am here on behalf of AT&T.

18 JUDGE RENDAHL: If you haven't already --

19 MR. MENEZES: M-e-n-e-z-e-s.

20 JUDGE RENDAHL: Ms. Doberneck, would you state
21 your name for the record?

22 MS. DOBERNECK: Megan Doberneck,
23 D-o-b-e-r-n-e-c-k, on behalf of Covad Communications
24 Company.

25 JUDGE RENDAHL: Ms. Doberneck was sworn in as a

7399

1 witness two days ago?

2 MS. DOBERNECK: Yes.

3 JUDGE RENDAHL: On the bridge line,

4 Mr. Connolly, are you still there?

5 MR. CONNOLLY: Yes, I am.

6 JUDGE RENDAHL: State your name, and who you

7 are representing as a witness.

8 MR. CONNOLLY: Timothy Connolly,

9 C-o-n-n-o-l-l-y. My office address is 2005 Arbor

10 Avenue, Belmont, California. And I am appearing for

11 AT&T.

12 JUDGE RENDAHL: I am sorry, appearing for --

13 MR. CONNOLLY: AT&T.

14 JUDGE RENDAHL: Mr. Thompson?

15 MR. THOMPSON: I am --

16 COURT REPORTER: I can't hear you --

17 JUDGE RENDAHL: Mr. Thompson, the court

18 reporter can't hear you. Would you speak up or turn up

19 the volume, or --

20 MR. THOMPSON: I just picked up the handset.

21 My name is Jeffrey L. Thompson, and I am here on behalf

22 of Qwest.

23 My office address is 1005 - 17th Street, Room

24 1050, Denver, Colorado, 80202.

25 JUDGE RENDAHL: Will each of you raise your

7400

1 right hand, realizing, Ms. Doberneck, you have

2 previously been sworn under oath. Those of you who have

3 not been, raise your right hands.

4 THOMAS FRED DIXON,

5 MITCHELL A. MENEZES,

6 TIMOTHY CONNOLLY,

7 JEFFREY THOMPSON,

8 produced as a witnesses, having been first duly sworn, were

9 examined and testified as follows:

10

11 JUDGE RENDAHL: Let's, again, anticipate we're

12 beginning with Mr. Dixon.

13 MR. DIXON: Yes, correct.

14 JUDGE RENDAHL: Go ahead.

15 MR. DIXON: Good afternoon, Chairwoman

16 Showalter, Commissioner Hemstad, Commissioner Oshie, and

17 Judge Rendahl.

18 My name is Thomas Dixon, and I am an attorney

19 with WorldCom. And I appreciate your, for lack of a

20 better thing, bending the rules for having an attorney

21 provide factual information relevant to this procedure,

22 and will stick exclusively to the facts -- or at least

23 that's my goal.

24 I will talk a little bit about my background a

25 little bit in general, and the 271 process. I want to

7401

1 discuss the background of change management, and how it
2 relates to the 271 process that you have been dealing
3 with for two, or two and a half years, and very briefly
4 about the three exceptions that Mr. Crain has alluded to
5 that have relevance to the change management process.

6 And I say that as opposed to the stand alone
7 test environment exceptions, which while still part of
8 the change management process, those will be addressed
9 by Mr. Connolly. And finally, in my comments, I hope to
10 respond to, at least to some degree, the comments by
11 both Mr. Crain and Judy Schultz.

12 As I indicated, I have been an attorney and I
13 have worked on these Qwest proceedings. The dockets
14 carry a date of 1997, but they have been actively going
15 on for almost three years.

16 My role has been to address legal requirements.
17 That is what is known as the SGAT, or statement of
18 generally available terms and conditions. And I was
19 lead attorney in Arizona and Colorado in those.

20 I worked to some degree on what is known as the
21 multi-state group, which addressed the six states in
22 other parts of the Qwest territory, and I actually
23 appeared in this case as an attorney on the non-OSS
24 portion of those 271 workshops.

25 I appreciate us being able to work a little bit

7402

1 out of the normal procedures. As I indicated, the
2 statement of generally available terms proceedings have
3 addressed legal requirements and how Qwest, through its
4 contracts or documents, intends to meet those legal
5 requirements.

6 I have also been actively involved in the
7 Arizona test, and that is the -- I'm the attorney that
8 has handled that test with our then expert Elizabeth
9 Balvin, B-a-l-v-i-n, who has actually filed testimony in
10 this proceeding. She's on maternity leave, which is why
11 she's not here.

12 Both Elizabeth and I worked on the OSS test,
13 which I have knowledge of, and will relate specifically
14 on a factual basis. I attended all the workshops that I
15 could in that process, as well. I also have been
16 actively working on the performance assurance plan, or
17 what is known as the anti-back sliding plan. I
18 addressed that in Arizona, Colorado, and also for the
19 nine states that make up the multi-state group that are
20 actually handling that issue.

21 And finally -- and actually last, I have got
22 roped into the change management process, which is why I
23 am basically here.

24 The reason I bring those other things to your
25 attention is they are, in fact, all interrelated. For

7403

1 example, the change management process has been in the
2 SGAT in Section 12.2.6 from the first filing of an SGAT
3 you have likely had in this state.

4 So you will see at least the content was
5 embodied in the SGAT back at that time in whatever
6 version of the SGAT as they have come down from Qwest.
7 You will see generally there was something called an
8 Exhibit G and Exhibit H, that were also a part of the
9 statement of generally available terms.

10 Exhibit G, when it was first filed, limited
11 what was known as the co-provider industry change
12 management process. And I would say that is the process
13 to which Judy Schultz referred to was in existence in
14 1999. It carried the CICMP, C-I-C-M-P. So you might
15 see that in testimony you have received in this case.

16 For example, Exhibit H at that time addressed
17 what was known as escalation dispute resolution
18 procedures for the then CICMP process seal.

19 So when you go back to your own record in the
20 271 case, the competitive local exchange carriers, as
21 well as Qwest began addressing change management in
22 Workshop 4, which relates to the general terms and
23 conditions.

24 If you were to look in your documents, which I
25 suspect you do not have with you, but I will at least

7404

1 give you a road map where to go, you will see Qwest
2 filed testimony through Mr. Allen, A-l-l-e-n, which was
3 identified as Exhibit 750T, and attached to that
4 testimony were exhibits I marked for identification as
5 751 through 753.

6 AT&T filed testimony through Mr. Finnegan,
7 F-i-n-n-e-g-a-n, and his testimony is found as Exhibit
8 845T, and he had attachments that ran from Exhibit 846
9 through 862. And it could be 852. I am having trouble
10 reading my own writing.

11 WorldCom filed testimony, as I alluded to, by
12 Ms. Elizabeth Balvin, her testimony addressing CICMP was
13 found at Exhibit 855T, and she had exhibits that
14 addressed the same subject matter, 856 and 857.

15 Finally, Michael Schneider for WorldCom -- and
16 that name is S-c-h-n-e-i-d-e-r -- filed general terms
17 and conditions testimony. And in there he also talked
18 about matters that related to change management. And
19 I will allude to those specifically in a few moments,
20 because most of his testimony does not relate to it. I
21 don't suggest you go read it at length. I will point to
22 what I suggest is relevant.

