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1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

2 COMMISSION

3 In the Matter of the Continued)
Costing and Pricing of) Docket No. UT-003013
4 Unbundled Network Elements and) Volume VII
Transport and Termination.) Pages 817-998

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7 A hearing in the above matter was held on
8 August 24, 2000, at 9:42 a.m., at 1300 South Evergreen
9 Park Drive Southwest, Olympia, Washington, before
10 Administrative Law Judge LAWRENCE BERG, Chairwoman
11 MARILYN SHOWALTER, Commissioner RICHARD HEMSTAD.

12

The parties were present as follows:

13

14 QWEST CORPORATION, by LISA A. ANDERL,
Attorney at Law, 1600 Seventh Avenue, Suite 3206,
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15

16 THE WASHINGTON UTILITIES AND TRANSPORTATION
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18

19 VERIZON NORTHWEST, INC., by JENNIFER L.
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21 COVAD COMMUNICATIONS, by CLAY DEANHARDT,
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California 95054.

22

23 NEXTLINK WASHINGTON, ELECTRIC LIGHTWAVE,
INC., ADVANCED TELCOM, INC., NEW EDGE NETWORKS, INC.,
NORTHPOINT COMMUNICATIONS, McLEOD USA, AT&T, by GREGORY
24 J. KOPTA, Attorney at Law, Davis, Wright, Tremaine,
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Kathryn T. Wilson, CCR

Court Reporter

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1 P R O C E E D I N G S

2 JUDGE BERG: Let's be on the record, please.

3 Today's date is Thursday, August the 24th, year 2000.

4 This is continued hearings in Docket No. UT-003013.

5 For today's session, we are going to begin with the

6 cross-examination of Qwest witness Barbara Brohl.

7 Before we do, I have a few administrative matters to

8 take care of.

9 First of all, with regards to exhibits

10 previously identified and numbered for Ms. Brohl on the

11 exhibit list, Exhibits T-100 through T-123, I'm going

12 to direct the reporter to insert each of those exhibits

13 into the transcript record as if I had read them in

14 their entirety.

15 T-100 is Direct Testimony (BJB-T). C-101 is

16 Total Start-up Cost (BJB-1). C-102 is Unbundling OSS

17 Projects (BJB-2). C-103 is Rebundling OSS Projects

18 (BJB-3). C-104 is LIS OSS Projects (BJB-4). C-105 is

19 Collocation OSS Projects (BJB-5) C-106 is Systems

20 Access OSS Projects (BJB-6). C-107 is Cross Product

21 OSS Projects (BJB-7). C-108 is Resale OSS Projects

22 (BJB-8). T-109 is Supplemental Direct Testimony

23 (BJB-T9). 110 is OSS Gap Timetable (BJB-10). 111 is

24 US West System Descriptions (BJB-11). 112 is Revised

25 Line Sharing Modifications (BJB-12). C-113 is Long

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1 Term Line Sharing solution (BJB-13). 114 is IMA-EDI
2 and IMA-GUI Descriptions (BJB-14). 115 is Interim Line
3 Sharing Agreement (BJB-15). T-116 is Response
4 Testimony (BJB-16). T-117 is Rebuttal Testimony
5 (BJB-RbT-17. 118, C-118 are RLI 03-008. 119, C-119
6 are RLI 03-009. 120 is RLI 03-007. 121, C-121 is CLEC
7 01-023. 122 is WUTC 01-024. T-123 is Supplemental
8 Direct Testimony (6/9/2000).

9 There are several other exhibits that have
10 been identified for use with Ms. Brohl's
11 cross-examination today, and I will identify those now.
12 These five exhibits all consist of data requests and
13 responses. CLEC 02-031 is marked as Exhibit 124 and
14 C-124, CLEC 02-032 is 125. CLEC 02-023 is 126. CLEC
15 02-034 is 127, and CLEC's 02-035 is 128. Mr. Kopta, I
16 understand there may be a stipulation regarding the
17 admission of these exhibits?

18 MR. KOPTA: Yes, Your Honor. I discussed
19 these exhibits with Ms. Anderl, and I believe Qwest is
20 willing to stipulate their admission into the record.

21 MS. ANDERL: That's correct, Your Honor.

22 JUDGE BERG: Any other objections? Exhibits
23 124 and C-124 through 128 are admitted. Also
24 distributed this morning is a copy of Exhibit 7, which
25 has previously been admitted into the record. Also,

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1 Exhibit 8 has been distributed. I do not show Exhibit
2 8 as previously being offered into the record. This
3 was, I believe, a Covad cross-examination exhibit; is
4 that correct?

5 MS. ANDERL: Actually, it was an exhibit that
6 we've offered prompted by Covad's cross, but I believe
7 Mr. Deanhardt and I have stipulated to the admission of
8 Covad responses to Qwest Data Requests 6 through 11
9 inclusive as a single exhibit number.

10 MR. DEANHARDT: That's correct, Your Honor.

11 JUDGE BERG: I show Exhibits 6, 7, and 8 as
12 being all separate exhibit numbers.

13 MS. ANDERL: Right. These are Data Request
14 Responses 6 through 11 as Exhibit 8.

15 JUDGE BERG: Exhibit 8 is admitted. The
16 Commission has also received pages to be added to
17 Exhibit 106, and those are received. The errata to
18 Knowles' response testimony shall be marked as Exhibit
19 E-162. Yesterday, the parties did discuss the
20 preparation of an Exhibit C-86. There is some question
21 as to whether or not that exhibit has been offered and
22 admitted into the record. At this time, is there any
23 objection to its admission?

