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1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
2 COMMISSION

3 In the Matter of the Petition)
of) DOCKET NO. UT-011439
4) Volume V
VERIZON NORTHWEST, INC., for) Pages 106 - 209
5 Waiver of WAC 480-120-071(2)(a).)

6

7 A hearing in the above matter was held on
8 January 22, 2003, at 1:37 p.m., at 1300 South Evergreen
9 Park Drive Southwest, Olympia, Washington, before
10 Administrative Law Judge THEODORA MACE, Chairwoman
11 MARILYN SHOWALTER, Commissioners RICHARD HEMSTAD and
12 PATRICK OSHIE.

13 The parties were present as follows:

14 QWEST CORPORATION, by DOUGLAS N. OWENS,
Attorney at Law, 1325 Fourth Avenue, Suite 940,
15 Seattle, Washington 98101; telephone, (206) 748-0367.

16 THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION, by GREGORY J. TRAUTMAN, Assistant Attorney
17 General, 1400 South Evergreen Park Drive Southwest,
Post Office Box 40128, Olympia, Washington 98504;
18 telephone, (360) 664-1187.

19 VERIZON NORTHWEST, INC., by JUDITH A.
ENDEJAN, Attorney at Law, Graham and Dunn, 1420 Fifth
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21

RCC MINNESOTA, INC., by BROOKS E. HARLOW,
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Kathryn T. Wilson, CCR
25 Court Reporter

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I N D E X

WITNESS:

PAGE NO.

KAY RUOSCH

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E X H I B I T I N D E X

EXHIBIT NO.	OFFERED:	ADMITTED:
181 - 210	172	172
211 - 214-C	172	173
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1-T - 12	207	207
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1 P R O C E E D I N G S

2 JUDGE MACE: Let's be on the record in the
3 matter of the petition of Verizon Northwest, Inc., for
4 a waiver of WAC 480-120-071(2)(a). This is the date
5 that's been established for the commencement of the
6 evidentiary proceeding in this matter. My name is Theo
7 Mace. I'm the administrative law judge who is
8 presiding here today with the commissioners, and we
9 have Chairwoman Showalter, Commissioner Hemstad, and
10 Commissioner Oshie here with me on the Bench. I would
11 like to take the oral appearances of counsel beginning
12 with Staff.

13 MR. TRAUTMAN: Thank You. Greg Trautman,
14 assistant attorney general for Commission staff.

15 MR. HARLOW: Good afternoon, Your Honor,
16 Commissioners. Brooks Harlow on behalf of RCC.

17 MR. OWENS: Madam Chairwoman, Commissioners,
18 and Your Honor, Douglas N. Owens, attorney at law,
19 appearing on behalf of Qwest Corporation.

20 MS. ENDEJAN: Good afternoon Chairwoman
21 Showalter, Commissioners Hemstad and Oshie. My name is
22 Judy Endejan. I'm with Graham and Dunn, and I'm here
23 representing Verizon Northwest, Inc.

24 JUDGE MACE: Is there anyone on the
25 conference bridge who seeks to enter an appearance

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1 today? Anyone on the conference bridge? I hear no
2 response.

3 Before we begin today, I wanted to briefly
4 call to the parties' attention the cross-examination
5 time estimates that they provided earlier. I've made
6 some revisions to those dates on comments I received
7 from the parties, and I wanted to suggest to the
8 parties that in their cross-examination of witnesses,
9 it's important to try to avoid duplication, if
10 possible, so that we can try to move the proceeding
11 along as expeditiously as possible. There is the
12 possibility that we might be able to finish on Friday,
13 and if we can move things efficiently, perhaps we can
14 do so.

15 I have nothing further until we get to the
16 first witness. Do the commissioners have anything?
17 Then by my order of cross-examination of witnesses, the
18 first witness is Kay Ruosch.

19 MS. ENDEJAN: Verizon would like to call Kay
20 Ruosch.

21 (Witness sworn.)

22 MS. ENDEJAN: Your Honor, what I would like
23 to do is go through all of the premarked exhibits for
24 Ms. Ruosch and ask her to identify them, and that may
25 involve her leaving the witness chair to go to the

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1 board to point out the locations that we are talking
2 about.

3 JUDGE MACE: Let me go off the record for
4 just a moment.

5 (Discussion off the record.)

6 JUDGE MACE: Ms. Endejan, we know that
7 Ms. Ruosch has numerous exhibits. Many of them are
8 discovery responses that are very short. You are
9 talking about her direct exhibits? We have those in
10 front of us, and we have a list of them. I don't know
11 if there is a purpose to be achieved by going through
12 and identifying them. If she wants to talk about
13 certain exhibits, you are welcome to have her do that.

14 MS. ENDEJAN: That was really all I wanted
15 her to do is to identify what it was that is attached
16 to her testimony, very briefly, because there are two
17 locations here, one of which we refer to as the Timm
18 Ranch location, one of which we refer to as the Taylor
19 location, and so we are trying to keep both locations
20 straight and be as clear as we can be in terms of our
21 discussion.

22 CHAIRWOMAN SHOWALTER: I appreciate that
23 effort, especially since both things begin with T. It
24 is important throughout the proceeding for people to
25 have in mind one or the other. If that's the purpose,

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1 fine. Is that the purpose of the two different easels,
2 by any chance?

3 MS. ENDEJAN: That's the purpose. The easel
4 to my right deals primarily with the Taylor location.
5 The easel to my left deals with the Timm location.

6

7

8 DIRECT EXAMINATION

9 BY MS. ENDEJAN:

10 Q. (By Ms. Endejan) Ms. Ruosch, do you have in
11 front of you your prefiled direct testimony that has
12 been premarked as Exhibit 1-T in this docket?

13 A. Yes, I do.

14 Q. Do you have any additions or corrections that
15 you would like to make to this exhibit?

16 A. I do not.

17 Q. If I were to ask you the questions that
18 appear in this exhibit, would your answers remain the
19 same?

20 A. Yes, they would.

21 Q. Are they true and correct to the best of your
22 knowledge and understanding?

23 A. Yes, they are.

24 Q. Let me turn to Exhibit No. 2. Can you
25 describe what that is?

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1 A. Yes, I can, and I would like to step up to
2 the map here. Primarily what this is is a map of the
3 Wenatchee district. I wanted to start the discussion
4 today with giving the commissioners an idea of the
5 square miles associated with Wenatchee District, 4500,
6 and we service approximately 20 exchanges, of which are
7 two that we talk about today, the Bridgeport exchange,
8 and also we'll talk briefly about the Brewster
9 exchange.

10 Q. Can you turn to Exhibit No. 3 and tell us
11 what that is?

12 A. Exhibit No. 3 primarily depicts the route for
13 the commissioners to give them a sense of the sheer
14 distance involved here on the Taylor location. It is
15 basically 14 miles outside of Bridgeport along Highway
16 17. The route that we would have to follow to
17 provision this extension would be coming down this
18 Pearl Hill Road to a point where it intersects State
19 Route 17, and then we have approximately 8.9 miles out
20 to the customer in question. (Witness indicating.)

21 Q. Even though it is not in order, why don't you
22 describe for the commissioners what has been marked as
23 Exhibits 12-A through D, which is a series of six
24 photographs.

25 A. The significance of this is to give the

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1 commissioners a sense of not the fact that it is
2 another rural property, a rural route, but it is
3 extremely remote in nature --

4 MR. TRAUTMAN: Your Honor, I object. The
5 pictures speak for themselves. I don't think the
6 witness should be able to provide additional direct
7 testimony and add additional unnecessary adjectives to
8 what we can all see.

9 JUDGE MACE: Ms. Endejan?

10 MS. ENDEJAN: The purpose of Ms. Ruosch's
11 testimony is to describe each photograph, and perhaps
12 you might just limit your discussion of each photograph
13 to what that photograph depicts.

14 JUDGE MACE: We know that these are all
15 photographs depicting the Taylor location; is that
16 correct?

17 MS. ENDEJAN: At varying points along the
18 way.

19 CHAIRWOMAN SHOWALTER: That's okay, but keep
20 it very brief just for the purpose of identifying the
21 pictures.

22 MS. ENDEJAN: Correct, and the location so
23 you get the sense of the route.

24 THE WITNESS: This is Highway 17. Then we
25 proceed on through the route, and this gives an idea of

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1 the terrain. (Witness indicating.)

2 JUDGE MACE: I think they have been denoted
3 12-A, -B, -C or -D. When you are pointing to them for
4 the record, it would be helpful if you tell us which
5 one you are pointing to.

6 THE WITNESS: 12-A is the State Route 17
7 coming out of Bridgeport. 12-B is an extension of
8 terrain we experience along this route. 12-C, again,
9 is the rural nature of the area. 12-D is coming into
10 Hayes Road, the access to Kay Taylor. 12-E is along
11 Hayes Road. This is one of the first mobile homes we
12 got on Hayes Road, and 12-F is as you drive into Kay
13 Taylor's property. (Witness indicating.)

14 Q. (By Ms. Endejan) Thank you, Ms. Ruosch. If I
15 could direct your attention to Exhibit No. 4 that's
16 attached to your testimony, that relates to the Timm
17 Ranch, and could you describe what this exhibit shows
18 and perhaps also walk through, for the record, as you
19 did for the Taylor location, the photographs that
20 depict the Timm Ranch location, and please refer to
21 them by the exhibit number on the bottom.

22 A. Exhibit 4 is the route that Verizon would
23 have to follow to provision the service out to the Timm
24 Ranch location. Starting from Brewster, this route is
25 approximately 30 miles long. (Witness indicating.)

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1 JUDGE MACE: These photographs have been
2 marked Exhibit 6, and I believe they are now denoted
3 6-A, -B, -C, etcetera, so if you would refer to them as
4 6-A and so on so we know what you are talking about.

5 THE WITNESS: 6-A on the lower right-hand
6 corner is the Greenaway Road, approximately 18 miles
7 west of Ike Nelson's property. 6-C is along Greenaway.
8 The purpose of this picture is to show the basalt rock
9 outcropping, and we move on to Exhibit 6-D. What we
10 are demonstrating here is we've got basalt rock
11 outcropping, but the key point here is the rock that's
12 in the road bed, and we will discuss that further in
13 the testimony. 6-E is just the remoteness of the area
14 that we serve and pictures of basalt rock formation.

15 6-G is coming into Timm Road, the access road
16 into Ike Nelson's property. Again, this rock formation
17 is along the entire route, and here in the background
18 is his home. 6-H is another picture of the Timm
19 property, and on up here, 6-I, is we go past the Timm
20 Ranch home is an exhibit showing the ranching operation
21 that occurs out there with the grain silos, and back
22 behind this is the Columbia River, behind the silo.

23 (Witness indicating.)

24 JUDGE MACE: So the commissioners are aware,
25 there is a packet in front of you that is the reduced

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1 version of these, and I believe at the bottom they have
2 the designations for the photos.

3 Q. (By Ms. Endejan) Ms. Ruosch, I would like to
4 turn to the next exhibit, which has been marked as
5 Exhibit 7-T, and it is your reply testimony dated May
6 15th, 2002. Do you have that in front of you?

7 A. Yes, I do.

8 Q. Do you have any additions, corrections or
9 changes you would like to make to this?

10 A. No, I do not.

11 Q. If I asked you the questions contained in
12 this exhibit, would your answers remain the same?

13 A. Yes, they would.

14 Q. Are they true and accurate to the best of
15 your knowledge?

16 A. Yes, they are.

17 Q. Could you briefly identify Exhibits 8, 9, 10,
18 11? Just describe the document.

19 A. On Exhibit KR-8, it is the Internet
20 announcement of the new service extension tariff and
21 focuses on customers who live just out of the reach of
22 the telephone network.

23 MS. ENDEJAN: Before you go on to Exhibit No.
24 9, I would like the record to reflect that this has
25 been designated as a confidential exhibit, and the

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1 specific numbers will not be referenced on the formal
2 record.

3 Q. Please describe what Exhibit No. 9-C is.

4 A. Exhibit No. 9-C, Staff requested Verizon to
5 compute the average cost for extension since the rule
6 became effective, and we have provided that information
7 on Exhibit 9-C.

8 Q. And what is No. 10?

9 A. No. 10 is a docket in the 1983 time, which
10 was GTE at the time had petitioned to have the line
11 extension tariff at that time modified. In this
12 document, basically, Verizon was granted the increase
13 from \$229 to \$440 per one-tenth of a mile, and it was
14 apparent that the commissioners agreed with the
15 distance-sensitive charging.

16 Q. Describe the remaining exhibit to your
17 testimony.

18 A. 11 is the record requisition associated with
19 the tariff filing that basically gives a cost estimate
20 that was associated with that particular filing.

21 Q. Thank you, Ms. Ruosch.

22 MS. ENDEJAN: Ms. Ruosch is now available for
23 cross-examination at the conclusion of which I will
24 move for the admission of Exhibits 1-T through 12.

25 JUDGE MACE: Mr. Trautman?

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1 CHAIRWOMAN SHOWALTER: Can we take like a
2 one-minute break?

3 (Pause in the proceedings.)

4 JUDGE MACE: Back on the record.
5 Mr. Trautman?

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7

8 CROSS-EXAMINATION

9 BY MR. TRAUTMAN:

10 Q. Thank you, Your Honor. Good afternoon,
11 Ms. Ruosch. I'm Greg Trautman, assistant attorney
12 general for the Commission staff in this case. Most of
13 my questions will refer to either Exhibit 1-T or 7-T,
14 which were your March 6th and May 15 testimonies. I
15 know at the beginning, you state that you've been
16 employed by Verizon for 29 years; is that correct?