23 The test that I have been a part of, the
24 Arizona test and the ROC test -- and I will focus on the
25 ROC test, but the conclusions were basically the same.

7405

1 In 1999 when Qwest was operating under the company
2 provider change in both of the Arizona tests, Cap Gemini
3 Ernst & Young, as well as KPMG were evaluating that
4 particular process in the ROC test.

5 You have heard of the references to
6 observations and exceptions. And so when there was an
7 issue that would come up, the ROC tester would issue --
8 and that could be any one of three testers, KPMG,
9 Hewlett Packard pseudo CLEC, and Liberty Consulting
10 doing the auditing, could issue an observation or an
11 exception.

12 In Arizona they issued something called an
13 incident work order. Both testers through either their
14 observations or exceptions, in the case of the ROC test,
15 or in the case of the incident work orders in Arizona
16 deemed Qwest's CICMP inadequate. That's what opened
17 those particular issues.

18 And the primary criticism at that time that
19 when they were doing these tests was the fact that CLECs
20 did not have sufficient input into designing the change
21 management process, or sufficient input into the
22 operations of the change management process.

23 And to give you an example, I would suggest
24 change management is largely -- we have talked about
25 what it is in the legal sense, and what it's been

7406

1 referred to is the businesses interacting with each
2 other. But it's also a number of competing businesses;
3 in other words, not all CLECs are equal. We compete
4 against smaller CLECs whose business may have nothing to
5 do with WorldCom's.

6 The neighborhood that just came out, we're
7 using a UNE platform approach. Someone else may be
8 doing resale, Covad might be relaying on the DSL. The
9 fact that we have all competitive local exchange
10 providers does not mean we talk with one voice. When it
11 comes to our business planning to change management, it
12 becomes the ability for the businesses to interact with
13 one another.

14 We interact with account teams. For example,
15 WorldCom, a relatively large customer, may have its own
16 account representative team that is dedicated solely to
17 WorldCom. So if we have a problem with something,
18 we would contact them.

19 Change management might also be known as
20 relationship management, the management of our
21 relationship with our companies. AT&T likely has an
22 account team specialist, or a group of people that,
23 again, if they have a problem, they interact with.

24 So this is change -- part of change management.
25 It's how these businesses talk to each other face to

7407

1 face, and then we will also hear about computers
2 talking.

3 But at least in 1999, and all the way through
4 July 2001 when you heard the redesign process went into
5 effect, over that entire period of time the competitive
6 local exchange carriers were allowed to what is called
7 prioritize certain change requests, or you have heard
8 the references to CRs.

9 But these are change requests to, perhaps,
10 modify and interface that we may be interacting with,
11 whether it's an EDI -- you have heard references to the
12 application to application interface, EDI is also known
13 as that concept, or GUI, which is using graphical user
14 interface, like on our computer screens where we have
15 the various icons. It's much more complex.

16 But the point is the whole goal of these
17 prioritizations is to take these competing interests
18 between all the CLECs, as well as Qwest, plus what might
19 be ordered by a legislator or what is recommended by an
20 industry committee -- you heard about the ordering and
21 billing forum. They might say when you do certain
22 things, the goal is to prioritize these four forms of
23 input, and determine as a group what gets done first.

24 And so each CLEC that may be trying to do
25 something in their own business plan may not actually

7408

1 need the same modifications or upgrades to the Qwest
2 systems, because that may not be what they are
3 interested in. So it's a true prioritization.

4 Now, I bring this to your attention because
5 back in '99 I alluded to four methods of making change
6 requests. Regulatory Commission changes ordered; an
7 industry change request before the OBF, ordering and
8 billing forum, recommending certain things be done.
9 Qwest initiated change request -- No. 3, CLEC
10 competitive local exchange carriers, change request --
11 excuse me. The third form of change request was what is
12 called a Qwest initiated change request.

13 The fourth change request form was a
14 competitive local exchange carrier, or CLEC, change
15 request. And that fourth instance is not just one, but
16 it could be up to 106, I think, Qwest sends out notices
17 to who could be asking for certain things to be done in
18 this change management process, in terms of operational
19 support interfaces.

20 And we have also alluded through Ms. Schultz
21 and Mr. Crain to the product and process change
22 requests, which I will get to.

23 In 1999 and up through July of 2001, the
24 competitive local exchange providers were only allowed
25 to prioritize the type 4 change request, those that the

7409

1 competitive local change providers initiated.
2 Competitive local exchange providers were not entitled
3 to prioritize any of the other types of change requests.
4 So for the releases that were issued to update the
5 various Qwest interfaces prior to July of 2001,
6 approximately 25 to 26 percent of the change requests
7 that were implemented were those requested by the
8 competitive local exchange carriers.

9 Mathematics tells me roughly three-fourths were
10 unilaterally decided upon by Qwest, which they did, and
11 what order.

12 So you can see a competing business operating
13 in that dynamics -- what the testers found, and what we
14 were highlighting and identifying was that we felt that
15 we should have a bigger voice, because these change
16 requests that were being done impacted our opportunity
17 to do business. It impacted how we did business with
18 Qwest, and it would impact how we would build our OSS,
19 operational support system, interface potentially, if we
20 chose to build them. It also would implement how we
21 would code for those interfaces, et cetera.

22 In 2001 -- and Mr. Crain alluded to the
23 testimony that was filed that I have just identified --
24 that testimony was filed in July of 2001 by the docket,
25 and as Mr. Crain said, at that point it became evident

7410

1 they had a problem. I don't think it was just the
2 CLEC's complaint. It didn't hurt that the ROC test and
3 the Arizona testers were saying, "Oh, by the way, we
4 think your process, your change management process, is
5 inadequate."

6 So what happened is in August of 2001, Qwest
7 announced in the Colorado workshop that I was a
8 participant in that it was their preference to go to
9 this new redesign concept. The redesign concept said,
10 "We're going to totally look at this whole process,
11 and," as the term implies, "redesign it."

12 In the meantime, the normal change management
13 processes that had existed since 1999 continued on, and
14 so business went as usual while on a contemporaneous
15 track there was an effort to start modifying the old
16 business as usual.

17 At that point the competitive local exchange
18 player as WorldCom -- in fact, as our testimony
19 reflects -- has concerns about whether this was the way
20 to go, because we recognized the 271 process created
21 leverage. And by having this leverage, we felt we were
22 in some position to get the various changes we were
23 asking for for several years to be actually implemented.

24 So we agreed to go into redesign while we did
25 it. We were not abandoning what role it had in the

7411

1 section 271 process. This all came up as I indicated in
2 the general terms and conditions Workshop 4.

3 That's relevant because it really wasn't first
4 addressed there. All of the CLECs -- going back to the
5 very first workshop this Commission heard on non-OSS
6 issues challenged, right out of the box, the fact that
7 the Qwest statement of generally available terms and
8 conditions cross referenced the internal Qwest documents
9 in the SGAT. For example, when you first looked at some
10 of the non-OSS issues, there would be reference to
11 technical publications. For example, 11934, that may be
12 a fictitious number, but it's close. That's an internal
13 Qwest document.

14 We said, "Wait a minute. We're writing a
15 contract here, and the goal of this contract is to have
16 a bilateral agreement that we both agree on. No one
17 party should have the ability to unilaterally modify
18 this contract."