24 MS. ANDERL: No, Your Honor.

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1 JUDGE BERG: C-86 is admitted into the
2 record, and the Commission has also received two
3 additional pages to be attached to and part of Exhibit
4 161, and those will be considered part of Exhibit 161
5 to be addressed later. Anything else, counsel? We
6 will be off the record.

7 (Discussion off the record.)

8 (Witness sworn.)

9 JUDGE BERG: Ms. Anderl?

10 MS. ANDERL: Thank you, Your Honor.

11 DIRECT EXAMINATION

12 BY MS. ANDERL:

13 Q. Good morning, Ms. Brohl.

14 A. Good morning.

15 Q. Would you please state your name for the
16 record?

17 A. Barbara J. Brohl, B-r-o-h-l.

18 Q. Ms. Brohl, do you have before you the direct
19 and supplemental testimonies as well as the
20 accompanying exhibits that you filed in this docket?

21 A. Yes, I do.

22 Q. Just so that the record is clear, that's
23 T-100 through T-117, as well as T-123; is that correct?

24 A. Yes.

25 Q. Ms. Brohl, do you have any changes,

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1 additions, or corrections to make to your testimony?

2 A. I have two corrections.

3 Q. Could you direct us to the appropriate
4 exhibit number and page and then tell us what those
5 are, please?

6 A. Yes. On Exhibit 102, Page 3, the second full
7 bullet where it starts, "U S West developed the ability
8 to speed bundle loops," that should say, "unbundled
9 switch ports," striking the word "loops." The second
10 correction is in Exhibit 106, Page 30, the third full
11 paragraph, the first line where it says "relationships"
12 near the end of the line should be stricken, and the
13 word between "USOC" and "FID" should say "and" as
14 opposed to the word "to." The line right below that,
15 the word "relationship" should also be stricken, and in
16 the next paragraph, the words "for valid relationships"
17 should also be stricken.

18 Q. Ms. Brohl, are those the only substantive
19 changes or corrections that you need to make to your
20 testimony?

21 A. Yes.

22 Q. Other than that, are those testimonies and
23 exhibits true and correct to the best of your
24 knowledge?

25 A. Yes.

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1 MS. ANDERL: Your Honor, we would offer
2 Exhibits T-100 through T-117 inclusive as well as
3 T-123.

4 JUDGE BERG: Any objections? Exhibits T-100
5 through T-117 and Exhibit T-123 are admitted into the
6 record.

7 MS. ANDERL: Thank you, Your Honor. We would
8 tender the witness for cross.

9 JUDGE BERG: Mr. Deanhardt.

10 CROSS-EXAMINATION

11 BY MR. DEANHARDT:

12 Q. Good morning, Ms. Brohl. I'm going to talk
13 with you exclusively about the upgrades to the OSS
14 system for line sharing, and the information regarding
15 that is contained not in your direct testimony but in
16 your supplemental direct testimony, your response
17 testimony and your rebuttal testimony; correct?

18 A. Correct.

19 Q. We should in the interest of full disclosure,
20 despite the fact that you have stricken relationships
21 from your other testimony, talk about our relationship.

22 A. Please explain.

23 Q. Ms. Brohl, we should let the Commission know
24 that it's correct, isn't it, that during the meetings
25 where Qwest, at that time U S West, and the CLEC's

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1 worked on developing the operational parameters for
2 line sharing that although I missed the first couple of
3 those meetings that I was at the remainder of those
4 meetings either in person or on the phone for most of
5 the development of this project; correct?

6 A. Yes.

7 Q. Again, as I did with Mr. Hubbard, we are
8 going to try to not talk too quickly or past each other
9 since we have a familiarity with this. Qwest is using
10 Telcordia to upgrade its systems to support line
11 sharing, according to your testimony; correct?

12 A. Actually, the systems that need upgrading
13 currently belong to Telcordia, and as a result, that's
14 the reason we are using Telcordia, yes.

15 Q. There is a second piece as well that I can't
16 remember the dollar amount but that Qwest is doing
17 in-house.

18 A. Yes, that's true.

19 Q. Did Qwest explore the possibility with any
20 additional vendors other than Telcordia of trying to
21 find OSS solutions for line sharing?

22 A. No, but I need to explain that. The systems
23 currently in place to handle the functions that would
24 have to be modified currently belong to Telcordia. We
25 license those from Telcordia, and as a result, do not

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1 have the flexibility to go outside of those contracts,
2 in my understanding.

3 To have gone to another vendor would have
4 required that vendor to completely develop not all the
5 functionality that those systems have but at least some
6 portion of it and to have to retrofit those systems
7 into the processing streams.

8 Q. We did have discussions, however, during the
9 meetings that we had in Denver regarding the
10 possibility of looking for other vendors to accomplish
11 some of these tasks, didn't we?

12 A. From a high-level perspective, we did have
13 those discussions, but as I said, it did not prove to
14 be feasible.

15 Q. I guess we should probably define these
16 discussions took place primarily on the 23rd floor of
17 1801 California Street in Denver in November and
18 December of 1999.

19 A. Actually, it was October and November.

20 Q. It's been too long already. According to
21 your testimony in Exhibit 109 on Page 32, the total
22 estimate for what you refer to as the Telcordia
23 solution is 14 million dollars of which Qwest is
24 proposing that it should obtain recovery of 11.9
25 million dollars; correct?

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1 A. Correct.

2 Q. And that 11.9 million dollars, according to
3 Footnote 3 on Page 32, is 85 percent of the 14 million
4 dollars; correct?

5 A. Correct.

6 Q. The allocation of 85 percent of the total
7 cost is based on statements from Telcordia that 85
8 percent of the work to be done for this upgrade is
9 solely devoted to line-sharing purposes; correct?