17 A. Actually, it's 30 now.

18 Q. And you are currently the manager of network
19 engineering for Washington State?

20 A. That's correct.

21 Q. In Exhibit 1-T, your direct testimony, on
22 Page 1, at the bottom you state that part of your
23 responsibility includes the Wenatchee district, 4500
24 square miles, containing 20 exchanges serving 78,000
25 access lines. Does this area contain public land, such

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1 as national forest, state forest, and park lands?

2 A. I'm sure it probably does, yes.

3 Q. In Exhibit 7-T on Page 5 at your reply
4 testimony, you stated that the norm is for the network
5 to naturally expand in an incremental fashion. That's
6 on Line 5 of that page. Do you recall saying that?

7 A. What page again?

8 Q. Page 5 of the reply testimony.

9 A. What was the question again?

10 Q. I wanted to refer you to your statement on
11 Line 5 where you state the norm is for the network to
12 naturally expand in an incremental fashion; is that
13 correct?

14 A. That's correct.

15 Q. Do the presence of public lands and their
16 effect on the development of land have an effect on the
17 natural and incremental expansion of the network?

18 A. One more time to make sure I clearly
19 understand what you are asking.

20 Q. You've said that the network should naturally
21 expand incrementally. My question is whether the
22 presence of public land and their effect on the
23 development of land would affect the incremental
24 expansion of the network?

25 A. I guess what I meant by expansion

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1 incrementally naturally is from the population centers
2 out towards the less populated. To be honest with you,
3 I don't have an answer specifically to that question.

4 Q. Well, would any large size parcels, whether
5 they be five acres or 20 acres or larger, would the
6 presence of those parcels have an effect on the natural
7 and incremental expansion of the network?

8 A. Again, I don't understand where you are going
9 with that question. I don't know the answer you are
10 looking for.

11 Q. When you said it expanded incrementally, what
12 did you mean?

13 A. What I meant incrementally is what I just
14 described. It starts from the population centers and
15 it moves out naturally over time. It doesn't start
16 from the end of the location, the far reaches of a
17 particular area, and work towards the population
18 centers.

19 Q. Can a network ever expand naturally into
20 larger increments?

21 A. I would assume that the question, that that
22 could possibly happen, yes.

23 Q. When you prepared your testimony -- I should
24 ask. Did you have access to the Verizon deposition of
25 Mr. Nelson?

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1 A. Yes, I did.

2 Q. In your testimony, you did not comment on his
3 request for an extension quote in 1983, and GTE, which
4 now is Verizon, the line extension quote made by GTE of
5 \$23,000, is that correct? You did not mention that?

6 A. I did not mention that in the testimony, no.

7 Q. If Mr. Nelson had paid GTE \$23,000 in 1983,
8 and GTE had built the extension according to the
9 existing tariff at that time, would that extension have
10 been an expansion of the network?

11 MS. ENDEJAN: For the record, I do have to
12 object because I think it's both compound, and it
13 really does assume quite a few facts not in evidence
14 here.

15 MR. TRAUTMAN: The fact is in evidence here
16 because Mr. Nelson's deposition on Page 12, he states,
17 "I called GTE at one time," and he said it was 1983,
18 and they said it would cost him \$23,000, and that
19 deposition was taken February 27th. It has been
20 un rebutted by anything else in the record. It is in
21 the record --

22 JUDGE MACE: Let's hold on. One thing I
23 didn't mention is it's important not to talk over each
24 other so the reporter can make a record to the
25 proceeding. Ms. Endejan?

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1 MS. ENDEJAN: As an additional objection, I
2 would say there really isn't any foundation that has
3 been laid. Ms. Ruosch does not have any personal
4 knowledge of what Mr. Nelson may have been told in 1983
5 or any quote. So she simply doesn't have any knowledge
6 to answer the question.

7 JUDGE MACE: I think she did say she was
8 familiar with the deposition and that in this instance,
9 I think if she can answer the question, I will allow
10 the answer. Do you have the question in mind?

11 THE WITNESS: Why don't you restate the
12 question, if you would please.

13 Q. (By Mr. Trautman) If Mr. Nelson had paid GTE
14 \$23,000 in 1983 and GTE had built the extension under
15 the existing tariff, would that extension have been an
16 expansion of the network?

17 A. That would have been an extension of the
18 network built out of the network.

19 Q. In your testimony as well as in Verizon's
20 petition for waiver, you refer to both the Timm Ranch
21 and the Taylor locations as remote. My question is,
22 does Verizon have subscribers that live in areas that
23 can be described as remote?

24 A. Yes, we do.

25 Q. One of the exchanges Verizon serves is the

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1 Molson-Chesaw exchange. Do you know how many homes in
2 that exchange are on a county road within
3 two-and-a-half miles of a state highway?

4 A. No, I do not.

5 Q. Would you accept, subject to check, that the
6 answer is zero?

7 A. Subject to check, I will accept that.

8 CHAIRWOMAN SHOWALTER: Does that mean that
9 this will be checked? This term "subject to check"
10 should mean that it will be checked, and if there are
11 differences, we will hear about it, which is different
12 than assuming for purposes of a question of fact.

13 MS. ENDEJAN: Your Honor, I'm assuming that
14 when you ask a question subject to check that the party
15 asking the question has the information and can provide
16 it, perhaps, at a break so that the witness can verify
17 that.

18 MR. TRAUTMAN: We can provide that
19 information.

20 MS. ENDEJAN: I apologize, but could you
21 restate again the question?

22 Q. (By Mr. Trautman) How many homes served by
23 Verizon in the Molson-Chesaw exchange are on a county
24 road within two-and-a-half miles of a state highway?

25 In the Wenatchee district, does Verizon serve

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1 farms and ranches?

2 A. Yes, they do.

3 Q. Does Verizon serve farms and ranches in the
4 Eastern Palouse exchanges?

5 A. I'm not familiar with the Eastern Palouse
6 exchanges.

7 Q. Any of the exchanges near Pullman?

8 A. That isn't my area of responsibility over on
9 that side of Eastern Washington. Just north central.

10 Q. So you don't know the answer.

11 A. No, I don't know the answer.

12 Q. In Exhibit 1-T, again on Page 2 at Line 20,
13 you state that Ms. Taylor's address is 1100 Road 18
14 Northeast; is that correct?

15 A. That is correct.

16 Q. That's also known as Hayes Road?

17 A. Yes, it is.

18 Q. Road 18 -- it's more evident on the map on
19 the wall. Road 18 connects to State Highway 17 between
20 Bridgeport and Grand Coulee; is that correct?

21 A. It's Hayes Road connects with State Route 17,
22 yes.

23 Q. Road 18 is a Douglas County road; is that
24 correct?

25 A. Yes, it is.

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1 Q. Now, the Taylor home is located about 2.2
2 miles from the Highway 17 junction; is that correct?

3 A. That is correct. I can't find that in my
4 testimony, but it's very close.

5 Q. Right next door to that location is the
6 Schomler location; is that correct?

7 JUDGE MACE: Let's be off the record for just
8 one moment.

9 (Discussion off the record.)

10 Q. As we noted, the Taylor location is about 2.2
11 miles from Highway 17. The Nichols' location is about
12 .5 miles from Highway 17; is that correct?

13 A. That's correct.

14 Q. In between those two homes, there are three
15 others; the Briggs', the Grenigers', and the
16 Weisburns'; is that correct?

17 A. That is correct.

18 Q. And the Schomler residence. So we have six
19 residences within approximately 1.7 miles; correct?

20 A. It's approximately 2.3 miles from the highway
21 to Kay Taylor.

22 Q. But about 1.7 miles from the first house I
23 mentioned, the Nichols', to the last, which is the
24 Taylors'; correct?

25 A. That's correct.

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1 Q. It's correct that none of these five homes
2 appear anywhere in any of the photographs that you've
3 presented as exhibits in this proceeding; is that
4 correct?

5 A. We have not placed them on our maps. Their
6 names are referenced in our testimony.

7 Q. But you provided extensive photographs. You
8 have some that are shown before the Commission. I
9 believe there are additional ones in Exhibit 5-T for
10 the Hayes Road location; correct?

11 JUDGE MACE: Exhibit 5-T?

12 MR. TRAUTMAN: Exhibit 5. I'm sorry.

13 MS. ENDEJAN: Is he inquiring only about the
14 Briggs's, Grenigers', and Weisburns', not the
15 Schomlers'?

16 MR. TRAUTMAN: I'm referring to the pictures
17 I'm looking at and the other houses.

18 THE WITNESS: That's correct. We didn't take
19 any pictures of the other property owners along that
20 route.

21 Q. (By Mr. Trautman) If one were simply to look
22 at the pictures we have here, it would appear that
23 nobody lives within miles and miles of the Hayes's; is
24 that correct?

25 A. That is not what our intent was, if the

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1 commissioners look at it like that. There are other
2 customers out there that have not placed service
3 orders, a total of three.

4 Q. But again, the pictures do not show any of
5 these in any of the pictures --

6 JUDGE MACE: Mr. Trautman, you've already
7 established that. I think looking at the pictures
8 pretty much establishes that there are no residences
9 showing.

10 MR. TRAUTMAN: I raise the question because
11 the witness went to great lengths prior to our
12 testimony to explain what was in each of the pictures
13 and what the effect of the pictures was. Thank you.

14 Q. (By Mr. Trautman) Exhibit 188 was a response
15 from Verizon to a staff discovery request, and this
16 stated, and this was the response to Data Request 42.
17 It stated that Ms. Taylor is located about 3.1 miles
18 from the Verizon customer who lived at 1169 Road 18th
19 Northeast; is that correct?

20 JUDGE MACE: Let's give everyone a chance to
21 get to that place.

22 (Discussion off the record.)

23 Q. This answer to the DR that's in Exhibit 188
24 states that Ms. Taylor is located 3.1 miles southwest
25 from a customer at 1169 Road 18 Northeast; is that

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1 correct?

2 A. That is correct.

3 Q. And in the other direction approximately 5.7
4 miles northwest by west is the Foster Creek Ranch; is
5 that correct?

6 A. That is correct.

7 Q. And that's also a Verizon customer.

8 A. Yes, it is.

9 Q. Now, in Ms. Taylor's deposition, which was
10 Exhibit 172-D, the only question I have reference to
11 this is -- it's on Page 5 -- that she's lived at her
12 present location for 28 years; is that correct?

13 A. That's what I understand from her deposition,
14 yes.

15 Q. So we can safely say now that if the network
16 expands naturally and incrementally, it so far has not
17 expanded either 3.1 miles from the southwest or 5.7
18 miles from the northwest to the Taylors'; is that
19 correct?

20 A. That is correct, yes.

21 Q. If Verizon ever does build to Hayes Road,
22 whether it's through natural expansion, as you refer to
23 it, or if directed by the Commission, in either case,
24 would Verizon include sufficient capacity to be able to
25 serve the Briggs', the Grenigers', and the Weisburns'?

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1 A. We stated that if the commissioners require
2 Verizon to do this extension that the cable that would
3 be placed out there would have adequate capacity for
4 the customers on Hayes Road, which is a total of six.
5 Three of those customers have not placed service
6 orders.

7 Q. In Exhibit 1-T on Page 14, and I'm looking at
8 Lines 8 to 14, on that page, you testify that the Timm
9 Ranch extension could have high maintenance costs
10 because of natural occurrences, such as weather; animal
11 activities, such as gophers, or cattle, and because of
12 human actions, such as collisions with facilities or
13 vandalism. Do you see that?

14 A. Yes, I do.

15 Q. Does Verizon ever experience damage from
16 vandalism in metropolitan areas?

17 A. Of course we do.

18 Q. And in small cities and towns?

19 A. Yes.

20 Q. And in other rural areas?

21 A. Of course.

22 Q. Does Verizon ever experience damage caused by
23 weather in other locations?

24 A. Yes, we do.

25 Q. Could that weather include windstorms or

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1 snowstorms?

2 A. That's correct.

3 Q. In your direct testimony, you state that the
4 terrain of the Timm Ranch and Taylor location is rocky;
5 is that correct?

6 A. That is correct.

7 Q. And you supplied some pictures of rocks?

8 A. Yes, we did.

9 Q. Does the Verizon Wenatchee district include
10 Sherman Pass, to your knowledge?

11 A. In what exchange would that be in Wenatchee?

12 Q. Wenatchee, I believe.

13 A. I don't think so. Not in the Wenatchee
14 district, as far as I know.

15 Q. Would it either be in Curlew or Republic?

16 A. I'm not familiar with that pass.

17 Q. But does the Wenatchee district include that;
18 do you know?

19 A. That, I don't know.

20 Q. Does it include Rocky Reach?

21 A. Rocky Reach, yes.

22 Q. And does it include Leavenworth, Cashmere, or
23 the Marblemount exchange?

24 A. Yes, it does.

25 Q. Do those exchanges have significant rock

0132

1 climbing --

2 A. Yes, it does.

3 JUDGE MACE: Let me just caution again,
4 please wait for the question to be completed so it's
5 easier for the reporter to take down what you are
6 saying.

7 Q. (By Mr. Trautman) Is there Rocky terrain
8 anywhere in Verizon's service territory other than the
9 Timm Ranch and Kay Taylor locations?

10 A. Yes, there is.

11 Q. In Exhibit 1-T, going back to Page 8, Lines
12 11 to 16, you state that if Verizon were to serve the
13 Timm Ranch, a majority of the facilities would be
14 placed in the Qwest exchange area; correct?

15 A. That is correct.

16 Q. What's the significance of this?

17 A. The significance of it was to just explain
18 that we can't serve the Timm Ranch because we have a
19 natural barrier, which is the Columbia River, from the
20 Bridgeport exchange, so the closest possible feed route
21 is through our Brewster exchange, and therefore is the
22 reason for the 30-mile extension Brewster.