19 And it was our concern, as long as the contract
20 cross referenced the Qwest internal documents, that
21 Qwest unilaterally could -- did not have a bilateral
22 contract, in fact.

23 So we raised that right from the beginning, "We
24 don't want cross references of internal documents." In
25 either Workshop 2 or 3 in Washington a stipulation was

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1 introduced, and this is what is referred to in Michael
2 Schneider's testimony, Exhibit 860-T.

3 And what you will see is Qwest entered into a
4 stipulation that was put into the record that basically
5 said, "We have heard the CLEC concerns about having
6 cross referenced internal documents, and it is not
7 necessarily our intent to unilaterally modify the
8 agreement, at least not now. So we hereby stipulate
9 that we will submit agreements, or these technical
10 documents, for example, the technical publications, or
11 any other documents of that nature, through the change
12 management process."

13 What wasn't clear was that really meant it
14 would be submitted to change management. There was some
15 debate as we got further down the road as to what that
16 meant. That, in my opinion, was the genesis, from the
17 CLEC perspective, of how we got to the inclusion of the
18 redesign and the product in process concept that Andy
19 has alluded to in the change management process.

20 The redesign process also had a guideline that
21 was interesting that had guidelines on what we could do.
22 And it stated there would be no legal or regulatory
23 personnel involved acting directly as lawyers and
24 regulators.

25 And our concern was since this came out with

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1 the 271 process, we were confronted with the
2 circumstance of, oh, where are we going to address the
3 redesign activity? But that was it. So as a lawyer, I
4 started showing up at these meetings, which is why I'm
5 here as a witness, and began participating in the
6 process.

7 The process then at this point -- and I think
8 Andy and Judy have been accurate in representing that we
9 have made some very good progress. But what we also
10 have is Andy directly stating the issue we're confronted
11 with as the testers, at least the ROC testers, is the
12 issue of whether or not there's a demonstrated issue of
13 compliance marked as exhibits in this proceeding.

14 And Andy referenced exception 3094, which is
15 Exhibit 1597, and that very simply -- and I won't go
16 through it, but rather will allude to what it is
17 about -- addresses the product and process concept of
18 change management, a concept that Andy says is not per
19 se required by the FCC, and says is not included in the
20 FCC order.

21 I submit, first of all, it's part of the very
22 stipulation that Qwest agreed to do this, put these
23 documents through when the issue of having cross
24 referenced the documents, internal documents included as
25 references in the SGAT. That process has essentially

7414

1 now been formalized in Section 5.4 of what has been
2 called the Master Redline document. And Exhibit 1597,
3 in fact, is not now the most current version of that
4 observation, because as Andy has said, Qwest is now,
5 after April 16th's last redesign meeting, asked for that
6 exception to have certain retesting for the purpose of
7 determining whether or not the documentation, the
8 language that's been developed is sufficient.

9 Now, what will not happen, and what Qwest has
10 not requested of the KPMG people is that they actually
11 see how does this process work. So it will be what I
12 call a documentation review, and confirming that at
13 least there's a process, a formal process. But there
14 will be no, in fact, full adherence to it that will be
15 evaluated for a period of time.

16 That is not to say that Qwest is not doing it
17 today, or two weeks ago. But as of April 16th that
18 process was formulated in writing. So the point is, how
19 much time after that should there be a demonstrated
20 pattern of compliance.

21 Exhibit 1598 is the one that relates to what
22 Andy called Exception 3110. In that instance that's the
23 document, and the exception that related to what are
24 known as mailouts. Mailouts are a process that Qwest
25 created. I think it became effective on March 1, 2002,

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1 which sends out a notice that identifies types of
2 changes that will impact their wholesale customers.

3 It could be a network change, it could be a
4 change to an OSS interface. It could be a change to a
5 product, a new product that's being offered, or it could
6 be a change to a process that's being modified from how
7 we have been doing business as usual, or so to speak.

8 That's not meant to be an attempt of this type
9 of activity. Again, historically we tended to receive
10 duplicate notice. I personally receive two to three
11 notices over on the same issues, so one of the accurate
12 notices -- and are there any conflicts between the
13 various notices.

14 Qwest, again, on March 1 came to a unified
15 system. I know since roughly April 1st, I have been
16 getting only one notice for each of the various type
17 changes. So once again, Andy has alluded to the fact
18 that they have now asked the tester to retest, review
19 the documentation process.

20 So once again, that one is still out there
21 being looked at. And while it was closed unresolved,
22 Qwest has asked them to go ahead and look at it.

23 What's important is in both instances Qwest had
24 asked the tester actually close these, and that's what
25 you will find in these two exhibits that I've cited.

7416

1 They have actually said, Go ahead and close these. We
2 will either demonstrate it to the FCC in other fashions,
3 or to the Commission.

4 And lastly, Exhibit 1599 --

5 CHAIRWOMAN SHOWALTER: Before you go on, of the
6 two -- I don't know if they were exceptions or
7 observations that you were alluding to --

8 MR. DIXON: Both are exceptions.

9 CHAIRWOMAN SHOWALTER: What are the numbers?

10 MR. DIXON: The first one is 3094, and that's
11 Exhibit 1597. And the second exception is exception
12 3110, and that's Exhibit 1598.

13 And then I will move on to the third, which is
14 also an exception. And that's exception 3111, and it's
15 marked Exhibit 1599.

16 CHAIRWOMAN SHOWALTER: So all three of these,
17 all three of these are not closed as of this day, or --
18 well, as of the draft final, what is their status?

19 MR. DIXON: As of the draft final they were
20 closed unresolved, or closed inclusive.

21 Since the draft final report was issued is
22 where there have been -- let me restate that. I can't
23 precisely say since the draft report was issued. But
24 sometime between April 16th when the last redesign
25 meeting was held and our hearing, Qwest specifically

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1 made a request to KPMG, which is documented in what they
2 call responses to these various exceptions, Qwest made a
3 request that they do the two forms of retesting, one for
4 each of these exceptions that I have indicated.

5 CHAIRWOMAN SHOWALTER: And these are the same
6 things that Mr. Crain raised?

7 MR. DIXON: Yes. You have got them. You have
8 them in writing. So I won't detail them.

9 The last addresses guidelines for CLEC
10 initiated systems change requests. Again, this is one
11 where it was closed inclusive. It dealt with the issues
12 of prioritization in general, which I have mentioned in
13 alluding to that was the four types of changes, and how
14 they were done prior to about March.

15 There was a significant impasse issue on
16 whether or not what were known as PIDs -- and we have
17 used that term, performance indicator definitions --
18 PID, PAP, performance assurance plan changes, where a
19 regulatory change, a CLEC requested change, or a Qwest
20 requested change, and CLECs said, "We thought these were
21 Qwest requested changes."

22 Let me explain what those are very quickly in
23 the performance assurance plan, and I don't intend to
24 discuss the merits. I am going to use it as an example.
25 Qwest has certain performance indicator definitions that

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1 describe conduct that's being measured, for which
2 penalties may be assessed.

3 Certain of those performance indicator
4 definitions that are included in the PAP required Qwest
5 to make certain standards. One of Qwest's concerns was,
6 "Well, we may not be able to make those standards unless
7 we upgrade our operation in the support system
8 interfaces. And if the CLECs are entitled to vote, they
9 may not prioritize them high enough to ever get these
10 done, and we will pay penalties, even though we want to
11 actually fix these systems."