10 A. That's correct. They advised us that 85
11 percent of the functionality -- let me explain that.
12 What they did was we were very cognizant of trying to
13 keep the cost from line sharing separate from the cost
14 for other unbundled network elements, mainly because
15 when we started a lot of this, we were going into
16 Minnesota, and Minnesota was requiring a line-sharing
17 cost docket solely, so we were very concerned about
18 keeping those costs separate.

19 We asked Telcordia to go back and evaluate
20 the functionality, come up with an apportionment of
21 which portion of that software would benefit line
22 sharing solely and which portion of that would benefit
23 other UNEs, other unbundled network elements, and then
24 to appropriate the cost. They came back and said,
25 We've done that, and for the functionality that is

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1 solely attributable to line sharing, that cost is 85
2 percent of the 14 million.

3 Q. As I understand it, the basis for Qwest's
4 understanding in that regard is a telephone
5 conversation that you had with someone at Telcordia;
6 correct?

7 A. Yes.

8 Q. Who was that person?

9 A. I couldn't tell you off the top of my head.

10 Q. Has Qwest performed an independent analysis
11 to determine what portion of the total price of the
12 Telcordia package should be attributable to line
13 sharing as opposed to other UNEs?

14 A. No, and I need to explain that as well. The
15 software does not belong to Qwest. It belongs to
16 Telcordia. In the way software works is there is
17 source code, which is kind of English driven, and there
18 is object code, which is really what the machine can
19 read and what it uses to process. They give us the
20 object code. They keep that source because they are
21 the ones that have to modify that. What that really
22 means is we don't see that software, and they consider
23 that to be an electrical property asset as well as
24 proprietary and confidential for themselves, so it
25 wouldn't be appropriate for us to go in and do an audit

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1 of their systems.

2 Q. I'm going to ask you for Kathryn's sake to
3 slow down just a little bit. As you testified,
4 however, Qwest did, over the course of these
5 line-sharing discussions, come up with a breakdown of
6 the system's enhancements that would be necessary to
7 support line sharing; correct?

8 A. Yes. We came up with a high level set of
9 requirements that we then turned into some high level
10 designs during those two months.

11 Q. At the highest level, that would be the
12 document that's been marked as Exhibit 110, which is
13 what we call the gap analysis; is that correct?

14 A. Actually, the gap analysis is kind of an
15 output of what those requirements were. The
16 requirements that we gathered were a little bit bigger
17 than this, and then what we did is we identified what
18 we were currently able to do and then what's different.
19 The difference between what you really want to have
20 happen, what is currently happening, would then be the
21 gaps that fall out, so these were the gaps that we
22 needed then to address.

23 Q. And these are the gaps that the Telcordia fix
24 and the U S West additional fixes are designed to
25 address; correct?

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1 A. Correct.

2 Q. Has Qwest asked Telcordia to make an
3 attribution of the costs it is going to charge Qwest to
4 the various gaps? Let me rephrase that. What I'm
5 trying to ask is has Qwest asked Telcordia to tell
6 them, Okay, one million dollars of this fix is going to
7 go to fix the system so that we address Gap 1, or two
8 million of it is going to fix Gap 6; anything like
9 that?

10 A. I'm not sure if we did ask them to do that
11 specifically. I do know when they gave us that price,
12 it was an all-inclusive price, and frankly, it has
13 worked to our benefit because we've found a couple of
14 systems that they didn't originally anticipate
15 modifying that they are now modifying without any
16 additional costs to us.

17 Q. So the 14-million-dollar price that's
18 referred to in your testimony was a fix-it-all price
19 and not subject to change.

20 A. I don't know what you mean by "fix-it-all
21 price," but it was one that was not subject to change.
22 There was a lot of negotiation in the price. I do have
23 to kind of explain. We deal with Telcordia products
24 and projects and systems for our own use, so it's in
25 our best interest to attempt to negotiate volume

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1 discounts, and as you can see in one of the exhibits,
2 we were able to negotiate a volume discount on this.

3 It's not to our best interest to allow these
4 costs to be higher than they absolutely must be, and as
5 a result, we do what we can to keep the costs low, but
6 you have to understand that Telcordia is a separate
7 company. It is no longer owned by the RBOCs, hasn't
8 been for five years, and as a result, they do what they
9 consider remarket pricing, so we really aren't able to
10 go in and do the kinds of things that we might have
11 been able to do six or seven years ago. It's a
12 completely separate company, not even a subsidiary.

13 Q. Has Telcordia provided Qwest a breakdown of
14 the cost of the work per system as opposed to per gap?

15 A. Not that I'm aware of, no.

16 Q. According to your testimony in Exhibit 109 at
17 Page 20, one of the enhancements that comes from the
18 Telcordia package that relates to preordering is batch
19 preordering information, or prequalification
20 information; isn't that correct?

21 A. That is not coming from Telcordia.

22 Q. Where is that one coming from?

23 A. We had developed that in-house.

24 Q. Is the price for that batch preorder
25 functionality included in the approximately 100

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1 thousand dollars that is in the OSS figures you are
2 trying to recover in this docket?

3 A. No, it isn't.

4 Q. That saved about six questions. As I
5 understand it, the primary purpose for these
6 enhancements are to enable Qwest's operating and
7 support systems to recognize two users of the loop,
8 Qwest and a CLEC.

9 A. Actually, I like to refer to them as two
10 providers of local service because that's really where
11 the complexity comes in.