23 Q. On Line 20 of the same page, you state that
24 Verizon asked Qwest whether it would provide service to
25 the Timm Ranch. Can you first describe how that

0133

1 request was made?

2 A. To my knowledge, that request was made
3 through Mike Stephens, who was the section manager of
4 that area at the time. It was a written request that
5 at this point I don't believe has been responded to.

6 Q. So your response is to date, Qwest has not
7 responded formally. Has Qwest responded informally?

8 A. I don't have knowledge of that. As far as I
9 know, they just have not responded formally.

10 Q. Is it correct that Verizon discussed with
11 Qwest the possibility of Verizon serving homes near
12 Turtle Lake in Okanogan County, which is in a Qwest
13 exchange?

14 A. Yes, there was some discussion of that.

15 Q. And what became of that discussion?

16 A. Can you reference where this is in the
17 testimony?

18 Q. I believe it was contained in a response to
19 our Data Requests 110 and 111. I believe there was
20 information?

21 MS. ENDEJAN: Do you have the exhibit number?

22 MR. TRAUTMAN: I don't know whether I do.

23 Q. (By Mr. Trautman) Do you have knowledge of
24 that?

25 A. I have some limited knowledge of what

0134

1 occurred out there. I do know there was some
2 discussion with Mike Stephens and with Qwest regarding
3 the Turtle Lake property, and we basically opted that
4 we were not interested.

5 Q. Was there any discussion that you recall that
6 if one company would serve one exchange, the other
7 company might serve the other; do you recall any of
8 that?

9 A. I don't have direct knowledge of that.

10 Q. Turning now to Exhibit 7-T, which is your
11 reply testimony, and at a few places you address in
12 some detail the practices under the tariffs prior to
13 the current rule taking effect; is that correct?

14 A. Uh-huh.

15 Q. For example, on Page 13, Lines 18 to 20, you
16 state that in 1999, an applicant received a half-mile
17 construction allowance and then paid \$440 for each
18 additional tenth of a mile; is that correct?

19 A. That is correct.

20 Q. And starting on Page 16 and continuing to
21 Page 17, you give background for the tariff revisions
22 in the summer and fall of 1999; is that correct?

23 A. Yes. That's in reference to the Pontiac
24 Ridge; correct?

25 Q. This is in reference to your testimony on

0135

1 line extension tariff background.

2 A. Yes.

3 Q. And one of the results of the tariff change
4 that occurred, the tariff changes to which you are
5 testifying, was that Verizon constructed the extension
6 notice at Cedar Ponds extension; is that correct?

7 MS. ENDEJAN: Your Honor, and I don't know
8 how you want to handle this, but throughout this
9 proceeding, we have objected to the relevancy of data
10 requests and inquiry on the Cedar Ponds project because
11 that project was constructed under unique circumstances
12 to resolve the threat of a pending complaint prior to
13 the new line extension tariff taking effect.

14 Mr. Shirley's testimony was stricken on this subject.
15 Verizon was not given the opportunity to file -- we
16 didn't file any testimony on this because Mr. Shirley's
17 testimony was stricken.

18 We would object to any inquiry on the grounds
19 of relevancy to the issue that is before the Commission
20 here in this proceeding, which is whether the criteria
21 of 071 for a waiver are present by the Timm and Taylor
22 Ranch circumstances. We will be here for a long time
23 if Ms. Ruosch has to explain all the nuances and
24 problems associated with the Cedar Ponds project that
25 was not constructed under the rule that is at issue in

0136

1 this proceeding, so we would object to this line of
2 inquiry.

3 JUDGE MACE: Mr. Trautman, your response?

4 MR. TRAUTMAN: It is very relevant. First of
5 all, Mr. Shirley's testimony was not stricken for any
6 relevance grounds. It was stricken on the grounds that
7 it should have been filed or could have been filed
8 earlier. In fact, the suggestion throughout the order
9 is that it was relevant and that the finding was that
10 Mr. Shirley could have responded earlier.

11 It's directly relevant because it deals with
12 other extensions not only that have been built by the
13 company but for which recovery has been sought and
14 passed through to ratepayers or to long-distance
15 customers through the line extension rule, and in fact,
16 such recovery was sought by Verizon itself and approved
17 by the Commission, and the factors that are set forth
18 in the waiver rule include the cost and length of
19 extensions, the effect on customers, the number of
20 customers served.

21 If the Commission is to determine in
22 accordance with Verizon's essential claim that this is
23 simply too costly and that it's the kind of extension
24 that should not be done and should not be passed
25 through to ratepayers, it's directly relevant to look

0137

1 at what the Commission has, in fact, done with other
2 extensions and how it is passed through very recently
3 those costs to the ratepayers.

4 JUDGE MACE: Mr. Trautman, would you please
5 repeat the question that you asked?

6 MR. TRAUTMAN: Let me just add, in addition,
7 this is also relevant to material that the witness has
8 raised herself. She purportedly gives a history of the
9 line extension tariff background and how the tariff
10 came into effect. That background is not complete.
11 There is additional information that these questions
12 refer to.

13 JUDGE MACE: The question you asked
14 specifically.

15 MR. TRAUTMAN: The question I asked, one of
16 the results of the tariff changes to which the witness
17 describes on Page 16 and 17 was that Verizon
18 constructed an extension notice of Cedar Ponds
19 extension, and it was an extension that the company
20 otherwise did not want to build; is that correct?

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

23 CHAIRWOMAN SHOWALTER: I still don't
24 understand the question, because you referred to 7-T,
25 Page 16, and tell me the lines that you are

0138

1 cross-examining?

2 MR. TRAUTMAN: She has a history of the line
3 extension tariff background on Page 16. I'm on 7-T,
4 Page 16 the bottom of the page and carrying onto the
5 top of the next page, and she says in July 1999, such
6 and such happened, and then in November, there was
7 refiling of the tariff, and there is even reference to
8 some resistance from the Commission staff. Well, there
9 were additional events that happened as a result of
10 that that led to --

11 CHAIRWOMAN SHOWALTER: Don't you testify, but
12 what is your question now?

13 MR. TRAUTMAN: The question was one product
14 of this prior tariff of Verizon, one of the results of
15 those tariff changes was that Verizon as part of those
16 discussions with the staff agreed to construct the
17 Cedar Ponds extension.

18 CHAIRWOMAN SHOWALTER: Is that a question?

19 MR. TRAUTMAN: Yes.

20 JUDGE MACE: Let's be off the record.

21 (Discussion off the record.)

22 JUDGE MACE: It seems to me that
23 Mr. Trautman's question is legitimately within the
24 scope of cross-examination of this witness and the
25 testimony that she's provided about the history of line

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1 extensions and line extension tariffs. To some limited
2 degree, we'll allow cross-examination on this. We need
3 to find out how much the witness really knows about it,
4 and that would be important for you to bring out in
5 your examination of the witness, and then Ms. Endejan
6 on redirect can put this discussion in context and try
7 to bring out factors leading to the weight that can be
8 given to the information. Questions?

9 MS. ENDEJAN: Your Honor, I would like to
10 state for the record a continuing objection to the
11 Cedar Ponds inquiry. Ms. Ruosch may be testifying
12 about the line extension tariffs and their history, but
13 there is nothing in her testimony about the Cedar Ponds
14 project, and I would point out that under the
15 Commission's own rules of evidence, irrelevant,
16 duplicative, and admissible evidence burdens the
17 Commission and all parties and should be minimized to
18 the best extent possible.

19 In the Tenth Supplemental Order in this
20 docket, the Commission itself said at Paragraph 31, the
21 issue of whether or not Staff suggested the company
22 file for ratepayer contribution or knew that Verizon
23 was going to make such a filing has no or no
24 substantial bearing on the application before us now.

25 If I read the thrust of the Commission's

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1 intent in that order, they were stating that we are
2 focusing on circumstances of this application now under
3 this rule and that the circumstances of Cedar Ponds are
4 irrelevant, so we have a continuing objection to this
5 line of inquiry, and I guess maybe we would request
6 clarification with respect to how far Mr. Trautman will
7 be allowed to proceed down what we perceive to be an
8 irrelevant, inadmissible trail.

9 JUDGE MACE: I thank you for your argument.
10 I note your objection for the record. I think we can't
11 really determine exactly how far we can allow
12 Mr. Trautman to go until we hear his questions. We
13 have indicated that his questions should be limited.
14 This is a case about a Verizon rule waiver to Timm
15 Ranch location. With that in mind, why don't you go
16 ahead, Mr. Trautman. Do you have the question in mind?

17 THE WITNESS: Why don't you restate the
18 question.

19 CHAIRWOMAN SHOWALTER: Please put it in a
20 question form.

21 Q. (By Mr. Trautman) Was one of the results of
22 the tariff changes to which you refer -- was a result
23 of that change the fact that Verizon constructed the
24 Cedar Ponds extension, which was an extension that you
25 otherwise did not want to build?

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1 A. To my knowledge, Cedar Ponds was something
2 that after considerable arm-twisting in the midst of
3 these two different tariffs that we agreed to go ahead
4 to stay in the good graces of Staff to proceed with
5 this project. If I had the tariff that is in place
6 today, I would have definitely utilized that probably
7 as a case for test of waiver. It's an extremely costly
8 project.

9 Q. In more recent years, isn't it correct that
10 Verizon has constructed extensions under the current
11 extension rule, which is WAC 480-120-071, and has
12 sought recovery of the investment for several of those
13 extensions; isn't that correct?

14 A. Yes, we did.

15 Q. Recovery for those extensions is currently
16 taking place, is it not, under a tariff that was
17 permitted to go into effect by the Commission at a July
18 10th, 2002, open meeting, and specifically, I'm
19 referring to Exhibit 214-C.

20 JUDGE MACE: This is one of Ms. Ruosch's
21 cross exhibits?

22 MR. TRAUTMAN: That's correct.

23 THE WITNESS: The knowledge I have about this
24 exhibit is the last page, which is a document that we
25 prepared from engineering and for submission to

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1 regulatory in our financial hopes from the cost model
2 that is attached to it.

3 Q. But this is an exhibit that was submitted by
4 Verizon; isn't that correct?

5 A. Yes, it is.

6 MS. ENDEJAN: Your Honor, let the record
7 reflect this is not our exhibit. This is a filing made
8 by Verizon, but we have not marked it as an exhibit.

9 MR. TRAUTMAN: That is correct. My point is
10 it's a filing which is on record with the Commission;
11 is that correct?

12 THE WITNESS: Yes, it is.

13 CHAIRWOMAN SHOWALTER: Mr. Trautman, I have a
14 clarification. Two questions ago you said, in more
15 recent years have you constructed extensions and
16 requested recovery under the current rule, I believe
17 you said. Were you referring to post-July 2002?

18 MR. TRAUTMAN: I'm referring to recovery that
19 was sought under the current rule.

20 CHAIRWOMAN SHOWALTER: Thank you. Is that
21 what the witness understood?

22 THE WITNESS: Yes.

23 Q. (By Mr. Trautman) So you are only familiar
24 with the last page.

25 A. I'm familiar with the last page because we

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1 produced this from our department, yes, so I have seen
2 this.

3 Q. Are you familiar at all with the total amount
4 of recovery that was sought for the various extensions,
5 and since that is a confidential exhibit, I believe
6 Ms. Endejan doesn't want me to specifically refer to
7 the numbers; is that correct?

8 MS. ENDEJAN: That is correct. Perhaps you
9 can refer to the exchanges.

10 Q. I'm looking at the ninth page. The heading
11 says, "Verizon Northwest, Inc., Washington State," and
12 there is a table with 15 lines in it. Do you see that?

13 A. Does it begin with Sultan and end with
14 Loomis?

15 Q. No.

16 CHAIRWOMAN SHOWALTER: May I just interject
17 one of my usual admonitions? This is why we require
18 every exhibit and cross-exhibit to be numbered
19 consecutively, so we can find the page we are on.

20 MR. TRAUTMAN: I'm sorry. Frankly, Your
21 Honor, I did not believe all of the numbers were
22 confidential because Ms. Endejan has referred to them
23 herself in this hearing, and now I was instructed by
24 her today that, in fact, they are.

25 CHAIRWOMAN SHOWALTER: Can you restate what

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1 exhibit and what page number?

2 MR. TRAUTMAN: It's Exhibit 214-C. On my
3 exhibit, it's the ninth page of that exhibit. It has a
4 rather small table. In block letters at the top it
5 says, "Verizon Northwest, Inc., Washington State."

6 JUDGE MACE: There are a number of pages in
7 here that say that.

8 MR. TRAUTMAN: It's in large block letters,
9 and it says, "2001 and year-to-date March 2002, cost
10 recovery for extensions of service." Do you see that
11 page?

12 THE WITNESS: Yes, I do.

13 MS. ENDEJAN: Your Honor, I will lodge an
14 objection to the extent that as the witness testified,
15 she didn't prepare this document. She doesn't have
16 knowledge about it except for the very last page, so
17 there really isn't a foundation to cross-examine her
18 about this document with the exception of that last
19 page.

20 MR. TRAUTMAN: Your Honor, we can simply move
21 to have this admitted as an exhibit and then it is on
22 record with the Commission. It is a document that was
23 filed by Verizon concerning their line extensions, and
24 we can simply make references to the numbers that
25 appear on the exhibit.

0145

1 JUDGE MACE: Ms. Endejan, is this a document
2 that has been filed with the Commission?

3 MS. ENDEJAN: Yes, it has, Your Honor, and my
4 objection is not necessarily to its admissibility.
5 Documents that are on file with the Commission the
6 Commission certainly has a right to look at. I'm
7 objecting to cross-examining this witness about a
8 document that she didn't prepare; she didn't see; she
9 doesn't know about.