12 So that was the crux of the issue, did those
13 constitute a regulatory ordered change request. Without
14 going into detail, simply put it this way: the Colorado
15 Commission essentially ruled against Qwest. And Qwest,
16 in the meeting held in early April, decided and has
17 agreed in the meeting that they will apply the Colorado
18 resolution across all states.

19 So it's no longer an impasse issue, which is
20 why Andy raised the point that we have none. But the
21 point of that was those changes -- that type of change
22 unilaterally prioritized by Qwest, if they were, that
23 would take up potentially some chunk of how much of this
24 process would be available for change requests that the
25 competitive providers were looking for.

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1 The exception we're dealing with here, the
2 issue that we really came down for is we have reached
3 agreement. We will agree, and Qwest has agreed, that
4 we will prioritize all of the types, that is, the CLECs
5 as well as Qwest, that includes that the performance
6 indicator definition, performance assurance plan changes
7 will be treated as Qwest initiated changes, or a CLEC
8 could ask for them; in other words, they will not take
9 any higher priority by their status, and the effect of
10 that hasn't been felt.

11 We haven't done this, because all of this
12 occurred after the prioritization of what is called
13 release 10 and release 11, which were alluded to in this
14 exception. And these releases, 10.0 and 11.0 were the
15 various prioritizations, what Qwest said they were going
16 to be able to do to modify their systems.

17 They give us a list, and then we literally, as
18 individually -- each company votes what order we want
19 things done. And that ultimately is compiled, weighted,
20 and determined what gets done first. That's not been
21 done as we have agreed to it yet.

22 In release 10.0 Qwest identified initially nine
23 regulatory change requests that we were not, from the
24 get-go, allowed to prioritize. The CLEC community
25 specifically challenged that, and after a significant

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1 period of time, approximately two months, we did reach
2 agreement where Qwest withdrew, I believe, six of those.
3 And the other three, for lack of a better term, went in.

4 There was no vote. There was no taking the
5 list and reprioritizing, reballoting. But the CLECs let
6 the three go. And we did as much as we could do when we
7 got to release 11.0, which was done several months ago.

8 Once again, Qwest identified two change
9 requests that it considered regulatory. And again, the
10 CLECs were not permitted to do any voting or
11 prioritizing.

12 The Colorado Commission in its ruling said, "We
13 will not disturb that. We will let those two go
14 forward," and that's part of the ruling and part of the
15 agreement that we have had.

16 So we have never had the opportunity to, in
17 fact, to vote on all types. That is, we have never
18 prioritized them all, but we have a process that will
19 allow for that. That's in 5.4 of the Master Redline
20 documents.

21 And that's where, again, we come back to
22 demonstrated pattern of compliance by definition. We
23 haven't had it at that point --

24 CHAIRWOMAN SHOWALTER: Mr. Dixon, can you
25 elaborate slightly on what this balloting and weighting

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1 is? And even if you want to give a simplified version
2 of it, if you have seen CLECs and Qwest all with their
3 different priorities, how does it get made into a single
4 list?

5 MR. DIXON: I would be happy to. And my
6 colleagues, if I get it wrong, can tell me.

7 Effectively the parties, the CLECs and Qwest
8 are submitting the change requests into this change
9 management meeting process that goes on monthly, and
10 they are addressed at some point. Qwest and its IT
11 people -- oh, my goodness, information technology
12 people, sit down and say, "We're going to be able to
13 build, let's say, 40 modifications to our interface that
14 are addressed by these 40 change requests, but we can't
15 build all 40. We can only do 20."

16 So they send out a ballot that identifies the
17 40 change requests that have been requested, and that's
18 sent to -- the last number I heard was 106 competitive
19 local exchange providers throughout the region.

20 JUDGE RENDAHL: The whole region, including
21 Washington.

22 MR. DIXON: Yes. In any case they will get
23 that ballot with 40 possible options, and they rank them
24 one, two, three, four. Then Qwest, through the miracle
25 of computers, takes the numbers and they are literally

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1 added up, and you come up with the order based on how
2 the CLECs and Qwest voted.

3 Qwest has one vote. They don't have a weighted
4 vote. The CLECs, each CLEC has one vote. And of the
5 106, I would speculate -- although I don't see the
6 results, certainly not half of them vote. And probably
7 substantially less actually participate in the
8 prioritization.

9 So it's a literal ballot of the ranks as
10 a company wants to rank them. And then those are
11 collected, collated by Qwest. So audit them, I guess we
12 could. There's no dangling chads or anything of that
13 nature that goes on.

14 CHAIRWOMAN SHOWALTER: It's not anonymous
15 ballots? It's identified ballots?

16 MR. DIXON: Yeah. We send them into Qwest. I
17 don't know that anybody else sees our ballot, but I
18 don't think there's any effort to be anonymous. You
19 send them into their people, and they in turn tabulate
20 it. I think it would be evident in terms of what people
21 are advocating in the meeting, however, where they might
22 be as well.

23 So that at least tells you what the exceptions
24 are, and what's going on. I think hopefully it shows
25 you how it relates to the business process.

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1 Turn to the last exhibit, 1603, and I am only
2 going to talk about what is known as test 23. This is
3 the draft report. I am not suggesting it will be, by
4 any chance, the final, but what I am saying is Qwest,
5 and as Mr. Crain and Ms. Schultz alluded will tell you,
6 at this point they believe they have met the
7 requirements.

8 I don't have to ask you to take my word, or any
9 of our other witnesses' word. Again, I ask you to take
10 a look to the very people you have employed to test.
11 And when I go to the test 23, which focuses on and is
12 entitled The Change Management Test, you will see on
13 pages -- beginning on page 523 you will see an entire --
14 for lack of a better term -- grid for your later reading
15 pleasure. If you want to look in detail, you will see
16 beginning on 528, but more particularly on 529, the
17 following opinion.

18 At this point in time, when this report was
19 issued on April 19, 2002, "In KPMG Consulting's
20 professional opinion, the draft CMP document" -- Master
21 Redline document we have talked about -- "does not
22 include all of the essential components that constitute
23 a well-formed and complete change management process.
24 While Qwest and the CLECs have made significant progress
25 in the CMP redesign, the parties have not completed

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1 discussions about key elements of CMP, and have not
2 documented all of the essential activities within CMP."

3 If you continue on further, there's what is
4 referred to as an unable to determine. And it relates
5 to "The change management process has a frame work to
6 evaluate, categorize, and prioritize proposed changes."

7 Again, I won't read the document, just tell you
8 the concepts. The point is, they were, again, unable to
9 determine by the tester on page 536 concerning
10 "Procedures and systems are in place to track
11 information such as descriptions of proposed changes,
12 key notification dates, and change status."

13 Again, the tester is unable to determine on
14 page 538 the subject matter being "Criteria are defined
15 for the prioritization system, and for severity coding."

16 The determination unable to determine on page
17 542, whether Qwest complies with notification intervals
18 and documentation release requirements. It is the
19 finding, unable to determine.

20 Now, what I have read to you is probably five
21 that they are unable to determine. Well, the total were
22 nine, nine requests that were being answered. And as I
23 indicated in document 1603, behind the second blue page
24 you will see what unable to determine means. There's a
25 definition there.