12 Q. In contrast, the two end users is two
13 providers.

14 A. Right.

15 Q. These enhancements though would be available
16 for any other technology that was developed that also
17 could provide or could result in two providers on the
18 loop, assuming that we are talking that one of the
19 providers is Qwest.

20 A. If everything were exactly the same, that
21 might possibly be the case, but all the functionality,
22 all the processes would have to be identical.

23 Q. Let's explore that for a second, because you
24 don't mean by that that the second provider, the CLEC
25 provider of some new technology would also have to be

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1 providing xDSL service; right?

2 A. No. I mean that the processing would have to
3 be the same. For example, and let me give you a real
4 example, the way that line sharing works with the CLECs
5 at this point is that they maintain their own inventory
6 of which splitter and which splitter port they want us
7 to use and they pass it to us. That's information we
8 don't keep in our system. We kind of catalog it, but
9 we don't assign it. We don't say, "Here is the next
10 one for you." Whereas with out MegaBit services, the
11 way that its process works is we do assign the next
12 one, and mainly because it's an integrated DSLAM and
13 splitter and those kind of things. Some of the
14 equipment is different, which causes some of the
15 processes to be different, and so in that case, those
16 would not be the same processes, and as a result, the
17 system behaviors wouldn't be the same.

18 Q. I'm going to try to simplify this a little
19 bit and take it back to some of the conversations we
20 had with Mr. Hubbard and Mr. Thompson. Basically, we
21 designed this product so that the CLECs would only have
22 to provide Qwest with two circuit facility assignments,
23 or CFA, in order for Qwest to be able to provision a
24 line shared loop; correct?

25 A. There are two meet points, two points of

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1 connection, you are correct, but we didn't use the CFA
2 because that has a very specific format and meaning.
3 We actually changed it somewhat, and they are now
4 called meet points, but they also have a different
5 nomenclature and a different format.

6 Q. Those new meet points though would be the
7 same thing that Mr. Hubbard were calling appearances on
8 the frame?

9 A. I think so.

10 Q. So any product then where that could be
11 designed so as to have no more than two appearances on
12 the distribution frame, that that's the only
13 information that would have to be provided to Qwest in
14 order to provision the new type of service or circuit,
15 could use the system upgrades.

16 A. I think in some of them, yes. I hesitate to
17 say yes, because as a technician, I feel very hesitant
18 to say, Yes, this system will work for this before I
19 see what those requirements are.

20 Q. But we've kind of built this in anticipation
21 of having some flexibility. I shouldn't say we built
22 this. When we were having the discussions in Denver,
23 we kind of designed this to try to have that kind of
24 flexibility as much as possible.

25 A. As much as possible.

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1 Q. Currently, unbundled loops are provisioned by
2 Qwest through the TIRKS database; correct?

3 A. Yes.

4 Q. And that means that each unbundled loop is a
5 designed circuit that has to be in the systems kind of
6 created from scratch every time an unbundled loop is
7 ordered; correct?

8 A. What do you mean by that?

9 Q. I was trying to differentiate between going
10 out and laying copper and simply that you have to use
11 TIRKS to design the circuit path from the central
12 office to the end user.

13 A. Yes.

14 Q. And POTS service is redundant and has
15 flow-through. I'll get to what flow-through is, but
16 you would agree it's a flow-through service.

17 A. Flow-through is one of those words that's
18 used to mean a lot of things, so I'm going to kind of
19 give you a couple of those things, and you tell me
20 which one you are talking about. There is service
21 order flow-through, which is the electronic conversion
22 of local service requests into service orders and
23 placement into the service order processors. There is
24 provisioning flow-through, which means in the back end
25 provisioning systems, those orders do not fall out from

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1 annual handling for the systems work. There may be
2 central office work, but for the systems work, unless
3 there is an error or the CLEC or Qwest has designated
4 that it must fall out, so I want to keep the two kind
5 of separate, because when you mix them up, it gets kind
6 of muddy.

7 Q. That's fine. What was that first one again?

8 A. I call it service order flow-through, and the
9 other one is provisioning flow-through.

10 Q. The TIRKS system that I was talking about
11 before is in the provisioning end of the cycle;
12 correct?

13 A. Correct.

14 Q. So as compared to that process, on the
15 provisioning side, POTS is flow-through; correct?

16 A. Generally, yes.

17 Q. Instead of using TIRKS, it uses the switch
18 database for assignments; correct?

19 A. Correct.

20 Q. One of the advantages of the system
21 enhancements for line sharing is going to be to move
22 the orders that will be placed to provide DSL service
23 in a line-sharing environment from TIRKS into the
24 switch data base, and therefore to achieve provisioning
25 flow-through; correct?

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1 A. Can I kind of clarify what you said here?

2 Q. Please do.

3 A. The local service requests or the requests
4 for line sharing as they go through the provisioning
5 flow do not currently go through the TIRKS system.
6 They are going through kind of an adjunct system to
7 switch, which is called APP right now, so they really
8 aren't going through TIRKS at all.

9 There was a lot of discussion surrounding
10 that in our meetings, and we came to the conclusion
11 that it was best to put it where the efficiencies can
12 be best realized right away rather than have an
13 inefficient use of resources and then have to remove
14 all of those data points and put them all into the
15 correct application.

16 Q. Like I said, it had been too long. I has
17 forgotten about APP. The compare contrast I'm trying
18 to make here is that currently, the provisioning of
19 unbundled loops is done through TIRKS and is therefore
20 a design circuit process, and as we move to line
21 sharing and we get the Telcordia package, that
22 provisioning is going to be done in a provisioning
23 flow-through environment; correct?

