

Exhibit T-__ (TLS-4T)
Docket No. UT-011439
Witness: Thomas L. Spinks

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of
VERIZON NORTHWEST, INC.
For waiver of WAC 480-120-071(2)(a).

Docket No. UT-011439

RESPONSE TESTIMONY OF

Thomas L. Spinks

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

January 10, 2003

1 **Q. Please state your name and business address.**

2 A. My name is Thomas L. Spinks, my business address is 1300 South Evergreen
3 Park Drive Southwest, P.O. Box 47250, Olympia, Washington 98504. My e-mail
4 address is tspinks@wutc.wa.gov.

5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by the Washington Utilities and Transportation Commission as a
8 Regulatory Consultant.

9

10 **Q. Have you previously filed testimony in this case?**

11 A. Yes, I filed testimony addressing the Verizon and Qwest estimates of the cost to
12 provide line extensions for which waivers are being requested in this case.

13

14 **Q. What is the purpose of your testimony at this time?**

15 A. The purpose of my testimony is to address certain matters raised in Qwest's
16 December 20, 2002 Responsive Testimony regarding the estimate of cost for the
17 Timm Ranch line extension and the use of the new facility by existing Qwest
18 customers.

19

1 **Q. Did you previously testify that Qwest’s estimated cost for the Timm Ranch**
2 **line extension appeared reasonable?**

3 A. Yes. Qwest witness Mr. Hubbard provided a cost estimate for the Timm Ranch
4 line extension of \$738,875. (See Ex.___(RJH-2).) This cost includes both
5 reinforcement of existing facilities as well as the line extension and covers a
6 distance of 23.67 miles. In Mr. Hubbard’s December 20, 2002 testimony, the cost
7 estimate was increased to \$811,920 in order to provision four additional
8 residences located on the Timm ranch. The revised estimate used Verizon’s
9 estimate of the additional cost to serve the additional locations. Staff does not
10 take issue with Qwest using the Verizon estimate to develop the cost for serving
11 all potential customers at the Timm ranch.

12
13 **Q. Mr. Hubbard, at page 17 of his testimony states that Qwest’s total cost to serve**
14 **five residences at the Timm ranch would be \$811,920 and is higher than**
15 **Verizon’s estimated cost of \$737,632. Do you agree?**

16 A. No. Mr. Hubbard is providing an “apples and oranges” comparison of costs.
17 Table 1 below shows a breakdown of each company’s costs separated between
18 reinforcement costs and line extension costs.

19
20

1 **Table 1.**

2 **Comparison of Qwest and Verizon costs.**

	<u>Qwest</u>	<u>Verizon</u>
4 Line extension	\$ 435,364	\$ 737,673
5 Reinforcement	\$ 376,556 ¹	\$ 143,825 ²
6 Total	\$ 811,920	\$ 881,497

7 As shown in the Table above, Qwest's estimate of total cost for the line extension
8 job are lower than Verizon's and Qwest's cost for just the line extension portion
9 is over \$300,000 lower than Verizon's estimated cost. The reinforcement cost
10 estimates provided by Verizon and Qwest are included in my testimony as
11 Ex.__(TLS-5).

12
13 **Q. In prior testimony you stated that the new cable facilities could be cross-**
14 **connected with existing facilities with minimal additional expense. Mr.**
15 **Hubbard's December 20, 2002 testimony indicates that there will be fairly**
16 **significant costs associated with serving existing customers on the new**
17 **facility. Please comment.**

18 **A.** There appears to have been some misunderstanding about my statement. All I
19 was trying point out is that Mr. Hubbard is treating the Timm ranch line

¹ Qwest reinforcement costs were provided in response to staff Data Request No. 10.

1 extension as a “stand alone” project isolated from the rest of Qwest’s network
2 when, in fact, the 25 pair reinforcement will be used to provide service to more
3 than just the Timm ranch. The reinforcement will also benefit existing Qwest
4 customers. It is a not a matter of “if” existing customers will benefit, only when.

5
6 **Q. Please explain why you believe existing customers will benefit from the**
7 **reinforcement.**

8 **A.** The facilities that are in place today serving existing customers consist of 6 and
9 11 pair air-core copper cable and CM-8 analog carrier systems. The air-core cable
10 was placed in the 1970’s and the carrier systems in the early 1980’s. Both the air-
11 core cable and carrier systems are obsolete and have not been used in new plant
12 construction for around 20 years.³ As the plant grows older, it becomes more
13 susceptible to breakdown requiring increased maintenance. Over time, the plant
14 will reach a point where it either can no longer provide service or otherwise
15 becomes so costly to maintain that it makes economic sense to replace the plant.
16 When the cable air-core currently serving existing customers between Omak and
17 the Timm ranch area reaches that point, the 25 pair cable reinforcement would
18 already be in place to serve the existing customers.

² Verizon reinforcement costs were provided in response to staff Data Request No. 65

³ The Commission approved the use of ratepayer funds in the merger agreement and Clarkston exchange sale to replace analog carrier systems.

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Q. Do you have any idea how much longer the existing plant will last before needing to be replaced?

A. No, not precisely. However, Qwest’s predecessor, U S WEST pursued aggressive air-core to filled cable replacement programs since the mid 1970’s because of problems with the air-core cable.⁴ Mr. Hubbard also seems to acknowledge, at least implicitly, that the existing air core cable is problematic. In describing the work that would need to be performed to allow existing customers to use the reinforcement, he assumes new cable and drops will need to be placed rather than reusing the existing air core cable with new digital carrier systems. (Ex. RJH-9T, pp.9-10, pp.12-13) In my opinion, since the existing air-core cable is already 25-30 years old, its remaining life span will likely not exceed another 10 years.

Q. Do you have any further testimony at this time?

A. No.

⁴ 1993 FCC Depreciation Rate Study, Acct. 242.3, p.3