10 JUDGE MACE: Mr. Trautman?

11 MR. TRAUTMAN: That may limit what I can ask
12 this witness. It appears that the person who would
13 know something about this is Ms. Gage, and she's not a
14 witness; is that correct? Her name is on the cover
15 letter.

16 MS. ENDEJAN: Your Honor, Verizon has a
17 tariff -- no, I don't think it is. It's Ms. Fogg, and
18 this is something that we have not introduced as an
19 exhibit in this case. It's something from the
20 Commission's files. We didn't anticipate needing a
21 witness on this.

22 MR. TRAUTMAN: Let me turn then to the last
23 page, which the witness has indicated she's familiar
24 with.

25 Q. (By Mr. Trautman) Would you agree there is a

0146

1 column on the fourth column from the right that says
2 "total" and has a series of numbers?

3 A. Yes.

4 Q. The top number, which is for the Sultan
5 exchange, which is on the far left, and that number
6 under "total," that would be purportedly the cost for
7 that exchange; is that correct?

8 A. That's correct.

9 Q. Now, since you've indicated that you are not
10 familiar with the exhibit, you would not be able to
11 tell me whether that is the total amount of the cost or
12 whether there were additional indirect costs that were
13 added to that number; is that correct?

14 A. I can tell you a lot about Cedar Ponds.
15 There were some additional reinforcement costs that are
16 not reflected on here.

17 Q. Not reinforcement costs. For instance, when
18 you look down at the bottom of that same column, you
19 see that the total at the bottom of the fourth column
20 from the right, which adds all the projects together --

21 A. Correct.

22 Q. -- that total is not the total amount that
23 Verizon sought in recovery through terminating access
24 from the Commission; is that correct, or do you know?

25 A. This is financial information provided on

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1 these work orders. I don't have the direct knowledge
2 of the document in front of it to respond to that. The
3 total of those columns is 910,000. That is what is
4 submitted in the cost model.

5 JUDGE MACE: Let's stop for a moment, and I
6 want to remind the witness that this is marked a
7 confidential exhibit, so we need to be very careful
8 about what comes into the record.

9 COMMISSIONER HEMSTAD: Why is this page
10 confidential and why is the document confidential?

11 MS. ENDEJAN: Your Honor, as I understand it,
12 costs associated -- labor costs, material costs, things
13 like that are viewed by the company as confidential
14 costing information that they view, if it was publicly
15 available, their competitors could find out how much it
16 costs Verizon to do a project or do a line.

17 COMMISSIONER HEMSTAD: How much it costs
18 Verizon to do a project where it has a duty to serve?

19 MS. ENDEJAN: Well, all costs. I think that
20 the cost models that they use would apply in all
21 circumstances for purposes of determining cost, and
22 it's my understanding in most proceedings that this
23 sort of information is treated as confidential
24 information.

25 CHAIRWOMAN SHOWALTER: Is it the breakdown of

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1 materials and labor, etcetera, that's confidential, or
2 the total column is also confidential, because if it's
3 not, it might be easier --

4 MS. ENDEJAN: You Honor, if I might have a
5 moment to inquire of my client. I understand the
6 Commission's concern with minimizing the amount of
7 confidential numbers and information, and to the extent
8 some of these numbers are out there, then I would like
9 to just clarify with them what numbers they feel would
10 be appropriate to not have treated as confidential.

11 JUDGE MACE: How long would it take you to
12 verify that?

13 MS. ENDEJAN: Five minutes.

14 COMMISSIONER HEMSTAD: I remind counsel and
15 the parties that our rule now very explicitly directs
16 that confidential material needs to be precisely
17 interned in larger documents that contain other
18 nonconfidential material and every page is so stamped.

19 JUDGE MACE: Let's be off the record. We are
20 going to take a longer break at 3:25, but let's be off
21 the record for five minutes, approximately, to let you
22 verify the need for confidentiality here.

23 (Recess.)

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

25 Ms. Endejan?

0149

1 MS. ENDEJAN: I have conferred with my client
2 about the confidential treatment of the document that
3 has been marked by Staff as Exhibit 214. Verizon for
4 purposes of this proceeding only and without
5 establishing any sort of precedent does not have a
6 problem treating the total dollar amounts which appear
7 in the fourth column from the right as not
8 confidential. Verizon still would like to treat, and
9 believes it's appropriate to do so, all of the labor
10 and material costs that appears elsewhere in the
11 document as a breakdown.

12 I'm advised that when Verizon submits many,
13 many, many tariff filings, as do most telephone
14 companies in support of various charges, there is a lot
15 of financial and operational information that the staff
16 has historically recognized as confidential. I don't
17 believe Mr. Trautman intends to inquire Ms. Ruosch
18 about any of that, and perhaps having just the last
19 column of totals should facilitate your
20 cross-examination if they are not treated as
21 confidential?

22 MR. TRAUTMAN: The last number is not
23 confidential. All of the numbers in that column --

24 MS. ENDEJAN: All of the numbers in the total
25 column --

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1 MR. TRAUTMAN: -- are nonconfidential.

2 MS. ENDEJAN: Yes.

3 MR. TRAUTMAN: What about the customers in
4 service, the number right next to it?

5 MS. ENDEJAN: I don't think that would be a
6 problem, those two columns.

7 Q. (By Mr. Trautman) So staying on this, also
8 on this last page, if you go to the fourth extension
9 from the bottom, it's one that says "Curlew," the first
10 of two that say Curlew on the left and move over to the
11 total column, and is it correct that it states a cost
12 of \$49,101?

13 A. That's correct.

14 Q. And the number of customers is one; that is
15 correct?

16 A. That's correct.

17 Q. Is it also correct that you are not able to
18 indicate whether that 49,000, which was material and
19 labor, is, in fact, the entire cost for which Verizon
20 sought recovery; is that correct?

21 A. These are purely extension costs per the
22 rule. That's why this document was put together, to
23 get access rate recovery on the extension portions of
24 the project. So if that portion had reinforcement, I
25 don't know.

0151

1 Q. Let me look back to one of the prior pages,
2 and if you indicate you don't know anything about this,
3 that's fine. By my counting, it's nine pages in. It
4 is a page that in big block letters says "Verizon
5 Northwest, Inc., Washington State," and then it says
6 "2001, year-to-date March 2002 cost recovery for
7 extensions of service," and then there is a series of
8 calculations --

9 JUDGE MACE: Is the first line in that
10 document, "incremental fully allocated investment"?

11 MR. TRAUTMAN: Yes, thank you.

12 THE WITNESS: Was that the one we were on
13 prior to the break?

14 MR. TRAUTMAN: Yes.

15 Q. (By Mr. Trautman) All I want to confirm is
16 the first line says, "incremental fully allocated
17 investment." The second line then subtracts the
18 revenue from customers under the rule; is that correct?
19 That number is, I would think, not confidential, but do
20 you see the number on Line 3?

21 A. Yes, I do.

22 Q. And then on Line 5 it says, "Residual
23 investment to be recovered through the access rate
24 element." There is a number there.

25 A. Uh-huh.

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1 Q. It appears, does it not, that that number is
2 the amount for all of the projects listed on the last
3 page; that that amount is the amount of recovery that
4 the company sought through terminating access. To your
5 knowledge, is that correct?

6 A. I guess, again, I don't feel I'm qualified to
7 comment on something I haven't had an opportunity to
8 review closely. I don't have the background on this.

9 Q. Going back to your testimony in Exhibit 7-T,
10 and this is Page 16 to 17, you talk about the tariffs
11 in effect in 1999. I'm referring generally to your
12 discussion about what was paid under those tariffs.
13 Then I have some questions that you should be familiar
14 with, I believe.

15 Let me just ask. Is it correct, to your
16 knowledge, that under the tariffs in effect in 1999,
17 that those tariffs required a customer contribution of
18 \$440 per tenth of a mile after an allowance of a half a
19 mile free?

20 A. Yes.

21 Q. Then when the tariff was revised in December
22 of '99, there was a free allowance of one-tenth of a
23 mile; correct?

24 A. That's correct.

25 Q. Is it correct that under the current rule, a

0153

1 customer pays \$520 for an extension of any length since
2 that is 40 times the Verizon basic monthly rate of \$13?

3 A. That is correct.

4 Q. Is it correct that under the old Verizon
5 tariff that the total paid by the customer would vary
6 based on the distance from where they were to the
7 nearest part of the network?

8 A. That's correct.

9 Q. Would another factor be whether one or more
10 households cooperated to share the expense of
11 purchasing the extension?

12 A. That is where we got into a difference of
13 opinion with the staff is on the pooling issue. We did
14 not consider that to be in the tariff, if you are
15 thinking prior to this short 2000 tariff change we have
16 in 1999.

17 Q. Yes. If there were two customers and they
18 sought a three-mile extension, could they share the
19 costs?

20 A. Under the tariff in 2000, that's what
21 occurred. Prior to that, we probably would have looked
22 at that differently.

23 Q. Now, we referred earlier to, I believe, the
24 Foster Creek Ranch, if you recall that.

25 A. Yes.

0154

1 Q. If the Foster Creek Ranch were to order an
2 additional telephone line today, that would not be an
3 extension under the rule; is that correct?

4 A. That's correct.

5 Q. And it would not have been an extension under
6 the tariff in effect in 2000 either; is that correct?

7 A. Foster Creek has service today, so if they
8 added another line -- I guess I don't understand the
9 question.

10 Q. Correct, and is this because Verizon receives
11 in local rates an amount that's intended to permit it
12 to make network upgrades and meet increased demand from
13 current customers?

14 MS. ENDEJAN: Objection, Your Honor. It
15 assumes a lot of facts not in evidence here. There is
16 a lot of components to that question.

17 JUDGE MACE: Could you break that question
18 down, Mr. Trautman?

19 MR. TRAUTMAN: I guess I don't understand the
20 nature of the objection.

21 MS. ENDEJAN: The first part of your question
22 inquired into the witness's knowledge of Verizon's
23 rates and what they are intended to cover and somehow
24 or other tied it to the Foster Creek exchange, and
25 there seemed to be a disconnect between the first and

0155

1 the second part of the question.

2 Q. (By Mr. Trautman) Let me ask you just this:

3 Does Verizon receive in its local rates an amount
4 intended to permit it to make network upgrades?

5 A. I'm not an expert on what Verizon's local
6 rates and what they apply to. They deal primarily with
7 capital budget that's given to me based on a model each
8 year, so to comment on that, I don't have the
9 appropriate background to give you the exact answer on
10 that.

11 Q. Does Verizon file a tariff for each network
12 upgrade that it makes; do you know?

13 A. No, I don't know.

14 Q. Do you know whether Verizon's local rates are
15 intended to include amounts to meet increased demands
16 from current customers?

17 MS. ENDEJAN: Your Honor, I guess I would
18 object to this line of questioning again because it
19 seems to be pretty much outside the scope of this
20 witness's expertise and testimony.

21 She's not testifying about how Verizon's
22 rates are structured to recover what costs. She's here
23 to talk about the engineering costs associated with
24 these two projects, and we are now getting into
25 rate-making theory and philosophy that is way beyond

0156

1 the scope of this witness's expertise.

2 MR. TRAUTMAN: If she doesn't know the
3 answer, she can say that.

4 THE WITNESS: I don't know the answer.

5 Q. (By Mr. Trautman) Today when Verizon
6 completes an extension under the rule, is it correct
7 that Verizon under Section 4(b)(i) of the line extension
8 rule can recover investment for the portion of the
9 construction that is an extension of the network?

10 A. That's correct.

11 Q. It may do that if it chooses to do so;
12 correct?

13 A. That's correct.

14 Q. So that if, for example, Ms. Taylor were
15 two-tenths of a mile down Highway 17 from the Foster
16 Creek Ranch and Verizon built the two-tenth of a mile
17 extension, is it correct that Verizon could recoup
18 through terminating access the amount associated with
19 two-tenths of a mile of construction?

20 A. I believe the rule would allow us to do that,
21 but -- I believe the rule would allow us to do that,
22 yes.

23 Q. The recovery that would be allowed would also
24 include a planning, engineering, cost of money; is that
25 correct?

0157

1 A. That's correct.

2 Q. It's more than simply the investment in
3 copper or fiber cable.

4 A. That's correct.

5 Q. In her deposition, which is Exhibit 172-D,
6 and this is on Page 34 --

7 JUDGE MACE: Can you wait a minute while we
8 get to that point?

9 (Discussion off the record.)

10 THE WITNESS: I have read the deposition but
11 I don't have it in front of me.

12 Q. (By Mr. Trautman) I simply wanted to confirm
13 --

14 JUDGE MACE: Let's wait until she gets to the
15 deposition.

16 MS. ENDEJAN: What was the page,
17 Mr. Trautman?

18 MR. TRAUTMAN: 34.

19 MS. ENDEJAN: Your Honor, may I show the
20 deposition to the witness?

21 JUDGE MACE: Yes.

22 THE WITNESS: Okay.

23 Q. I believe she indicated she contacted Verizon
24 about an extension in fall of 2000; is that correct?

25 JUDGE MACE: What line are you at?

0158

1 MR. TRAUTMAN: I'm at Lines 11 and 12.

2 MS. ENDEJAN: Your Honor, the document speaks
3 for itself.

4 MR. TRAUTMAN: I was simply trying to give
5 her a context for the question.

6 THE WITNESS: That's what the deposition
7 states.

8 Q. (By Mr. Trautman) Now, based on your
9 testimony regarding the tariff that was in effect prior
10 to the rule, the measurement for an extension would
11 have been how far she was from the nearest network
12 presence; is that correct?