24 A. That's where I keep wanting to separate this.
25 Unbundled loops, in and of themselves, currently are

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1 provisioned through that TIRKS process and will
2 continue to be provisioned through that TIRKS process.
3 There is a line. Now we go into the line-sharing
4 environment. The line-sharing environment is using an
5 adjunct system off the switch system, and in the new
6 Telcordia solution, we will also be using a switch
7 system, but at this point -- I think I know what you
8 are getting at, and we can kind of take care of some of
9 this.

10 Right now, even though we had originally
11 thought that some of those were going to have manual
12 handling, it's my understanding that we were able to,
13 through that APP system, achieve flow-through. As you
14 recall, it wasn't going to be for large, large volumes,
15 and since we couldn't limit the volumes, we had to make
16 sure we had interim processes and solutions for this
17 adjunct for the volumes we were anticipating for this
18 first year, and we needed in order not to have a cap on
19 volumes to actually go into the switch system.

20 So in both of the instances with line
21 sharing, we currently have and will continue to have a
22 provisioning flow-through environment. That doesn't
23 mean that the central office techs don't do work. It
24 means that the systems don't have to have manual input
25 and that sort of thing.

00843

1 Q. So a central office tech will do work, which
2 switch will have provisioning flow-through, and we
3 have, quite happily, I must say, ended up having
4 provisioning flow-through with APP as well.

5 A. Yes, we did.

6 Q. That is the provisioning side of this. Let's
7 talk about the service order side of this for a moment.
8 There are currently two electronic means for CLECs to
9 place loop orders or submit their LSRs -- which is loop
10 service request?

11 A. Local service request.

12 Q. -- to submit their LSRs to Qwest, and that is
13 through either IMA or through an EDI; correct?

14 A. Yes. We tend to call IMA the entire gateway
15 of which there is a GUI portion and an EDI portion, so
16 between those two interfaces, yes.

17 Q. So for purposes of this discussion, we will
18 try and stick with talking about the GUI or about EDI,
19 and GUI is graphical user interface; correct?

20 A. Yes.

21 Q. And EDI --

22 A. Electronic data interchange.

23 Q. In the GUI application, as I understand it,
24 if a CLEC places an order through its interface, the
25 CLEC manually enters that order at the CLEC premise;

00844

1 correct, into the computer?

2 A. It's how it's presented to the CLEC customer
3 service rep. It is a GUI interface, so when you log
4 into your system in the morning, instead of logging
5 into the CLEC system, you actually have an interface
6 point into the U S West IMA system. So the
7 presentation of screens that come up are Qwest's
8 screens -- this is going to be difficult for me. So
9 every time I say U S West, please understand I'm
10 talking about Qwest -- those are the screens that come
11 up, so as the CLEC service representative enters that
12 local service request, it's just a matter of whether
13 entering it into their system or entering it into our
14 interface.

15 Q. And entering it into your interface means
16 it's going to go directly into Qwest's systems;
17 correct?

18 A. It goes into the gateway. There is a gateway
19 that's just set up for the entry of local service
20 requests and in the parsing of those, and then it goes
21 into the downstream systems.

22 Q. And to get from the gateway into the
23 downstream systems, if you've correctly input an order
24 into the GUI, there is no manual process involved in
25 that, is there?

00845

1 A. I think you are talking about the conversion
2 from that local service request into the service order,
3 and that's what we call service order flow-through, and
4 for many products and for some of those products, we do
5 have that service order flow-through, yes.

6 Q. And by "service order flow-through," that
7 means that there is no manual intervention in the
8 process of going from the local service request into
9 the service order processor.

10 A. Yes.

11 Q. For line-sharing orders submitted through a
12 GUI, there will be service order flow-through; correct?

13 A. No, there won't be.

14 Q. I thought that was part of the systems that
15 we were --

16 A. It was part of the original negotiation; I
17 understand that. Unfortunately, there have been
18 some -- I shouldn't say unfortunately. The way systems
19 development works, and especially the way we are
20 working in this environment, is we need to take a look
21 at what the, I'm going to call at this time, the
22 biggest bang for the buck is, and right now, we are
23 focusing on the types of orders or the types of
24 services that we have a greater volume in. So we are
25 focusing on unbundled loops, that sort of thing, to

00846

1 continue to get the flow-through going.

2 Line sharing just has not had the type of
3 volumes that we've needed to bubble that up to the
4 surface, and as a result, that's not one of the things
5 that will be delivered within the December time frame
6 or in April, but it's still on the horizon.

7 Q. How far down the horizon?

8 A. I can't tell you that. I will tell you that
9 it's something that I watch very closely.

10 Q. Would your answers to that same line of
11 questioning be the same for EDI as opposed to the GUI?

12 A. Yes. Because EDI and the GUI are just the
13 presentation, and it's a very small part of that. The
14 majority of the gateway system is the BPL, which is the
15 business process layer, which is where all the rules
16 are associated and all the edits take place, and then
17 something called an OSS access layer, which is where
18 the transactions that come in get parsed out to the
19 various downstream systems and pulls back the data
20 that's needed to go back to the CLECs. All of that is
21 a shared system, so once we get service order
22 flow-through for one portion, it transcends to the
23 other one as well, because as I said, it's just a
24 presentation. It's not really a processing stream.

25 Q. Your descriptions of EDI and the GUI are at

00847

1 Exhibit 114; is that correct?

2 A. Yes.

3 Q. Ms. Brohl, while I'm flipping through this to
4 see what else I have left in your testimony, and we've
5 heard this several times during the proceeding, you
6 refer to Qwest not line sharing with itself; correct?