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1 And when you look -- or if you saw a not
2 satisfied -- and when we're talking about SATE and the
3 exceptions that Mr. Connolly will allude to, he will
4 talk about exceptions that were not satisfied.

5 So, again, we're pleased with progress, but as
6 Andy said up front, our argument is, is there a
7 demonstrated pattern of compliance? The tester says
8 they were unable to determine. The burden is on Qwest
9 to determine and demonstrate that they do.

10 It's our position that if the tester is unable
11 to determine, absent additional information from Qwest,
12 they haven't met their burden of demonstrating they are
13 doing what is needed to have an adequate change
14 management process.

15 I took longer than I was supposed to, but --
16 JUDGE RENDAHL: Well, it was all useful
17 information. At this point should we continue with the
18 panel, and have questions at the end?

19 Mr. Menezes, you are on.
20 (Discussion off the record.)

21 JUDGE RENDAHL: Let's be back on the record.
22 Mr. Menezes, it's your turn.

23
24 MR. MENEZES: Thank you. Good afternoon. My
25 name is Mitchell Menezes, and I am also an attorney with

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1 AT&T, and I work on contracts. Basically I have worked
2 on the interconnection agreements with Qwest, and with
3 other carriers for AT&T on negotiating them, and
4 supporting the business units who are trying to
5 implement those contracts.

6 And I worked in the SGAT process, as well as on
7 the document, the SGAT. And as the business folks who
8 use CMP were starting in on the redesign effort, and
9 Tom, as he pointed out, joined the process, they asked
10 for some assistance.

11 So I have been participating in the
12 negotiations in the CMT redesign meeting since
13 September, and I would like to speak about some of the
14 things that are not yet in what we have been calling the
15 Master Redline document.

16 JUDGE RENDAHL: Now, I have a question before
17 you go on about the Master Redline document. Do you
18 have your exhibit list in front of you?

19 MR. MENEZES: Yes.

20 JUDGE RENDAHL: We have admitted Exhibit 1536,
21 which is a Master Redline, and also 1551, which looks
22 like it may be the same thing. And those are both filed
23 by Qwest. And then something under your exhibits is
24 Exhibit D. I think that's a typo -- Master Redline CMP
25 Redesign Framework Interim Draft. Is that all the same

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1 document?

2 MR. MENEZES: I think they should be. I would
3 have to look at each of them together to tell you, but
4 I will. I was going to point out that is the one I am
5 referring to is the exhibit to our brief. And it's
6 1590. And the only difference may be that Qwest has
7 filed a clean version of this document, and I think 1536
8 is that.

9 JUDGE RENDAHL: But that was filed with its
10 March filing, and then there was one filed in April. So
11 maybe the April filing is a more revised version.

12 MR. MENEZES: The one that we filed, which is
13 1590, is -- the date is April 8. And that resulted from
14 our April 2 to April 4 redesign meetings. There's a
15 more current version we have not filed, and I don't know
16 if Qwest did. But we have had another redesign meeting
17 on April 16, which may not be in the record. But for
18 purposes of my discussion, I would like to rely on 1590.

19 JUDGE RENDAHL: Please go ahead. Sorry for the
20 interruption, but I thought it needed to be clarified.

21 MR. MENEZES: And to further explain, the
22 document I am referring to is the document that was
23 spoken about earlier by Mr. Crain and Ms. Schultz, I
24 think, starting with the OBF document, the ordering and
25 billing form for change management, and we have

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1 maintained it in a Redline form to reflect all the
2 changes that have been made over time. And that's what
3 is 1590.

4 JUDGE RENDAHL: Thank you.

5 MR. MENEZES: Ms. Schultz went through and
6 explained much of what is contained in the Master
7 Redline document, and I don't have any corrections or
8 changes to what she said. I think it was a fair summary
9 of what is there.

10 One of the things that we have done as we have
11 gone through this process is we have maintained an
12 issues and action item log. And that has been an
13 ongoing log of issues that we identified in the redesign
14 meeting.

15 And I want to make sure that it's clear that
16 there are redesign meetings, which is where we come
17 together roughly four days in each month to redesign the
18 CMP process. And then there are the CMP meetings, you
19 might call them the CMP forum, that generally occur
20 during the middle of the month, and one day devoted to
21 CMP and one day devoted to product and process.

22 There's that ongoing conducting business at CMP
23 that happens at that point, and the redesign has been an
24 abstract activity to reshape the processes that are
25 there.

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1 So we have maintained an issue and action items
2 log. And in January all the CLECs and Qwest worked on
3 what we referred to as the Gap Analysis. And that was
4 an effort by all of the parties to look through all of
5 the reference material that we have been using up to
6 that point to identify gaps, things that were missing
7 from the document, things that we considered important
8 that still needed to be addressed.

9 So we have had both of those lists. I think
10 the issue and action item log is up to number -- it's in
11 excess of 275 items. Many of those have been closed,
12 some of them duplicate what is in the Gap Analysis. But
13 it's been a large list of things.

14 And I think it's important to point out, and
15 this is in our written comments, that in March we were
16 asked by the Arizona Commission to help to narrow that
17 down for them to understand what was really important
18 for 271 purposes to complete CMP, because the issues are
19 many.

20 And they wanted to know if there was a way to
21 bring that down to a list that we could agree needed to
22 be completed before the end -- before 271 approval would
23 be obtained. So we developed what has been referred
24 to -- I will refer to as the priority list of issues,
25 and that is described in Ms. Schultz's affidavit which

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1 is Exhibit 1538. And the list itself is attached to her
2 affidavit.

3 And that list is Exhibit 1539, and the issues
4 were broken into two areas. We have labeled them as the
5 No. 1 issues, which is to indicate that they are
6 difficult issues, issues that may result in impasse.
7 And we would want to tackle them first to see if we have
8 any impasses.

9 And then we were to file those impasse issues
10 in Colorado and Arizona on April 8. That's when we also
11 did our filing here, but it was a request from the
12 Colorado Commission specifically that we identify and
13 file impasse issues by that date.

14 The other grouping of issues is called the Zero
15 list, and I don't know why we came up with those
16 convexes, but it's the Zero list. And it was a belief
17 on either party that those were issues that were not
18 likely to lead to impasse, but they were, nonetheless,
19 important and needed to be resolved.

20 So we have been working on those lists since
21 the early part of March, and that's been the focus of
22 our effort to get through those. And if there were
23 impasse issues, identify them, and if there were not, to
24 make that known, which I think we have to the
25 Commissions where we have made filings.

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1 But then to complete the work on those issues,
2 in going to the point of deciding whether they are
3 impasse or not, we came to agreement on a conceptual
4 basis on the issues.

5 And in Exhibit 1539, the priority list, there's
6 several columns across the top. The first column is
7 Concept Agreed To with a question mark. The second
8 column is Language Agreed To, with a question mark. And
9 the third column is the Issue Number, and the fourth is
10 a description of the issues.

11 The remaining columns are -- they represent the
12 ranking that the CLECs did with those issues as a matter
13 of approaching them in what order they would do that.

14 As we go down the list, the second column
15 where -- well, let me start with the first, Concepts
16 Agreed To, and I think both AT&T, the joint CLECs, and
17 Qwest identified that we did reach agreement on the
18 concepts on all of these issues.