13 A. Yes.

14 Q. And we've determined she was 3.1 miles, I
15 believe, from one house, and she was 5.7 miles from the
16 Foster Creek Ranch; is that correct?

17 A. I think it's more like eight miles from the
18 Foster Creek Ranch.

19 Q. I believe when we looked at Exhibit 188
20 previously, I believe she indicated she was 5.7 miles.
21 We can go back and reaffirm. I asked that question
22 earlier.

23 A. Excuse me, yes.

24 Q. So for these purposes, using the 5.7 mile
25 figure, if Verizon had given Ms. Taylor a quote in the

0159

1 fall of 2000, it would have deducted a tenth of a mile
2 from the 5.7 mile distance; correct? That's the free
3 amount.

4 A. Correct. Under the tariff that was in place
5 of 2000, is that what you are referencing?

6 Q. Yes, in the fall of 2000. That would leave
7 5.6 miles or 56 tenths of a mile remaining.

8 A. Okay.

9 Q. Would you accept subject to check -- this is
10 simply a mathematical calculation -- if you multiply
11 the remaining 56 tenths of a mile by \$440 per tenth of
12 a mile, so 440 times 56, the price quote would have
13 been \$24,640.

14 A. That's correct.

15 Q. If three households participated, and there
16 are now three applicants, then that cost would have
17 been split three ways; correct?

18 A. Three orders, three ways for the service
19 extension, yes.

20 Q. And that would leave you with \$7,680 per
21 household; correct?

22 A. That's correct.

23 Q. So if Verizon had built an extension under
24 the old rule, it would have received \$24,640 from
25 customers, and the bulk of the reinforcement costs

0160

1 would not have been recovered; is that correct?

2 A. One more time, please?

3 Q. If Verizon had built an extension under the
4 prior tariff --

5 A. Fall of 2000, okay.

6 Q. -- it would have received \$24,640 from
7 customers, and it would not have recovered the bulk of
8 its nonreinforcement costs.

9 MS. ENDEJAN: I would like clarification,
10 Your Honor, that this assumes all the hypotheticals
11 built into this, which is, in fact, that there could
12 have been an extension from the Foster Creek exchange,
13 etcetera, all the predicates here, because otherwise,
14 it's going to lead to a pretty misleading answer.

15 MR. TRAUTMAN: Your Honor, we already asked
16 the predicate of how the customer's cost was calculated
17 under the prior rule, and she agreed twice that it was
18 calculated by determining that customer's distance from
19 the nearest network presence.

20 JUDGE MACE: I think, Ms. Endejan, you will
21 have an opportunity to redirect this witness, and
22 perhaps you can ask clarifying questions at that time,
23 until the commissioners have something they want to ask
24 now.

25 CHAIRWOMAN SHOWALTER: The only thing I want

0161

1 to clarify is the distance. Is that an
2 as-the-crow-flies distance or a road distance? What
3 does your question assume?

4 MR. TRAUTMAN: I assume it's the road
5 distance. It's the distance that was included in the
6 answer to Data Request Exhibit 188.

7 CHAIRWOMAN SHOWALTER: That was the reason I
8 asked, because when we were looking at that exhibit, I
9 believe I saw something about it --

10 THE WITNESS: You did.

11 JUDGE MACE: It appears to me it speaks of
12 straight line cross-country measurements.

13 CHAIRWOMAN SHOWALTER: So do I take it your
14 questions are talking about distance, meaning as the
15 crow flies?

16 MR. TRAUTMAN: Yes. Under this response, it
17 would be. So if it were by road distance, it might be
18 somewhat larger.

19 THE WITNESS: And that's where the 8.4 miles
20 from Foster Creek to Kay Taylor.

21 Q. (By Mr. Trautman) If it were 8.4, then the
22 relevant multiplication, if that were the case, would
23 be 440 times 83; correct, and whatever that number led
24 you to divided by three in the case of three customers
25 would be the cost that they would each pay; is that

0162

1 correct?

2 A. Upon verification, yes, it sounds reasonable.

3 Q. But even in that scenario, the remainder of

4 the nonreinforcement cost would not have been

5 recovered; correct?

6 A. The remainder of the nonreinforcement cost --

7 Q. There is no recovery mechanism for that under

8 the old tariff; is that correct?

9 A. That's correct.

10 Q. Let me just clarify -- you may have already

11 indicated this for me -- if you could turn to Exhibit

12 213, and this was a GTE letter to the Commission in

13 December of 1999. It's a one-page letter.

14 A. Yes.

15 CHAIRWOMAN SHOWALTER: When you are going to

16 a new exhibit, take a look at whether we seem to be on

17 track or not. It takes us awhile, but also these

18 exhibits are not in chronological order.

19 Q. Would you agree that looking at this letter

20 that the company is stating that in exchange for the

21 Commission staff's agreement to recommend that the

22 Commission adopt what's referred to as GTE's new

23 tariff, which was December 1999, that any line

24 extension request, other than Cedar Ponds, will be

25 handled under the new tariff?

0163

1 MS. ENDEJAN: Objection, Your Honor. The
2 document speaks for itself. There has been no
3 foundation laid whatsoever that this witness has seen
4 it, prepared it, has any knowledge of it.

5 MR. TRAUTMAN: I'm asking whether she has any
6 knowledge.

7 Q. (By Mr. Trautman) Do you have any knowledge
8 of this?

9 A. I've read it, and that's all I have.

10 Q. You have no other knowledge.

11 A. No.

12 Q. On your direct testimony, which is Exhibit
13 1-T, and if you could turn to Page 9, you state that
14 the Taylor and Timm Ranch extensions would by far be
15 the most costly in Verizon's Wenatchee district.

16 A. Yes.

17 Q. You limit your statement to the Wenatchee
18 district. Why did you limit your statement to that
19 district?

20 A. I'm not aware of any extension that long in
21 my 25 years in the engineering organization, so we
22 probably could have said within Washington, local loop.

23 Q. But do you have extensive knowledge of the
24 other districts?

25 A. Extensive knowledge?

0164

1 Q. I asked earlier whether Verizon served
2 ranches in the Eastern Palouse district, and you
3 indicated you had no knowledge --

4 A. That is not the area I have responsibility
5 for, but even over on the Western Washington side, it's
6 pretty extensive on that side of the mountains as well.

7 JUDGE MACE: I need to remind both counsel
8 and the witness to avoid talking over each other.

9 Q. You also state the Taylor extension would be
10 by far the most costly in Verizon's Wenatchee district.
11 Are you also indicated that the Taylor extension is by
12 far the most costly Verizon extension anywhere in
13 Washington.

14 A. No. The Timm is the one that's the most
15 extensive and most costly that I'm aware of.

16 Q. So your statement there did not apply to the
17 Taylor Ranch, even though it appears to. Are you now
18 stating that's not correct?

19 A. What line are you on?

20 Q. I'm on Line 9. You state, "The Taylor and
21 Timm Ranch line extensions would be by far the most
22 costly and burdensome line extension projects in the
23 Wenatchee district."

24 A. They definitely are in the Wenatchee
25 district.

0165

1 Q. When I asked you whether that was true in the
2 states as a whole, and I believe you first indicated
3 yes, but now you are indicating -- are you now
4 indicating no with regard to Taylor?

5 A. Yes.

6 Q. Turn back to Page 1 of that same exhibit.
7 You state that there are 78,000 access lines in the
8 Wenatchee district.

9 A. That's correct.

10 Q. Do you know whether Verizon receives
11 universal service support for those lines?

12 A. I'm not knowledgeable of any universal
13 service support for those lines.

14 Q. Have you read the testimony of Mr. Shirley in
15 this case?

16 A. I have.

17 Q. Are you familiar with what was marked as
18 Exhibit 133, and that was excerpts from the Tenth
19 Supplemental Order in what was commonly called the
20 universal service case, 980311.

21 MS. ENDEJAN: Excuse me. Are you referring
22 to an exhibit in this case?

23 MR. TRAUTMAN: Yes. It was made an
24 attachment to Mr. Shirley's testimony. It had the
25 amount of universal support.

0166

1 JUDGE MACE: It's Exhibit 133?

2 MR. TRAUTMAN: Correct. It's an appendix to
3 Mr. Shirley's April 17 testimony.

4 THE WITNESS: Okay.

5 Q. (By Mr. Trautman) Do you have that page?

6 A. Yes, I do.

7 Q. In Appendix B-1, there is a list of GTE
8 exchanges?

9 A. Yes.

10 Q. And would you agree that for Mansfield
11 exchange, the amount of support per line per month is
12 \$447.09?

13 MS. ENDEJAN: Your Honor, I object. First of
14 all, the document speaks for itself. Second of all, it
15 admits the question, I believe, inaccurate. This is
16 talking about costs. This is not talking about what
17 Verizon may or may not recover, and third, there is no
18 foundation been laid that this witness is equipped to
19 do anything else than read from the piece of paper in
20 front of her.

21 JUDGE MACE: Mr. Trautman, your response?

22 MR. TRAUTMAN: Do you have any knowledge --

23 JUDGE MACE: Mr. Trautman, would you respond
24 to the objection, please?

25 MR. TRAUTMAN: I'm asking whether she has

0167

1 knowledge of these matters.

2 THE WITNESS: I don't have knowledge of this
3 particular matter.

4 Q. (By Mr. Trautman) So again, when I asked you
5 originally whether Verizon received universal service
6 support for any lines, that's not your area of
7 expertise.

8 A. That is right. I do not know that.

9 Q. Do you know whether that's an area that
10 Dr. Danner would know about?

11 A. I have no comment on that. I don't know.

12 Q. Going to Exhibit 1-T, and on Page 15 -- I'm
13 on Lines 9 through 13 -- is it correct you there state
14 that there is a significant lag in recovery under the
15 rule and that recovery is not coordinated with
16 Verizon's capital budgeting?

17 A. That's correct.

18 Q. Isn't it correct that under the rule under
19 Subsection 4 that companies are permitted to begin
20 recovery after construction permits are obtained for an
21 extension project but before the construction begins?

22 A. That is in the rule.

23 Q. And to your knowledge, for any of the
24 extensions that were constructed by Verizon for which
25 it sought recovery under the tariff on 214-C, and I

0168

1 believe you indicated you were familiar with the last
2 page.

3 A. Yes.

4 Q. To your knowledge, do you know whether
5 Verizon sought to begin recovery prior to the
6 completion of any of those extensions?

7 A. No, we did not.

8 CHAIRWOMAN SHOWALTER: Mr. Trautman, are you
9 about to go into a different area?

10 MR. TRAUTMAN: In terms of a break, this
11 would be appropriate.

12 JUDGE MACE: We'll break now until 3:45.

13 Let's be off the record.

14 (Recess.)

15 JUDGE MACE: Let's be back on the record.

16 Mr. Trautman?

17 Q. Thank you, Your Honor. In Exhibit 7-T, and
18 that's your May 15th reply testimony --

19 JUDGE MACE: Before you continue, I just
20 wanted to call your attention to the cross-examination
21 time estimate. I think you are approaching two hours.
22 I just wanted to remind you of that.

23 MR. TRAUTMAN: I think I'm approaching an
24 hour and a half. We did not start until about two
25 because there was extensive direct, but I believe we

0169

1 have only about ten minutes left.

2 JUDGE MACE: Thank you.

3 Q. (By Mr. Trautman) I just want to confirm that
4 on Page 2, Lines 8 and 9, you state that Verizon is not
5 arguing that the Commission's line extension rule is
6 wrong or should be changed; is that correct?

7 A. That is correct.

8 Q. And turning to Page 6, looking at Lines 8
9 through 10, you state specifically that, "In other
10 words, whether or not part of them are labeled
11 reinforcement so as to force the company to absorb
12 them, they will be incurred to complete these
13 extensions"; is that correct?

14 A. That is correct. That's what it says.

15 Q. Is there anywhere in your testimony where you
16 state that Verizon has insufficient reinforcement
17 dollars to construct the extension?

18 A. I think that we say we have restricted. We
19 are all in an economic decline, and we all have to
20 utilize our resources to the best possible opportunity
21 we can. I never said anywhere within the testimony
22 that we didn't have the resources to do the job in
23 terms of capital.

24 Q. Is it correct that Verizon's local service
25 rates are calculated to generate funds to be spent on

0170

1 reinforcement, network, upgrades, and maintenance?

2 MS. ENDEJAN: Objection, Your Honor. This is
3 repetitive. This question was already asked.

4 JUDGE MACE: Mr. Trautman, I think we've
5 already dealt with that question. Move on please,
6 thank you.

7 MR. TRAUTMAN: All right.

8 Q. (By Mr. Trautman) Now, if Verizon were to
9 construct the facilities that you've described in your
10 testimony, would each applicant be connected to the
11 telephone network?

12 A. If we were to construct the facility, each
13 applicant would be tied to the network.

14 Q. Would any of them have to ask their neighbor
15 for the use of a telephone to make a call?

16 A. Not if Verizon built out the network.

17 Q. Would any of them have a party line?

18 A. No.

19 Q. I believe in your testimony, you've indicated
20 in a number of places that there are a relatively small
21 numbers of customers in each location; is that correct?

22 A. That is correct.

23 Q. Is there anything in the line extension rule
24 that prevents Verizon from recouping its investment
25 when a small number of customers are served?

0171

1 A. Not that I recall. It is not customer number
2 sensitive.

3 Q. Is it correct that your testimony does not
4 state that Verizon will lose profits if it builds the
5 extensions under the rule?