7 A. Correct.

8 Q. The thought behind that is that, I think as
9 it's explained in your testimony, since line sharing is
10 defined in the line-sharing order as a CLEC sharing a
11 line with an ILEC, then Qwest providing its own service
12 across its own loop doesn't meet that definition;
13 correct?

14 A. That's part of it. The other part of it is
15 the way the systems work, and I think it would be
16 easier if I gave an analogy, but it's a true analogy.

17 The way this works is that when Qwest is
18 providing the voice and Qwest is providing the data
19 services as well, that's only one provider, and it's
20 one provider with two products, but when you introduce
21 a second provider, that introduces complexity, and let
22 me give you an example of what I mean by that. I'm not
23 sure how many people were in this industry in 1984, but
24 I was able to survive divestiture. I was in the TOL
25 and CRIS billing systems during divestiture, so I have

00848

1 a very real world experience with that, and it's kind
2 of a parallel because the RBOCs had local service in
3 intrastate toll, and AT&T had interstate and
4 international toll. Because of the difference in the
5 product set, it was very easy for the systems to define
6 what belonged to whom. Once divestiture happened,
7 suddenly there were a lot of interexchange carriers.
8 There was MCI; there was Sprint; there was Allnet.
9 There were a lot of them as well as AT&T. Now did we
10 not only have to identify the different product set but
11 also identify who it belonged to.

12 This is very analogous to that because that's
13 exactly what we are doing with the line sharing. We
14 are not only identifying that it's a different product,
15 voice versus data, but now who does that data belong
16 to. As a result, you have to set up accounts that are
17 a little bit different. You've got to set up all sorts
18 of things that are different, and it's, in my mind,
19 very analogous to that, and as you recall, it didn't
20 happen overnight. It was very complicated. Now, once
21 that infrastructure was delivered and built, we can add
22 new interexchange carriers pretty easily provided they
23 have the same kind of model.

24 I also was the technical project manager for
25 many of the newer products that the interexchange

00849

1 carriers were doing. We had a basic product, and as I
2 recall, MCI came out with their invoice-ready and
3 things like that. That caused new development. We
4 couldn't just retrofit them into what was existing,
5 even though a portion of it could be. So this to me is
6 very analogous to that, and that's why it's very
7 complicated, and it's a little more complex than it
8 seems on the surface.

9 Q. I was going for something much easier. The
10 much simpler thing I was getting at is this gets back
11 to the distinction that we were talking about earlier
12 of two different providers on the loop rather than two
13 different end users; correct?

14 A. Correct.

15 Q. At its core, we are talking about providing
16 the same product. Qwest provides DSL across the loop
17 that contains voice, and the CLECs will be providing
18 DSL across the loop that contains voice; correct?

19 A. Correct.

20 MR. DEANHARDT: Ms. Anderl, can we just
21 stipulate to 118, 119, and 120?

22 MS. ANDERL: I think so. Let me just look at
23 them. Yes.

24 MR. DEANHARDT: Your Honor, with that
25 stipulation, I would move for the admission of 118,

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1 119, 120.

2 JUDGE BERG: What was the stipulation?

3 MS. ANDERL: Qwest has no objection to the
4 admission of those exhibits.

5 JUDGE BERG: 118, C-118, 119, C-119, and 120
6 are admitted.

7 Q. (By Mr. Deanhardt) Ms. Brohl, if you could
8 look at C-118 for a moment, and in particular,
9 Attachment A, as I understand it, this is the final
10 software order from Telcordia to Qwest for the OSS
11 upgrade.

12 A. I believe so, yes.

13 MR. DEANHARDT: In the interest of fair play,
14 one thing that I will note, Ms. Anderl, and we may want
15 to correct this, in the answer to Part A to the actual
16 request, it refers to the statement at work. One of
17 these says that the software order itself is one of the
18 highly proprietary documents as opposed to the just
19 straight confidential.

20 MS. ANDERL: And ought to only be reviewed --

21 MR. DEANHARDT: -- in Seattle. I just want
22 to make sure we have the correct document attached to
23 this and that if there is something that is highly
24 proprietary, maybe we can do that off the record and
25 come back later.

00851

1 MS. ANDERL: I think that in the
2 overexuberance of responsiveness, we provided a
3 document we should have said you should come and look
4 at, but we'll go over that on a break. Do you want to
5 ask questions that get into it right now?

6 MR. DEANHARDT: I do not.

7 Q. (By Mr. Deanhardt) You've referred in your
8 testimony several times to the CLECs' agreements to the
9 systems changes. When we were having our meetings in
10 Denver, isn't it correct that the way this worked is
11 Qwest identified for the group the various processes
12 that we were going to need to change in order to
13 support line sharing, and then from that, we developed
14 as a first step the gap analysis; correct?

15 A. Well, there is one step that you missed, and
16 that was the requirements gathering portion of it, and
17 that was when Qwest and the CLECs, in my estimation,
18 together identified what would be required in order to
19 be able to support line sharing. From that, then Qwest
20 came back and discussed many of the processes that were
21 going to be impacted by those requirements, and then
22 came back to say, And these are some of the system --
23 and from that, we developed the gaps; that's true, and
24 then came back with, And these are the system
25 modifications that we believe are necessary.

00852

1 Q. In the requirements gathering though, again,
2 it wasn't like the CLECs came in and said, "Qwest, you
3 are going to need to fix your billing systems," because
4 frankly, we didn't know about them.

5 A. True.

6 Q. Qwest came in and said, "Okay, here are the
7 things that we are going to need to do to be able to
8 support this product."