19 As to the language, there are various inputs in
20 these columns. There are -- in the item one list, there
21 are four that are identified as, Yes, that we have
22 reached agreement on language, and one which indicates
23 Pending Qwest Modification. And that is one -- it's
24 actually issue Roman Numeral III, part H. I could say
25 on April 16, we did conclude that, and there is language

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1 for that.

2 JUDGE RENDAHL: Where do you find Roman Numeral
3 H?

4 MR. MENEZES: Do you want to know where it came
5 from?

6 JUDGE RENDAHL: No, where is it?

7 MR. MENEZES: It's the first issue on that
8 page. If you look to the third column over, as to the
9 other four that are identified as yes, there's really
10 only one of them that we agreed at this point where the
11 language is really concluded. And that's the second
12 issue on the first page, Roman Numeral 1, Capital I.A.9.

13 And this was to add the concept after, late add
14 the systems change request in order to see if it can be
15 prioritized and included in the next release.

16 On the next one down, where "yes" is indicated,
17 I.A.2 states the criteria for deny. I think there's
18 still something missing there. There's -- this is the
19 category where there were statements in the body of the
20 Master Redline that really allowed Qwest to deny CRs,
21 and we had no clear explanation on what basis that could
22 happen.

23 So Qwest came with a proposal on some of the
24 areas that would -- or the areas where that would apply,
25 and one was Qwest's policy. And the CLECs were not

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1 agreeable to that notion that Qwest's policy alone would
2 be the basis to reject a CLEC's CR, change request. And
3 so there's an agreement that that needs to change, and
4 it hasn't quite happened yet.

5 So I want to be clear that on this one, we're
6 not quite there with the language. I think we're close.

7 CHAIRWOMAN SHOWALTER: Why does it say "yes,"
8 and who decided to put "yes"?

9 MR. MENEZES: I am not sure. When we generally
10 worked on these statuses in the redesign meeting, as we
11 were going through and doing things, I will admit that I
12 didn't review everything that came out of those meetings
13 because we get these massive e-mails at the end of each
14 meeting.

15 So as I was going through the testimony and
16 checking everything, I picked up that. And I think --
17 frankly, I think Qwest would agree that is one element
18 that we still need to shore up.

19 MR. HEMSTAD: But is it, yes, ultimately, your
20 evaluation of the issue?

21 MR. MENEZES: "Your evaluation"?

22 MR. HEMSTAD: AT&T's evaluation of the issue?

23 MR. MENEZES: No. I'm sorry. It's not.

24 CHAIRWOMAN SHOWALTER: Who keeps this document?

25 MR. MENEZES: This has been generally

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1 maintained by Julie Lee (ph.), who's the facilitator.
2 She's an outside person that Qwest engaged to facilitate
3 the redesign meeting, and we generally went through and
4 tried to work on these in the meetings. And I honestly
5 don't remember when we did the yes, if we did them in
6 the meetings.

7 MR. HEMSTAD: If I can ask one other question,
8 under the columns with the companies, what do those
9 numbers represent.

10 MR. MENEZES: Tom was speaking earlier about
11 prioritization, and I don't want to confuse things. The
12 prioritization that he was talking about were systems
13 requests come in, and they are ranked in order to
14 determine the rank order that Qwest will use on those
15 changes. We used the same principle in these issues.
16 Everyone was given an opportunity to rank them to decide
17 what order we would address them.

18 JUDGE RENDAHL: So in a sense the lowest total
19 is the higher priority? If you look in the total
20 column, 18 is less than 27, so it gets a higher
21 priority?

22 MR. MENEZES: Yes. Yes. That's how we did it.

23 JUDGE RENDAHL: Thank you.

24 MR. MENEZES: And then going down to the --
25 over to the next page, it's the second to last issue

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1 there, I.A.3, determine whether a process is necessary
2 to address noncoding changes. And I think what we have
3 done is we have combined this with another issue, which
4 is Roman Numeral V, capital V, lower case c, on the
5 preceding page. And that issue is not closed, so I
6 would say we don't have language for it yet. It's
7 captured. We need to work on it, and I am going to be
8 speaking about this issue, capital V, c, a few times as
9 I speak.

10 And it has to do with CLECs impacting changes.
11 I think we have acknowledged that when there are changes
12 to Qwest systems, or products and processes, we try to
13 have notification and discussion and be clear about how
14 that change will be implemented. But it doesn't always
15 work that everyone anticipates the impacts that the
16 change will have. Or depending on the implementation of
17 the change, there may be impacts.

18 So what we have sought here is a process
19 whereby there's quick resolution of those impacts when
20 CLECs are -- their ability to submit orders is impaired
21 and they can't get customer provisions because of a
22 change in process.

23 We don't want to go back and have to submit
24 another change request, because that's a lengthy
25 process. We want a process that will allow us to go

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1 quickly to the right people at Qwest, to problem solve,
2 and get the issues resolved so orders are flowing, and
3 customers are being satisfied. So this is a very
4 important issue.

5 And then back to the second page, the other yes
6 there has to do with whether rates it sets -- what is
7 CMP's role in rate changes or rate validation. And we
8 did have an earlier meeting where rates didn't belong in
9 CMP. But on April 16, we addressed the topic again, and
10 there was a concern that if rate validation, which is a
11 process whereby Qwest goes into its data bases and looks
12 at the rates that it's charging the CLEC, and may check
13 them for various reasons. And there have been some
14 problems with the communication being clear about what
15 is changed, and why they have changed.

16 If we don't do something in the change
17 management process to capture at least the process for
18 how that's going to be done, there really is no process
19 out there for it. And we expect we will continue to
20 have difficulty with it. So it came up again, and it
21 was captured as an issue we really do still need to work
22 on.

23 There's more to that list, and I am not going
24 to go through each of those, where we still may have
25 disagreement. But the point is simply to state that we

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1 have these priority issues. They are a much narrower
2 set of issues than we have been carrying on the books
3 for a while. And these are, in the CLECs' view,
4 critical to be included in the change management process
5 for purposes of reviewing it for being complete, and
6 then evaluating Qwest's adherence to the process that we
7 ultimately agree to and include in the document.

8 So right now the language for these processes
9 where it indicates it's not written, which is in that
10 column, and then for those I have indicated yes, where
11 we don't quite agree, we still need to write that
12 language.

13 Let me restate that there are drafts of that
14 language, and we have looked at some of them, and worked
15 on some of them. But it is not completed, and it is not
16 in the Master Redline document. But in terms of
17 completing the document for purposes of 271, we believe
18 that all of these need to be captured in the Redline so
19 that Qwest can take that process as written, implement
20 it, and adhere to it over time as the FCC requires.

21 MR. HEMSTAD: Can you project -- first, do you
22 think this list of items will, in fact, by consensus be
23 resolved?

24 MR. MENEZES: I do think they will be, yes.

25 MR. HEMSTAD: Do you have an estimate of time

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1 for that?

2 MR. MENEZES: I believe that by June -- I think
3 we have got two meetings scheduled in June. We have got
4 two meetings scheduled in May, and that will be a total
5 of eight days by the time you get to the second meeting
6 in June. I believe we should be able to get through it
7 all by then. I think it's possible to get through all
8 of the language by then, but I think it's a fair
9 estimate that we will be through the language in June.