6 MS. ENDEJAN: Could you clarify?

7 Q. Is it correct that your testimony does not
8 state that Verizon will lose profits if it builds these
9 extensions under the rule?

10 A. Can you direct me to where that is in the
11 testimony?

12 Q. I'm saying is it correct you don't say that,
13 you don't allege that.

14 MS. ENDEJAN: I guess --

15 THE WITNESS: I think the words were
16 different.

17 MS. ENDEJAN: I guess, Your Honor, I'm kind
18 of troubled by the question because it's a negative
19 question, and her testimony speaks for itself.

20 Q. Would you contend that Verizon loses profits
21 if it builds these extensions under the rule?

22 A. To build these extensions also requires
23 reinforcement to many of these routes that are not
24 accommodated under the rule, so if Verizon has to
25 service these customers, then yes, we will have to

0172

1 utilize our own resources that come to us through our
2 revenues where we are all challenged in order to fund
3 and accommodate them.

4 MR. TRAUTMAN: At this point, I would like to
5 move for the admission of Exhibit 181 through 210.
6 Those are all Verizon responses to staff data requests.

7 MS. ENDEJAN: No objection, Your Honor.

8 JUDGE MACE: I'll admit 181 through 210.

9 MR. TRAUTMAN: And also Exhibits 211 through
10 214, I would note that 211 is a Commission order which
11 I believe we could simply take notice but for ease of
12 reference we included it as an exhibit.

13 JUDGE MACE: 214 has designated 214-C --

14 MR. TRAUTMAN: 211 was the order.

15 JUDGE MACE: Let's go back again. You are
16 asking for the admission of Exhibits 211 to 214-C; is
17 that correct?

18 MR. TRAUTMAN: Correct.

19 JUDGE MACE: Is there any objection to the
20 admission of those exhibits?

21 MS. ENDEJAN: Your Honor, 213 is something
22 that is from the Commission's files, I believe, is it
23 not?

24 MR. TRAUTMAN: It is. It's a letter
25 submitted to the Commission by Verizon.

0173

1 MS. ENDEJAN: The records before the
2 Commission, we have no objection.

3 JUDGE MACE: I'll admit those exhibits then.

4 MR. TRAUTMAN: I would also move for the
5 admission of Exhibits 215 and 216, each of which are
6 composite responses to staff data requests.

7 JUDGE MACE: Any objection to the admission
8 of proposed 215 and 216?

9 MS. ENDEJAN: No, Your Honor.

10 JUDGE MACE: I'll admit those.

11 MR. OWENS: Could I get some identification
12 to what those are?

13 MR. TRAUTMAN: 215 were Verizon's responses
14 to our Data Requests 116 through 120. There is five of
15 them.

16 MR. OWENS: So that's 215.

17 MR. TRAUTMAN: And 216 are the Verizon
18 responses to Data Requests 34, 37, 40, and 64.

19 MR. OWENS: Thank you, counsel.

20 JUDGE MACE: Thank you, Mr. Trautman.

21 MR. TRAUTMAN: I have no further questions.

22 JUDGE MACE: Let's turn next to Mr. Owens.

23 MR. OWENS: Thank you, Your Honor.

24

25

1 CROSS-EXAMINATION

2 BY MR. OWENS:

3 Q. Good afternoon, Ms. Ruosch.

4 A. Good afternoon.

5 Q. Just a few questions. I may exceed my
6 five-minute estimate, but I hope not by much.

7 Directing your attention to your testimony,
8 Exhibit 1-T, on Page 8, counsel for the staff already
9 asked you about the statement beginning on Lines 11
10 through 16, so I won't repeat that, but isn't it true
11 that in addition to Qwest territory, the Verizon
12 facilities coming from Brewster would also have to
13 traverse a portion of the CenturyTel-Nespelem exchange?

14 A. During our investigation -- and we are on the
15 Timm Ranch?

16 Q. Yes.

17 A. I do not have any record of going through the
18 Nespelem exchange.

19 Q. Let me ask you to look at what's been marked
20 as Exhibit 64. It has not been offered yet.

21 JUDGE MACE: Whose exhibit is that?

22 MR. OWENS: It's Mr. Hubbard's Exhibit 4.

23 Q. (By Mr. Owens) On this exhibit, it shows
24 what's called proposed cable extension, a portion of
25 which follows the same route as your Exhibit 4; is that

0175

1 correct?

2 A. It appears to follow the route you are
3 referring to, the one on Timm Road?

4 Q. Yes.

5 A. Yes.

6 Q. That Exhibit 4 shows that in the southwest
7 corner of the Nespelem CenturyTel exchange, that road
8 goes across that corner; is that true?

9 A. That is what this map indicates, yes.

10 Q. So when you prepared your Exhibit 4, what
11 records did you consult to come up with your depiction
12 of exchange boundaries on that exhibit, specifically
13 the Qwest exchange boundary and the Bridgeport exchange
14 boundary?

15 A. We used our maps that we use in our
16 engineering office that identify the Qwest boundary in
17 relationship to ours.

18 Q. So it's your testimony that your maps do not
19 show the boundary that would be north and south on your
20 Exhibit 4, approximately at the left side of the first
21 column of squares that would depict the demarcation
22 between the Qwest-Omak exchange and the Nespelem-
23 Centurytel exchange; is that correct?

24 A. That is correct. That's what our map is
25 showing, yes.

0176

1 Q. When Mr. Hubbard filed his testimony stating
2 that Qwest's facilities would have to traverse a
3 portion of the CenturyTel exchange, did you investigate
4 to see who was correct in this regard?

5 A. Would you reask that one more time?

6 Q. Are you aware that Mr. Hubbard's prefiled
7 testimony indicates that Qwest's facilities, if Qwest
8 were ordered to serve the Timm Ranch, would have to
9 traverse a portion of the Centurytel-Nespelem exchange?

10 A. I guess I'm not aware of that, no.

11 Q. If you had been aware of it, would you feel
12 it would be important to investigate to see whether, in
13 fact, your exhibit was accurate or whether there is an
14 error in the Qwest exhibit?

15 A. Yes, it would have been important.

16 Q. So if I understand correctly, you were simply
17 unaware, if it's true, that both Verizon and Qwest
18 would have to traverse a portion of the
19 CenturyTel-Nespelem exchange in order to serve the Timm
20 Ranch; is that correct?

21 A. We were aware that CenturyTel was in the
22 vicinity heading towards Nespelem. Our records had
23 indicated it was about 12 miles away. If we would have
24 known that CenturyTel was in the vicinity, we would
25 have investigated. It would have been important. The

0177

1 point here, I guess, whether it's Qwest or Verizon, is
2 that it's an exceptionally extensive long route of 30
3 miles --

4 MR. OWENS: Your Honor, this goes beyond my
5 question. I'm asking was she aware at the time that
6 both Qwest and Verizon, since they would both use the
7 Timm Road to get access to the Nelson property, would
8 pass through a portion of the CenturyTel exchange.

9 JUDGE MACE: I think the question has been
10 answered.

11 Q. (By Mr. Owens) So would I be correct in
12 understanding that that was at least in part
13 responsible why you didn't depict on Exhibit 4 the last
14 CenturyTel location the way you did on Exhibit 3 that
15 was closest to the Timm Ranch?

16 A. Yes. We did not depict that. There was not
17 any specific reason why we didn't show it on the Timm
18 Ranch. We showed it quite clearly on the Taylor.

19 Q. You testified earlier you were quite familiar
20 with the Ike Nelson and Kay Taylor depositions at the
21 time you prepared your testimony; is that right?

22 A. In testimony preparation, yes, prior to the
23 deposition.

24 Q. The Ike Nelson deposition has been marked as
25 Exhibit 171-D; is that right?

0178

1 A. I don't have the deposition.

2 MR. OWENS: Could a copy be made available to
3 her? I just have a question.

4 Q. Directing your attention to Pages 10,
5 beginning at Line 21 and onto Page 11 through Line 9,
6 were you aware of that material when you prepared your
7 testimony or even when you prepared your reply
8 testimony?

9 MS. ENDEJAN: Page 10 lines --

10 MR. OWENS: Page 10, Line 21 through Page 11,
11 Line 9.

12 THE WITNESS: I recall reading this, yes.

13 Q. (By Mr. Owens) Would you agree with me that
14 this testimony describes a commercial operation with
15 three residences three miles to the east of the
16 intersection of the Timm Road and the Columbia River
17 Road?

18 A. That is what is indicated in his deposition.

19 Q. Mr. Nelson even identified the customer by
20 name; correct, Tinnyall (phonetic) Ranch operated by
21 Frontier Ministries.

22 A. It's in the deposition, yes.

23 Q. Did that give you reason to think there might
24 be some telephone service within five miles of the
25 Nelson residence to the east?

0179

1 A. We drove the route to the east. We were
2 aware CenturyTel was in the vicinity.

3 Q. You were aware CenturyTel was in the
4 vicinity, but you didn't know how close; is that right?

5 A. We took a measurement on that. I don't have
6 that with me at hand, but yes, we drove that route to
7 that direction.

8 Q. Does three miles sound about right from your
9 recollection?

10 A. Three to five.

11 Q. That would be closer than Qwest's closest
12 facilities to the Nelson residence; correct?

13 A. We didn't actually put the distance to the
14 Qwest facilities. Again, that wasn't our focus out
15 there to identify where other service provider
16 companies were located.

17 Q. Well, you did put it in your exhibit -- I'm
18 sorry, in the attachment to the petition, at least for
19 the Taylor residence but not for the Timm Ranch; is
20 that correct?

21 A. That is correct.

22 Q. Is there some reason why you put it in there
23 for the Taylor residence but not the Timm Ranch?

24 A. I believe it was an oversight on our part.
25 We should have had it on both.

0180

1 Q. Was the objective of pointing to the
2 existence of other wireline neighboring LECs with
3 facilities near these applicants to call attention to
4 the Commission for purposes of having the Commission
5 require them to serve as an alternative to Verizon?

6 A. That was not our intention. The intention in
7 this case is to discuss the service extension tariff
8 and some limitations that we need Commissioner
9 direction on because of the waiver. We don't contest
10 that the service extension in its total content.

11 Q. You testified that you inquired of CenturyTel
12 about the possibility of CenturyTel serving the Taylor
13 residence, and that was based on your knowledge that
14 CenturyTel had facilities some three miles from the
15 intersection of Highway 17 and the Hayes Road; is that
16 correct?

17 A. That's correct.

18 Q. You knew that CenturyTel had facilities in
19 the area some three to five miles from the intersection
20 of the Omak Lake Road or Columbia River Road with the
21 Timm Road, and so my question is, did you ask
22 CenturyTel whether CenturyTel would be interested in
23 serving the Timm Ranch from the east?

24 A. I do not believe we did that.

25 Q. Why not?

0181

1 A. Like I indicated, at this point, I'm going to
2 have to say it was an oversight on our part.

3 Q. If you knew then what you know now, would you
4 have made that inquiry of CenturyTel?

5 A. Yes.

6 MR. OWENS: Thank you. That's all.

7 JUDGE MACE: Mr. Harlow?

8 MR. HARLOW: Thank you, Your Honor.

9

10

11 CROSS-EXAMINATION

12 BY MR. HARLOW:

13 Q. Good afternoon, Ms. Ruosch.

14 A. Good afternoon.

15 Q. It's been a long day. I'll not make it too
16 much longer. Are you familiar a little bit with RCC?

17 A. Yes, I am.

18 Q. You are aware that it's a radio
19 communications service company?

20 A. Yes, I am.

21 Q. Is RCC the only radio communications service
22 company in the Timm and Taylor area?

23 A. I don't believe so.

24 Q. Based on your testimony and studies, it
25 appears there are up to seven wireless providers

0182

1 serving in the Taylor area?

2 A. Can you tell me which line just to verify
3 those numbers?

4 Q. I don't have a page site, but in your
5 testimony, you refer to Direct PC, Americell, AT&T, Day
6 Wireless, Iridium, Globalstar, and Motient.

7 A. Right.

8 Q. So you would agree there are up to seven
9 wireless providers apart from RCC serving that area?

10 A. Yes.

11 Q. Likewise at the Timm area apart from RCC, it
12 appears you've located potentially up to six wireless
13 providers serving that area?

14 A. That's correct, in our Internet reserves,
15 yes.

16 Q. Do you know if Verizon Wireless is in either
17 of those areas?

18 A. Verizon Wireless, I know, we have no service
19 at the Kay Taylor location, and I don't believe it's in
20 the Timm location either.

21 MR. HARLOW: That's all the questions I have.

22 JUDGE MACE: Do you have any redirect?

23 MS. ENDEJAN: I do, Your Honor.

24 JUDGE MACE: We'll allow commissioner
25 questions first.

1 CROSS-EXAMINATION

2 BY CHAIRWOMAN SHOWALTER:

3 Q. Ms. Ruosch, if we could go back to the maps
4 that we were just looking at. It's Exhibits 3 and 4,
5 in particular 4, and you were comparing that with
6 Exhibit 64. I hope that was the one where Mr. Owens
7 was cross-examining you.

8 MR. OWENS: Yes. Mr. Hubbard's Exhibit 4.

9 CHAIRWOMAN SHOWALTER: It's Exhibit 64.

10 MR. OWENS: That's right. I was just trying
11 to give her the alternative designation. I'm sorry.

12 Q. (By Chairwoman Showalter) I'm just trying to
13 line up the corresponding points on the map. What I
14 see in Exhibit 64, I see the Nelson location in both 64
15 and 4, and then in 64, I see to the north of the Nelson
16 location the CenturyTel territory, and Mr. Owens may
17 have asked you this question, but if you assume Exhibit
18 64 is accurate or just using its assumptions, if we now
19 go over onto Exhibit 4, is one of those squares --
20 would one or more of those squares be in CenturyTel's
21 territory, and if so, could you tell me what I could
22 fill in with a yellow highlighter is the square in
23 question?