9 A. Right.

10 MR. DEANHARDT: I think with that, Your
11 Honor, I have no further questions for Ms. Brohl.
12 Thank you, Ms. Brohl.

13 JUDGE BERG: Mr. Kopta?

14 MR. KOPTA: Thank you, Your Honor.

15 CROSS-EXAMINATION

16 BY MR. KOPTA:

17 Q. Good morning, Ms. Brohl.

18 A. Good morning.

19 Q. I want to explore a couple of areas in your
20 testimony and exhibits. The first is Qwest's proposal
21 to recover its OSS costs on a per service order basis,
22 and I'm correct that there are two separate per service
23 order charges that Qwest is proposing, one for
24 development costs and one for maintenance costs; is
25 that correct?

00853

1 A. One is for the start-up costs and then one is
2 for maintenance and operations.

3 Q. Just so the Commission will have a visual
4 reference, will you turn to your supplemental direct
5 testimony, which is Exhibit T-109 on Page 7. You
6 discussed a bit with Mr. Deanhardt what an LSR, or
7 local service request is, and I just want to make sure
8 that we know what's happening here. The local service
9 request is essentially a form that the CLEC submits to
10 Qwest either electronically or via fax for services and
11 facilities that the CLEC wants to obtain from Qwest;
12 correct?

13 A. Essentially. Precisely, it's a series of
14 forms, and it's nationally standardized forms as well.

15 Q. And those nationally standardized forms are
16 then taken by Qwest and converted into service orders
17 to be processed through Qwest's systems.

18 A. Yes. The Qwest service order processors do
19 not understand local service requests. They understand
20 service orders, and so there had to be a conversion
21 into that medium.

22 Q. Is the same true for an accessed service
23 request or ASR?

24 A. Yes.

25 Q. Would you turn to Exhibit 124 and C-124,

00854

1 which is Qwest's response to the joint CLEC Data
2 Request 02-031.

3 A. Yes.

4 Q. Are you familiar with this document?

5 A. I am.

6 Q. Based on Qwest's response, C-124 is just an
7 example of the service orders that are generated from
8 either an LSR or an ASR. It's not a comprehensive
9 list.

10 A. No, and there are reasons for that. Much of
11 this is slightly situational. For example, let's say
12 there was an LSR for five unbundled loops that because
13 it's less than the 20, we would be able to get on one
14 service order. However, one of those unbundled loops
15 was for a location that was in a held situation, then
16 that would become actually two service orders, one for
17 the four loops that could actually be provisioned and
18 one for the held order loop that couldn't be
19 provisioned until a later date, so there really isn't
20 any way to, in my mind and with my knowledge of these
21 systems, to come up with an exact, precise list.

22 Now, these are very good guidelines, and a
23 lot of these really do deal with how the CLEC does
24 business. How many types of products do they put on a
25 service order? How many numbers of those products they

00855

1 place on an LSR, and so we will be able to kind of
2 control some of that.

3 Q. Before I ask too many questions about this,
4 this being Exhibit C-124, the document is designated as
5 confidential. Can you tell me generally what is
6 confidential about the information in this document so
7 that I don't reveal anything confidential?

8 A. I think what is confidential about this is
9 there are some things in here that can be inferred
10 based on how the service orders work. For example, if
11 you will look at the second item, which is loop
12 conversion to coprovider, TM account, our systems
13 operate in such a way that they can manage 20 of a
14 particular type of UNE on an order. After that, they
15 have to go to another service order, so there are some
16 things in there that can kind of be inferred, and
17 that's really the reason for it.

18 Q. I will try to avoid revealing on the record
19 anything that would give rise to those kinds of
20 inferences, but please correct me if I seem to be going
21 down that path.

22 A. I will.

23 Q. I guess actually a couple of the things that
24 I wanted to ask were elements or services or facilities
25 that are not on this list. I don't see a category for

00856

1 line sharing. Does a CLEC submit an LSR for line
2 sharing?

3 A. Yes, and you are right. It's not on here,
4 but a line-sharing LSR, because it's for a specific
5 telephone number, really only deals with one line, one
6 account, and as a result, will generate one service
7 order.

8 Q. Am I correct then that the CLEC would, under
9 Qwest's proposal, pay the nonrecurring OSS charge on
10 that service order as well as the recurring charges for
11 line sharing for OSS recovery?

12 A. You are going to find I'm kind of a stickler
13 for terminology. Recurring charge is really not the
14 right term because a recurring charge and a
15 nonrecurring charge are kind of in the transaction
16 arena. In other words, that's what costs to process.
17 This OSS charge is for OSS cost recovery, and what that
18 means is it doesn't really -- it doesn't have a
19 relation to processing times, processing costs,
20 processing processes, for lack of a better use of
21 words. What it deals with is this is the mechanism for
22 which we are attempting to spread across the cost
23 recovery dollars.

24 Q. Let me try and avoid a terminology faux pas,
25 and really the basis of my question is a CLEC ordering

00857

1 line sharing would pay the start-up cost OSS charge,
2 the maintenance OSS charge -- that's one time for the
3 one service order -- plus the \$3.75 per month
4 line-sharing OSS cost recovery charge?

5 A. Correct.

6 Q. I also don't see any listing here for the UNE
7 platform. Are you familiar with the UNE platform?

8 A. Yes. And the reason for that is we
9 essentially consider the UNE platform from a systems
10 processing perspective only to be a comparable product
11 to resale because essentially that's what it is. It's
12 a total service, and we even use the resale forms. We
13 don't use them. The CLECs when they UNE-P use the
14 resale forms, and as a result, that would be identified
15 under the resale portion of this.