10 So I wanted to just have that discussion to
11 point to the completion or the lack of completion of the
12 document.

13 The next step would be once these items are in
14 the CMP document and Qwest is in a position to implement
15 them, to review Qwest's compliance with the language
16 over time. I think Qwest has stated that in its
17 response, which I don't think we have as an exhibit, but
18 it was filed on April 16.

19 The brief that Qwest filed that the core
20 provisions of Qwest's CMP have been implemented for more
21 than five months, during which Qwest has complied that
22 exceeds 98 percent. And as I pointed out, we would not
23 agree that the core provisions have been implemented
24 over that time, because the core provisions need to
25 include these priority issues that we have identified in

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1 the filing.

2 And as for the compliance rate, I think we need
3 to understand better how Qwest is tabulating that
4 information, and who have more data on it that supports
5 those calculations.

6 I think we have gotten an indication from the
7 Colorado Commission in the exhibit that is numbered
8 1616. We have also gotten an indication from the ROC
9 that they are unable to determine compliance on several
10 issues in CMP in closing exceptions inclusive, or
11 unresolved.

12 So the burden of proof, as Tom pointed out, is
13 upon Qwest to bring appropriate evidence to support
14 those arguments.

15 Now, what I would like to do is speak to two
16 examples that were in the filing that the CLECs
17 submitted in April 8.

18 JUDGE RENDAHL: Do you have an exhibit number?

19 MR. MENEZES: The CLEC filing --

20 JUDGE RENDAHL: The documents you are going to
21 be looking at?

22 MR. MENEZES: I am looking at some notes, but
23 I will refer to our filing as soon as I find the number.

24 MS. SINGER NELSON: 1586.

25 MR. MENEZES: Correct, 1586, the Joint CLEC

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1 brief.

2 The first issue, or one of the issues that we
3 raised is Qwest's compliance with the production support
4 process. And just to point out, we included some issues
5 in this brief where we have noticed what we would
6 consider noncompliance or deficiencies in the process.
7 It was by no means an effort to point out exhaustively
8 where there's been noncompliance. We just identified
9 some examples.

10 By the way of background, the production
11 support processes, and it is now written, address the
12 ITO systems problems. And the process is set up that
13 when a trouble is identified, either a CLEC or Qwest SME
14 that identified the trouble, calls it into the wholesale
15 systems help desk. That trouble is logged. A ticket
16 number is issued. It's assigned a priority level. And
17 depending on the priority level, that depends on how
18 quickly it gets worked. And depending on the number of
19 CLECs that are impacted by the trouble, notifications go
20 out to CLECs.

21 So if a single adjustment goes to that one
22 CLEC, and the status -- if multiple CLECs are impacted,
23 then an event notification goes out, and that goes to
24 all of the CLECs.

25 In the example we provided, there was testing

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1 being done in Arizona, and the tester determined that
2 certain access records and call records were being
3 dropped from a feed that was provided to CLECs. And so
4 this impacted CLECs in that they did not have the
5 information to bill interexchange carriers for access;
6 not all of them, but the records that were dropped.

7 And during sort of the processing of that
8 incident work order in Arizona, AT&T asked the question,
9 How were CLECs notified when Qwest went in and made a
10 change to its systems to address these problems.

11 Qwest had said that it had done systems fixes
12 so you wouldn't have these omissions of records anymore.
13 And Qwest responded that it's not required, the way the
14 CMP was written, that -- because there wasn't an impact
15 on CLECs, or it didn't require CLECs to code, that CLECs
16 were not to get notification.

17 And that is not how the process is written.
18 The process is written to indicate that when a trouble
19 is identified, it gets called in. Qwest SME should have
20 called that trouble in to the help desk. And since a
21 number of CLECs were impacted by the fact that they
22 weren't getting these records an event notification
23 should have gone out and been distributed to all of the
24 CLECs. So that's one example there.

25 The next example is on the preferred carrier
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1 freeze, the local service preferred carrier freeze. And
2 I will point you -- it's also in our brief.

3 JUDGE RENDAHL: Page 12, I believe.

4 MR. MENEZES: 1586, thank you. Right. And we
5 have addressed it starting on page 12, and it goes for a
6 few pages. In addition, there's an exhibit to our
7 brief, and that is -- that has been assigned 1591-C,
8 Exhibit E to our brief. That's a chronology at the
9 beginning there.

10 And then attached to that chronology is some
11 correspondence. And the latest addition to that
12 correspondence that we included in the record is Exhibit
13 1604, which is a letter that went from AT&T on April 17
14 to Qwest. And that's a fair status of where we are, I
15 think, on that issue.

16 And I realize a complaint has been filed in
17 Washington, and I am not here to speak to the merits of
18 the complaint. I would like to point out some of the
19 problems we have been dealing with that speak to issues
20 that still need to be worked and redesigned to help the
21 process work and function in a better way.

22 CHAIRWOMAN SHOWALTER: I suddenly found myself
23 confused, and I think it arises out of the fact that
24 this Exhibit 1586 is a brief, and you are a witness.
25 But I am unclear at this moment what I am looking at, or

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1 what you are testifying to.

2 Are these facts that you are alleging that
3 establish a violation, or is this a -- I don't know what
4 to call it, like a double hearsay, or something in the
5 nature of briefs that typically are not evidence
6 themselves? I am just a little confused.

7 Normally if there were facts being alleged
8 there would be affidavits, or witnesses, or something
9 that really deals with the underlying -- the ground
10 facts. And are you testifying to that?

11 MR. MENEZES: I am testifying to the facts,
12 yes.

13 CHAIRWOMAN SHOWALTER: OKAY.

14 JUDGE RENDAHL: To the extent that the facts
15 are set forth in the brief, but you are not making the
16 argument that is in the brief? Are you making that
17 distinction?

18 MR. MENEZES: Correct. I am really trying to
19 lay out the examples that I am aware of.

20 CHAIRWOMAN SHOWALTER: Well, I will have to ask
21 you, then, how are you aware of this? In other words,
22 what is your -- what is the degree of your personal
23 knowledge of that?

24 MR. MENEZES: I will be happy to explain that.
25 Tim Connolly, who is also on the phone as a witness,

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1 brought to my attention -- I saw the incident work
2 orders that came out in Arizona, and they are attached.
3 They are also attached to our brief.

4 And I read the statement that I have claimed
5 that Qwest made, which is essentially the fix did not --
6 the Qwest statement was that the fix did not require
7 CLECs to change their systems or processes.

8 And I went back and reviewed our change
9 management process, the Master Redline document, the
10 production support. I then sent an e-mail to Qwest
11 asking for an explanation of why the process wasn't
12 followed -- excuse me. I didn't get an e-mail response,
13 but we spoke at the redesign meeting. I think it was
14 March 18 and 19.

15 And I raised the question to Jeff Thompson, who
16 I think is on the call as well, and I asked Jeff
17 Thompson in that meeting directly, what do you think?
18 Why didn't Qwest follow this process? Do you agree or
19 not that this should have been put through the
20 production support process?

21 And his response was, yes, it should have been.
22 And that's my personal knowledge about it.

23 CHAIRWOMAN SHOWALTER: Thank you.

24 JUDGE RENDAHL: How much more do you have, Mr.
25 Menezes?

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1 MR. MENEZES: Ten minutes.