24 A. I need to plot this on this map. This map is
25 not quite to scale, but I'm thinking it's somewhere

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1 right through here. (Witness indicating.)

2 Q. Don't point. Describe for the record, if you
3 could. For example, there is the top row of squares.

4 A. Yes. So it would be the top row, and I think
5 it is in the lower left-hand corner. I think it's that
6 little "U" in the road there as it goes across the
7 corner.

8 Q. I see an upside down "U". I see a top row of
9 squares. The right-hand top square, is that what you
10 are looking at?

11 MS. ENDEJAN: Your Honor, perhaps what we
12 might do is this could be a Bench request, and that
13 way, we could have her color it in and we could give it
14 to you.

15 CHAIRWOMAN SHOWALTER: That would be fine.

16 Q. (By Chairwoman Showalter) The question I'm
17 asking assumes -- I'm just trying to reconcile, perhaps
18 you can call it contested area or an ambiguous area
19 between 64 and 4, and I assume at some point in time,
20 we will have clarified, in fact, whether the parties
21 believe or don't believe CenturyTel's territory is
22 involved.

23 MS. ENDEJAN: Your Honor, I believe that we
24 might need the opportunity to confer with the actual
25 engineers who drew that map to be absolutely certain.

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1 That could perhaps be a Bench request, Revised Exhibit
2 No. 4 to, designate CenturyTel territory if our records
3 comport with Qwest's records. If not, we will tell you
4 why.

5 THE WITNESS: It would be much more precise
6 that way.

7 JUDGE MACE: Bench Request No. 800.

8 CHAIRWOMAN SHOWALTER: Perhaps with the
9 revised 4, it might be easier if there is going to be a
10 revised 4.

11 MS. ENDEJAN: Either way is fine with us.

12 CHAIRWOMAN SHOWALTER: I think a revised 4 is
13 more accurate. If there is to be a revised 4 and
14 CenturyTel territory should be on 4, there ought to be
15 a revised 4, so we could just leave it at that.

16 MS. ENDEJAN: Certainly.

17 Q. (By Chairwoman Showalter) Could you turn to
18 Exhibit 7-T, Page 16?

19 A. Okay.

20 Q. Actually, I'm not sure why I'm asking you
21 this question on this page. That's where the question
22 is in my notes. You may or may not be the right person
23 to answer this question so let me know.

24 Verizon has laid out different options in
25 requesting that it be granted a waiver, on the other

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1 hand saying that if it weren't, it would proceed in a
2 certain way. My question is, would a conditional
3 waiver be appropriate in this case; that is, a finding
4 that Verizon need not pay the full cost but that some
5 greater amount contributed by the owners is
6 appropriate?

7 A. I think any additional money contributed to
8 this is appropriate. This is extremely high cost, and
9 if we could work out some appropriate understanding --
10 we need to explore the waiver in the rule to get some
11 of that definition, and to answer your question, there
12 must be a number of different things that could be
13 negotiated to help the more distance sensitive to cost.

14 Q. On Page 16 of Exhibit 1-T, you describe the
15 electric co-op's current line extension as requiring \$7
16 a foot or \$36,960 per mile with a \$1,500 allowance, and
17 I was just unclear what that means and how does the
18 allowance work? Who is paying what or not paying what?

19 A. I think it's like the half-a-mile-free
20 component of our previous line extension tariff. In
21 the research we did, and I do have the documents from
22 the Internet, but I believe it's contributed by the
23 power company as their contribution.

24 Q. So at \$7 per foot, but the customer does not
25 have to pay the first \$1,500?

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1 A. I have the Internet information here. I
2 could review that quickly. Yes. "The Nespelem Valley
3 Electric Co-op contributes the first \$1,500 for any
4 single phase residential line extension member, and the
5 customer is responsible for the rest of the cost."

6 CHAIRWOMAN SHOWALTER: I have no further
7 questions.

8 JUDGE MACE: Commissioner Hemstad?

9

10

11 CROSS-EXAMINATION

12 BY COMMISSIONER HEMSTAD:

13 Q. I'm interested in your response to the
14 Chair's question, but when you say that any additional
15 amount contributed by the customer would be
16 appropriate; why?

17 A. It's what Mr. Danner will get into today in
18 his testimony, but the cost recovery element allows us
19 to recover the cost for the extension, but there is
20 imbedded cost in a network serving a rural area that
21 has to be relieved when we get two or three customers.
22 We have no cost recovery mechanism for that at this
23 point.

24 Q. You mean for the operating costs.

25 A. No. I mean for the cable relief and

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1 extension projects or the relief projects tied to the
2 extension projects that we must do to feed these
3 customers.

4 Q. Do you have any opinion as to what is the
5 outer limit, the cost that would trigger a waiver, that
6 should trigger a waiver for approval by the Commission?

7 A. I think we need to look at the average cost
8 of the extensions we've provided today, and when it
9 falls without -- your opinion and my opinion of
10 reasonable costs are two different things.

11 Q. But I'm asking yours.

12 A. I think when it reaches to approximately a
13 hundred thousand that we really need to be looking at
14 these because they are extremely high cost per
15 customer, and that is just my opinion.

16 Q. But is that a concern about the company
17 having to absorb some portion of the cost, or is that a
18 concern about it's too much for other customers of
19 Verizon to bear?

20 A. I think it's coupled. It's the ratepayers,
21 the State of Washington, as well as the potential
22 capital budget issue that it presents for Verizon.

23 Q. Back to the capital budget, in your
24 testimony, you said that you have a capital budget and
25 you have certain kinds of projects. These capital

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1 costs would be either all or substantially all that
2 would be recoverable but in the future. Is your
3 concern about the reprioritizing of the current capital
4 cost budget?

5 A. The rate recovery is not tied directly to our
6 budgeting process, so as was pointed out today and we
7 had discussion, I realize that there is rule or
8 language in the rule that would allow us to start
9 recovering costs once we've done the engineering and
10 secured the permits. That might help some of that.

11 But essentially, it goes back to at some
12 point in time -- we are all under restricted difficult
13 economic times, and the budget is restricted -- to
14 require us to go and place these long reinforcements
15 and long extensions without some distance-sensitive
16 measurement in it is one of our positions.

17 Q. I'm trying to get to the issue is the company
18 harmed, and I translate your comments in cross that at
19 least in part, it's a cash flow issue, but you said
20 recovery is going to be available in the future, or is
21 the primary concern of the company that this is an
22 unreasonable cost for the customer?

23 A. It's two-fold, and primarily, we are also
24 looking out for the rest of the ratepayers in the State
25 of Washington, and I guess the question has to be

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1 raised, is it appropriate on these extraordinarily
2 costly cost-per-customer routes to ask the rest of the
3 ratepayers to pay that subsidy.

4 Q. Is that the primary basis for the company's
5 concern?

6 MS. ENDEJAN: Your Honor, if I might
7 interject a moment here. Ms. Ruosch is here as an
8 engineering witness. She's not necessarily here as the
9 company's policy witness. That question that you ask
10 is a wonderful question.

11 COMMISSIONER HEMSTAD: Is that Dr. Danner?

12 MS. ENDEJAN: That would be Dr. Danner.

13 Q. (By Commissioner Hemstad) Your expertise is
14 in engineering, and that translates into availability
15 of communication resources. Do you have any views or
16 is it within your expertise to comment on whether it is
17 important to have the wireline communications or its
18 equivalent in this area?

19 A. It's extremely naturally important to have
20 communication services. I think Bob Shirley indicated
21 it's almost essential in this day and age, but it's
22 also essential to provide it in a cost-conscious
23 manner, and there is a significant amount of
24 substitutions and alternatives out there to wireline
25 phone service today that many customers are using to

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1 help defray the cost of wireline, and I think we all
2 know that wireline is probably a technology that is
3 changing rapidly. There are a lot of other
4 alternatives to wireline phone service out there,
5 potentially lower cost to Verizon, not necessarily to
6 the customer, and also to the ratepayers.

7 Q. Do you have a view as to whether those other
8 technologies would provide substantially comparable
9 service?

10 A. We have done some research on the Internet
11 regarding some of the satellite options. We have wire
12 loss. We've participated in a wireless opportunity
13 with RCC Minnesota to see if we can energize the signal
14 and provide them more reliable, more quality cellular
15 service.

16 I believe it's a matter of time before the
17 quality, the opportunities are there through
18 alternatives to the customers that would be less costly
19 to the ratepayers in Washington than this particular
20 solution.

21 COMMISSIONER HEMSTAD: Thank you. That's all
22 I have.

23

24

25

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1 CROSS-EXAMINATION

2 BY COMMISSIONER OSHIE:

3 Q. Yes, Ms. Ruosch, I would like to direct you
4 to your testimony in Exhibit 1-T on Page 9. On Lines
5 18 and 19 and 20, you discuss the request that Verizon
6 had received under the line extension rule for line
7 extensions since 2001, I believe; is that true?

8 A. Yes.

9 Q. I believe you state that Verizon has received
10 100 requests. That would be company-wide in the State
11 of Washington?

12 A. Yes, it is.

13 Q. How many of those requests for line
14 extensions have actually been completed by Verizon?

15 A. That's a good-news story. We've actually
16 completed 85 customers in service in 2001, and right
17 now on the books, we have another 80 customer service
18 orders that we are provisioning for in 2003. So it
19 isn't that we haven't applied and complied with the
20 rule. It's just that these two particular situations
21 are so extreme that they caused it to question the
22 language that was in the rule regarding waiver.

23 Q. Of the 15 that were not completed in 2001, or
24 perhaps I misunderstood your answer, but I thought you
25 said you had completed 85?

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1 A. Yes. You are focusing on 100. At the time
2 we did this testimony, some of those are what we call
3 phantom customers. They never actually transpired. We
4 thought they had service orders and then they don't
5 follow through. So the actual number is 85 requests
6 have been provisioned in 2001.

7 Q. Are there any other customers that have not
8 been provisioned under the line extension rule other
9 than those that are at issue in this case?

10 A. There are no others that I'm aware.

11

12

13 FURTHER CROSS-EXAMINATION

14 BY CHAIRWOMAN SHOWALTER:

15 Q. Of the 85, what was the average cost per
16 customer?

17 A. The average cost is approximately, I believe,
18 \$43,600, and that was the average cost for
19 construction. The average cost per customer is about
20 \$10,000 per customer.

21 Q. So the \$43,000 has to do with projects not
22 customers?

23 A. Yes, the average project cost.

24 Q. So \$10,000 per customer.

25 A. Yes, on average.

0194

1 Q. Is 85 the number of customers or number of
2 projects?

3 A. 85 is actually the number of customers.
4 There is multiple customers on some of these projects,
5 as we all know, and we hope that that is the situation.

6 CHAIRWOMAN SHOWALTER: Thank you.

7

8

9 FURTHER CROSS-EXAMINATION

10 BY COMMISSIONER HEMSTAD:

11 Q. On a different subject, do you have an
12 opinion or a view as to whether the rule excludes
13 reinforcement costs or includes reinforcement costs?

14 A. Well, it would help Verizon recover its costs
15 if we were able to do the access rate recovery on the
16 relief and the line extension, but in these rural areas
17 as the network builds out, in many cases, we are going
18 to have to go to great distances to relieve that
19 existing network like we've demonstrated in the Timm
20 and Taylor routes. So in my opinion, it would be
21 helpful if we could have access recovery rates on both
22 sides.

23 Q. Does the company have a position on that
24 issue?

25 A. I think that will be Carl Danner's

0195

1 opportunity to discuss those types of things.

2 COMMISSIONER HEMSTAD: That's all I have.

3 MR. OWENS: Your Honor, I don't mean to
4 interfere with redirect, but you may want to redirect
5 on this question too.

6 JUDGE MACE: Is there any objection to
7 counsel asking an additional question?

8 MR. TRAUTMAN: No, Your Honor.

9

10

11 FURTHER CROSS-EXAMINATION

12 BY MR. OWENS:

13 Q. Ms. Ruosch, I thought I understood you to
14 tell Mr. Harlow that Verizon Wireless does not have
15 service in the Timm Ranch area. Did I understand you
16 to say that?

17 A. What I said is I have Verizon Wireless
18 service, and it was not working in the Timm Ranch area.
19 My phone would not work when I was out there at that
20 location.

21 Q. But you are aware that Mr. Nelson testified
22 in his deposition at Page 23 that all of the ranch
23 employees had Verizon cell phones? Can you just accept
24 that?

25 A. Yes, I can.

0196

1 Q. So it may be the particular location in which
2 you attempted to receive a signal, you couldn't?

3 A. Exactly. A dead spot, right.

4 MR. OWENS: Thank you.

5 JUDGE MACE: Ms. Endejan?

6

7

8 REDIRECT EXAMINATION

9 BY MS. ENDEJAN:

10 Q. Thank you, Ms. Ruosch. Let me start you off
11 here with perhaps clarifying some of your answers in
12 response to Mr. Trautman's question about how the
13 network expands in a rural area. Do you recall those
14 questions?

15 A. Yes, I do.

16 Q. Could you tell the commissioners why in a
17 rural area such as what we are dealing with here in
18 this case expansion of network is impractical directly
19 from the customer nearest to the applicant, and in
20 answering that, could you turn to the exhibit
21 Mr. Trautman asked you about, which is Exhibit No. 188,
22 and please give the commissioners a moment to get that.