2 JUDGE RENDAHL: Let's be off the record for a
3 moment.

4 (Discussion off the record.)

5 JUDGE RENDAHL: Let's be back on the record.

6 Sorry to interrupt Mr. Menezes, but we're going
7 to finish with your presentation, and then finish for
8 the day.

9 MR. MENEZES: Thank you. I will be brief with
10 the rest of my comments.

11 As I pointed out, Exhibit 1591-C is a
12 chronology that we attached to our brief. And following
13 that are pieces of correspondence that outline in more
14 detail some of the concerns and issues we have had with
15 Qwest on this issue.

16 But at a high level here are some of the
17 problems: one is that we were receiving conflicting
18 information from Qwest when the problem surfaced, and we
19 were having impact to our customers.

20 We went to the PCATs, P-C-A-T, Qwest product
21 catalog. And it wasn't quite working to use what was
22 written there. And we sought assistance from the
23 service managers. And at Qwest these are people
24 assigned to help AT&T, or in this case, they are
25 assigned to AT&T.

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1 But all wholesale callers have service
2 management folks that work with them on issues that
3 arise in implementing business with Qwest, also the
4 account team at Qwest.

5 And we were getting different answers. So as a
6 result of that, what we wanted ultimately, and still
7 want, is to have the clear and working process reflected
8 in the PCAT so it's there for us to use, and it's
9 followed by Qwest, and we stop having the bumps in the
10 road that we continue to have with lifting the local
11 service freeze to get the customers' services turned
12 over to AT&T, transferred to AT&T.

13 So we submitted a CR, change request. And a
14 change request should not be needed in this situation,
15 and I will explain that kind of at the end.

16 But we submitted a change request. Shortly
17 after that we requested that it be processed under the
18 exception process, and that is a process where you seek
19 to have the processing of your change request managed in
20 a way that deviates from the standard process with the
21 hope that it goes faster, and you will have a reason for
22 wanting that.

23 And our reason was that, customers were being
24 impacted -- well, that process hasn't worked timely --
25 well, and there's been agreement that it needs to be

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1 improved and written and actually included in the
2 Redline, because it's not in the Master Redline as of
3 yet.

4 The other thing that happened, I think
5 Ms. Schultz explained that once a change request goes in
6 there's a clarification call. And then you can discuss
7 your change at the CMP process, or systems meeting,
8 depending on the nature of your change request.

9 Well, we did have that clarification call. We
10 did our exception request. And then we had a meeting
11 scheduled with Qwest on March 26 where we thought we
12 would be solving the problem with appropriate folks from
13 Qwest who could talk about how to solve the problem, and
14 that was another clarification, and that's not called
15 for in the process.

16 That was when we sought their sponsor at the
17 operational meeting be present to work on the problem,
18 and that didn't happen. So we have had some trouble,
19 and maybe it was the fact that it's the exception
20 process, and it hasn't really been used and it's not
21 well documented.

22 But that speaks to the fact that we need to get
23 to a point so it can be followed, and it can be useful
24 for participants in the process.

25 The next thing that occurred was that the

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1 service manager, who is one of the people that we work
2 with on these day-to-day issues, came to us and told us
3 that, well -- and I have a quote from the e-mail, and
4 that's included in our filing as well. "Qwest is in
5 litigation regarding the local service freeze," and
6 Ms. Schultz, as a result, she was no longer going to
7 assist us. We would have to do everything in the change
8 management process, the CR process -- the change request
9 process within change management and the CR process.

10 Since we have these meetings once a month, the
11 change management meetings, you can go for quite a while
12 before you actually resolve a change request and get a
13 change that gets implemented.

14 And when you have service impacts, it doesn't
15 work to have to go through that process to try to change
16 something that is not working at Qwest so that these
17 impacts are reduced or eliminated. We have had several
18 meetings with Qwest SMEs to try to, really, problem
19 solve. That was the goal of these meetings, and we have
20 asked for operational meetings. We have asked for this
21 in the redesign meetings. And they were asked for in
22 the context of these discussions.

23 And again, those people were not brought to the
24 table for discussion. And this is an important part, I
25 think, of the discussions we still need to have in the

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1 redesign, that we need the right people on the calls, or
2 in the meetings to help solve the problems.

3 We have what I think are called process
4 specialists that come to these calls, and they document
5 the process, and they work with several groups within
6 Qwest to sort of explain the process to CLECs.

7 But when you want to go anywhere beyond that
8 process, or what Qwest is proposing, they are not in a
9 position to really help you problem solve. And that's
10 been a significant issue with this problem, and I think
11 it has been an issue with other problems.

12 And we're trying to get greater -- or get
13 participation of these kinds of individuals in the
14 discussions where we have problems.

15 And then the other thing is there have been a
16 number of times when our people who are trying to
17 provision the customer service, and are having
18 difficulty, they call the numbers at Qwest.

19 There's a number at a help desk to call to on
20 an escalation ticket; for example, when you have a
21 trouble, and you are not getting it resolved, and
22 there's another number to call referred to as the duty
23 pager, and that's the next level of escalation to get
24 sort of more prompt assistance.

25 Once you open the trouble ticket, and we have

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1 had the experience that these people don't know how to
2 resolve the trouble with how to lift the freeze -- now,
3 I think through persistence we're getting closer to
4 resolution of this particular problem, and there's a
5 meeting, I think, scheduled for Monday to work through
6 it some more. And we are hopeful that we will have
7 operational people present who can really help solve the
8 problems and make sure the processes are working.

9 But all of these lend examples for us that we
10 really need to work on in the redesign, a very important
11 part of what happens when changes happen to Qwest's
12 products and processes or systems when you can't quite
13 anticipate all of the impacts. Or when the process
14 that's implemented, the change impacts CLECs adversely,
15 you need a prompt way to go in and fix the problems so
16 that things can move along again.

17 And I will bring you back to Exhibit 1539. I
18 mentioned earlier that the issue, capital V, lower case
19 C, what changes are CLEC impacts and what process
20 governs them. It falls squarely there. I also spoke
21 about the production support section of the Master
22 Redline, and that right now deals with the ITO, the
23 systems side of things.

24 And when you have a systems issue, what you do,
25 what we have proposed with this issue -- and we're

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1 really trying to work on, and I am hopeful that we will
2 accomplish -- what we need is interaction, one between
3 the systems help desk, and the other help desk referred
4 to as the ISC help desk at Qwest where you call with
5 process issues or problems with your LSRs.

6 We need that kind of coordination. So when
7 these changes happen and there are impacts, you can
8 assess the product and systems implications and have
9 these groups work together.

10 And in addition, if it's a purely process
11 change that's impacted, you need -- we need a way, a
12 process that is like the production support process on
13 the IT side. It's one that recognizes that the change
14 has occurred, there are impacts to CLECs, calls are
15 received, and there they are worked on a priority basis
16 with the appropriate operational folks to address the
17 concern.

18 And I think with that, I will close with my
19 comments.

20 JUDGE RENDAHL: Thank you, Mr. Menezes.
21 With that, I think we will be done for the day. We will
22 be off the record until 9:30 tomorrow morning. Thank
23 you.

24 ENDING TIME: 5:15 P.M.
25