23 JUDGE MACE: That's one of the cross-exhibits
24 for Ms. Ruosch?

25 MS. ENDEJAN: Yes. That was one of the

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1 cross-exhibits Mr. Trautman asked her questions about.

2 Q. (By Ms. Endejan) Do you have that in front
3 of you?

4 A. Yes, I do. Let's start with, if I can,
5 Exhibit No. 188. I would like to clarify the fact that
6 these measurements were taken because of the data
7 request, and it was basically measured from the map.
8 These are straight line as-the-crow-flies measurements.
9 They are not right next door and drivable, so that is
10 the information that is here.

11 Q. And by "here," you mean Exhibit 188.

12 A. Exhibit 188, yes. Could you restate the
13 first part?

14 Q. Let's break it down. If you were to read
15 Exhibit 188 as perhaps suggested by Mr. Trautman, would
16 it be practical for Verizon to hook up, say, the
17 Taylors from location No. 1, which appears to be 3.1
18 miles, and perhaps the converse way of stating it is
19 why has Verizon calculated the extension to the Taylor
20 Ranch as involving 17 miles as opposed to 3.1 miles or
21 4.2 or 5.5 or 5.7?

22 A. Because it's from the point of our last
23 network availability, which in this situation, the
24 facility that is there is nearing exhaust, and the
25 route will have to go back through the highway, which

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1 is the normal right-of-way route to get to this
2 customer location.

3 Q. Do you wish to clarify your response further
4 to indicate, perhaps, and would it be useful for you to
5 refer to the map, which is Exhibit 4, to sort of
6 explain why the route is as Verizon has calculated it
7 and not as might be suggested by the response, which is
8 No. 188?

9 A. When these footages were provided, it was
10 because there was a data request that asked us to take
11 and basically identify customers within, I believe it
12 was the nearest five locations.

13 So in essence what we did is we put a point
14 on the map around Kay Taylor and identified those
15 customers. Those customers are fed from different
16 routes in different directions, or they are at
17 cross-barriers. They are as the crow flies. The route
18 that we have proposed is basically the only logical
19 route because these have barriers to get to these
20 points. (Witness indicating.)

21 JUDGE MACE: Let me indicate the witness is
22 now going to refer to what's Exhibit 3.

23 A. As we talk about the network migrating out,
24 the current last customer on this route is the Foster
25 Farms, and this route is really the only logical route

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1 because there are no customers between our last point
2 of presence for this eight miles up to the Kay Taylor
3 location. I'm not sure I'm addressing your question
4 properly. (Witness indicating.)

5 Q. Let me break it down, perhaps. Why couldn't
6 you just add on from the Foster Creek route, which
7 would be only eight miles? Why did you have to add on
8 more miles to get to the 17 miles in total, from an
9 engineering standpoint?

10 JUDGE MACE: Before she answers that
11 question, she referred to a point on the map that
12 appeared to be the Foster Creek location, and I need to
13 have you describe that for the record, if you could,
14 what that point is.

15 THE WITNESS: The Foster Creek Ranch point
16 that I pointed out is where Road "I" intersects with
17 Highway 17.

18 JUDGE MACE: Thank you.

19 THE WITNESS: Now, to respond to your
20 question, the reason we have to go all the way back is
21 the facility is at exhaust that comes down here --

22 JUDGE MACE: That comes down Road "I"?

23 THE WITNESS: That comes down Road "I". In
24 rural areas, we have a number of cables that have been
25 in the ground, and in actuality in the Bridgeport

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1 exchange, we've actually had a line loss over the last
2 year or two. So you don't go out and start to build a
3 network out when your total line gain for that central
4 office is really having a negative gain.

5 So in essence, we have no capacity all the
6 way back to this point here at Highland and Pearl Road
7 where we will be able to pick up a few carriers to get
8 a proper solution. (Witness indicating.)

9 Q. And when you are saying, "all the way back,"
10 you are talking all the way back from the Foster Creek
11 location you pointed to back to the --

12 THE WITNESS: Back, actually, to our last
13 facility, which is located up on the Pearl Hill and
14 Highland Orchard location.

15 The extension piece then picks up from there
16 from the Foster Creek Ranch and takes it another 8.4
17 miles out to the Taylor property. That is the total
18 17-mile route.

19 Q. (By Ms. Endejan) Could you explain what you
20 mean by the term "exhaust"?

21 A. The facilities are in use 100 percent.

22 Q. So it's full.

23 A. Capacity is full, yes.

24 Q. Could you clarify from Verizon's perspective
25 how it views or how it decides to expand its network

0201

1 incrementally in rural areas?

2 A. First of all, it has to have some
3 documentable demand, and demand within the designs of
4 the central office and the existing facility are
5 demands that we can forecast and we provision for. We
6 would never forecast and build out to the very end of
7 the exchange when there is nothing, no demand driven to
8 do that.

9 Q. Ms. Ruosch, let me refer you to what has been
10 marked as 217-C and has been distributed to the parties
11 and to the commissioners and the ALJ, and could you
12 identify this document, please?

13 A. This is a document that we utilize as a first
14 point of our planning process, which basically is a
15 network gain forecast for a particular wire center.
16 This one happens to be the Bridgeport. What this
17 actually indicates is by service type the forecast for
18 a seven-year period. On the right-hand side of the
19 page, it forecasts from 2001 to 2007.

20 Q. Why did you pick the Bridgeport exchange? Is
21 that where the Taylor location is located?

22 A. The Taylor location would be fed from that
23 wire center.

24 Q. What does the demand forecast for the
25 Bridgeport location tell you about demand in the

0202

1 Bridgeport area?

2 A. That in 2001 and in 2002 that they are
3 forecasting an actual line loss.

4 Q. Given this forecast, would it have been in
5 the normal course of events for engineering planning
6 purposes for Verizon to anticipate expanding the
7 network in the Bridgeport exchange?

8 A. No.

9 Q. Mr. Trautman asked you some questions about
10 some of the other residents along the Hayes Road
11 location. Do you recall those questions?

12 A. Yes, I do.

13 Q. I believe he asked you about the Briggs, the
14 Grenigers, and the Weisburns?

15 A. That's correct.

16 Q. Verizon had not received service orders from
17 any of those parties; correct?

18 A. No.

19 Q. Did Verizon contact any of those parties?

20 A. We actually spoke with a Ms. Margaret
21 Weisburn, and we had a declaration here that she was
22 actually not interested in having service. The other
23 customers --

24 Q. Is that declaration part of the record, to
25 your knowledge, in this docket?

0203

1 A. I believe it is, yes.

2 Q. Does that complete your answer?

3 A. Yes, it does.

4 Q. Let me just ask you one question about the
5 Cedar Ponds or Sultan exchange that you have been
6 questioned about. If the current line extension rule
7 had been in effect, the 071 rule, would Verizon have
8 sought a waiver of the Cedar Ponds project?

9 A. Yes, we would.

10 Q. How about the Pontiac Ridge project?

11 A. Pontiac Ridge would have been the same thing
12 because of the extensive distance and cost.

13 Q. Mr. Trautman asked you some questions that
14 assumed a number of things, starting with the
15 assumption that Kay Taylor would have placed a service
16 for order with you in 2000 when the previous line
17 extension tariff was in effect. Do you recall that
18 question?

19 A. Yes, I do.

20 Q. Did Ms. Taylor, in fact, ever place an order
21 for service while that tariff was in effect with
22 Verizon?

23 A. No.

24 Q. Do you have any reason to believe that
25 Ms. Taylor would have, in fact, voluntarily incurred

0204

1 the expense of what Mr. Trautman calculated as
2 approximately \$24,000 based upon a 5.3-mile distance in
3 order to get phone service from Verizon?

4 A. I don't think that she would have paid that
5 amount either.

6 MR. TRAUTMAN: Objection. There is no basis
7 for that statement.

8 MS. ENDEJAN: Let me lay the foundation.

9 Q. (By Ms. Endejan) You've been questioned
10 about the depositions of both Mr. Nelson and
11 Ms. Taylor, have you not?

12 A. Yes, I have.

13 Q. And you have reviewed both depositions, have
14 you not?

15 A. Yes, I have.

16 Q. I'm going to direct you to the deposition
17 testimony of Ms. Taylor at Page 16, Lines 14 through
18 25, if I could direct the other parties and
19 commissioners to that. Having reviewed that testimony,
20 does that inform your opinion about whether or not
21 Ms. Taylor would have been willing to incur a
22 substantial expense to obtain phone service under the
23 previous line extension tariff?

24 MR. TRAUTMAN: Objection, it's vague. I
25 object to the term "substantial."

0205

1 MS. ENDEJAN: I'll use the dollar amount that
2 you've put forth. The \$24,600 amount, which was, I
3 believe, the subject of Mr. Trautman's question.

4 MR. TRAUTMAN: I object. The deposition
5 transcript speaks for itself, and the number in the
6 transcript is 40,000 plus. I object to this witness
7 speculating on any other number.

8 JUDGE MACE: Anything further, Ms. Endejan?

9 MS. ENDEJAN: Just a few questions, Your
10 Honor. I'll withdraw that other question.

11 Q. (By Ms. Endejan) Now, Chairwoman Showalter
12 asked you a question about whether or not it might be
13 appropriate for the applicants to pay more in this
14 situation, and your answer appeared to be from an
15 engineering standpoint or perspective. Does it
16 reflect, as far as you know, the company's official
17 policy?

18 A. No.

19 MS. ENDEJAN: I believe that concludes my
20 redirect, Your Honor.

21 JUDGE MACE: Anything further, Mr. Trautman?

22 MR. TRAUTMAN: No, Your Honor.

23 JUDGE MACE: Mr. Owens?

24 MR. OWENS: No, Your Honor.

25 JUDGE MACE: Mr. Harlow?

0206

1 MR. HARLOW: No, Your Honor.

2 COMMISSIONER HEMSTAD: One question.

3

4

5 FURTHER CROSS-EXAMINATION

6 BY COMMISSIONER HEMSTAD:

7 Q. Looking at Confidential Exhibit 217 that you
8 reference to your redirect, I think you said it shows
9 that for 2001 or 2002 that there is an actual line loss
10 in the Bridgeport exchange?

11 A. Yes.

12 Q. Then looking at 2003 through 2007, it shows a
13 measurable increase. Do you know why that would be
14 turning around and going up?

15 A. Again, as with all forecasts, forecasters
16 tend to do some economic analysis of what's happening
17 in the Bridgeport exchange. Being that it is out, and
18 again, this forecast hasn't been updated since June of
19 2001 with the exception of the year-to-date 2001
20 actuals. So possibly something economically is driving
21 that forecast, but it needs to be updated.

22 Q. I guess in translation, if my quick
23 calculation is correct, there is 2001 and 2002, there
24 is a line loss of 20, but then there is a line gain,
25 and that is a net gain over a seven-year period.

0207

1 A. Uh-huh, so it's a net over the seven-year
2 period is what you are saying?

3 Q. Yes.

4 A. Again, they are forecast, so they have to be
5 reviewed.

6 JUDGE MACE: Anything further from the
7 commissioners? We need to deal with some of the
8 exhibits that have not yet been admitted.

9 MS. ENDEJAN: Your Honor, I was going to move
10 at this time for the admission of Exhibits 1-T through
11 12 and for Exhibit No. 217-C.

12 JUDGE MACE: Any objection to the admission
13 of those exhibits?

14 MR. OWENS: No objection.

15 MR. TRAUTMAN: No, Your Honor.

16 JUDGE MACE: Those will be admitted. Thank
17 you, Ms. Ruosch. You are excused. Let's be off the
18 record for a moment.

19 (Discussion off the record.)

20 JUDGE MACE: I think that is the end of our
21 hearing day, but I want to make sure that we are aware,
22 tomorrow we begin with the RCC witnesses; is that
23 correct, since we have a date certain tomorrow or no?

24 MR. HARLOW: They will be here and ready, but
25 they are available all day. If we go the same length

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1 as what we did with Ruosch -- I notice the crossing was
2 about the same -- it could get tight.

3 JUDGE MACE: For planning purposes, we need
4 to know what the order of witnesses is going to be
5 tomorrow, and I understood the RCC witnesses had a date
6 certain tomorrow.

7 MR. HARLOW: If it's all the same to the
8 parties, just to be sure they do finish by five
9 o'clock, it would be great if they could go first thing
10 in the morning, Your Honor.

11 CHAIRWOMAN SHOWALTER: They are checking it
12 out.

13 MS. ENDEJAN: Dr. Danner also has some flight
14 constraints, and it's our hope we get Dr. Danner and
15 RCC all done tomorrow.

16 MR. HARLOW: It looks like we probably can.

17 CHAIRWOMAN SHOWALTER: Does either of you
18 have to leave this hearing room before five tomorrow,
19 any party?

20 DR. DANNER: I guess my flight is at seven.

21 MS. ENDEJAN: His flight is at seven p.m.

22 MR. HARLOW: From what I understand, RCC's
23 witnesses could stay somewhat after five.

24 CHAIRWOMAN SHOWALTER: Then it sounds like we
25 should proceed in the order that we are planning, but

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1 we will stay in order to accomplish examining the
2 witnesses.

3 MR. TRAUTMAN: So we could finish with
4 Dr. Danner and put RCC in front of Qwest.

5 JUDGE MACE: Ms. Endejan, then we would go
6 with Dr. Danner first beginning at 9:30 and continue on
7 with the RCC witnesses and continue with them until
8 they are finished, even if it means we go beyond five
9 o'clock.

10 MS. ENDEJAN: So we are starting with
11 Dr. Danner and then the RCC witnesses. That's great.

12 JUDGE MACE: We are adjourned until tomorrow
13 at 9:30.

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15 (Hearing adjourned at 5:00 p.m.)

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