16 Q. That was my question is whether it generated
17 the same number as a resale order or individual
18 elements.

19 A. No. It would be identical to resale at this
20 point.

21 Q. Another thing that I don't see listed here
22 would be switch features. For example, if a CLEC
23 orders UNE-P and the customer later decides they want
24 call-waiting, would that be something that is submitted
25 on an LSR to Qwest, the request for call-waiting?

00858

1 A. If you will look down, I'd say about four
2 fifths of the way down, look under resale, there is
3 resale new account, resale change, changing the OTN,
4 and then you have resale new connect or change. Part
5 of that, the change, is change orders, which is
6 changing features and functionalities of that system.
7 So if you are going to add call-waiting on either a
8 UNE-P or on a resale account, you would have one per
9 circuit, so one for each telephone number.

10 JUDGE BERG: Mr. Kopta, after you finish
11 clarifying this particular exhibit, we will take a
12 15-minute break.

13 MR. KOPTA: I just have a couple more
14 questions on this. Although, we could take the break
15 now, if you would like.

16 JUDGE BERG: The Chairwoman has been trying
17 to be in two places at once, and this would be a good
18 time, and let's be back on the record at 11:05. Thank
19 you.

20 (Recess.)

21 JUDGE BERG: Mr. Kopta, please resume.

22 Q. (By Mr. Kopta) Ms. Brohl, there is one other
23 area on this exhibit that I wanted to clarify, which is
24 repair orders. Do repair orders generate service
25 orders or trouble tickets or any kind of problem?

00859

1 A. No. Repair inquiries or repair transactions
2 do not culminate in service orders.

3 Q. Just to clarify an earlier response to one of
4 my questions, if a CLEC orders five unbundled loops and
5 one of them is held, is it my understanding that for
6 each held orders, for example, if there were two
7 unbundled loops that were held, then each of those
8 would generate a service order?

9 A. I don't know the answer to that one for sure.
10 I would think they would go on the same service order,
11 but I'm not positive of that because we don't know when
12 that service order would be released and when those
13 facilities would be released, but I'm not positive. I
14 really can't answer.

15 Q. On the second page of Exhibit C-124 are
16 service orders for LIS trunks, which are local
17 interconnection service trunks; correct?

18 A. Correct.

19 Q. And each order for local interconnection
20 trunks and facilities would generate corresponding
21 service orders that would then be subject to the OSS
22 charges?

23 A. It's my understanding, yes.

24 Q. And do you know whether those OSS charges
25 would be shared with Qwest in proportion to its use of

00860

1 the trunks that are ordered?

2 A. No. Qwest does not issue ASRs, so they
3 wouldn't be going through this process, and if you
4 recall, I said earlier that this isn't a charge for the
5 ordering of those services. It is merely a cost
6 recovery mechanism, and this is the denominator, for
7 lack of -- and I'm probably not saying this correctly
8 because I'm truly not a mathematician, but this is just
9 the set of products that we've identified that we can
10 spread that cost over.

11 Q. Do commercial mobile radio service, or CMRS,
12 providers, most commonly, cellular carriers, order LIS
13 trunks?

14 A. I don't believe that they do.

15 Q. Would you turn to Exhibit 126, which is
16 Qwest's response to the joint CLEC Data Request 02-033.

17 A. I have.

18 Q. Just to clarify the response in this, the
19 second sentence states that ASRs for connectivity to a
20 base station are not included in this docket. Is that
21 more or less what you just responded to?

22 A. Correct. It's my understanding that mobile
23 radio or cellular providers establish connectivity to a
24 base station as opposed to establishing connectivity
25 with LIS trunking.

00861

1 Q. Do trunks ordered by a CMRS provider use the
2 same systems as LIS trunks for CLECs?

3 A. I don't know to what proportion or if they
4 do.

5 Q. Another aspect of your testimony that I
6 wanted to explore are the benefits of modifications to
7 Qwest's OSS, and specifically, I'd like to ask you some
8 questions about Exhibit C-104, which is the list of
9 summary projects to your Exhibit BJB-4, and
10 specifically, if you would turn to the second page of
11 that exhibit under the heading, "Qualifications for OSS
12 cost recovery," is the last sentence under that heading
13 confidential?

14 A. No.

15 Q. That last sentence states, "No work on this
16 project was done at the request of U S West retail,"
17 and that's the same last sentence in each of the
18 specific projects that's listed in this exhibit;
19 correct?

20 A. Correct.

21 Q. Is that the standard that Qwest uses to
22 determine whether or not Qwest itself benefits from the
23 system modifications?

24 A. No. In fact, that's probably misleading, and
25 we will modify that. What the standard is, the process

00862

1 that we go through is we identify what the system
2 modification is and identify whether or not there is a
3 benefit solely to the wholesale side or if there is a
4 benefit to the retail side, and if there is a benefit
5 to the retail side, then those projects are not
6 included in this cost recovery effort, so the projects
7 that have been identified here are those that have
8 benefit to wholesale and to wholesale customers but are
9 not of benefit to the retail side of the house for a
10 variety of reasons. Either that's not a product that
11 the retail side is providing -- for example, unbundled
12 network elements. Qwest does not sell unbundled
13 network elements on a commercial level to the retail
14 end users. That is strictly an animal and a type of
15 product that is sold from a wholesale perspective to
16 our wholesale customers who are in that instance CLECs
17 who then use them to provide services.

18 Q. Do Qwest retail customers benefit from the
19 ability to place and receive calls with customers of
20 CLECs?

21 A. I'm sure that they do, but that to me is a
22 different thing than benefitting from these particular
23 modifications.

24 Q. Let's explore that then. The companies'
25 respective customers can't make and receive calls from

00863

1 each other without interconnection facilities between
2 the companies, can they?

3 A. That's true.

4 Q. So ultimately, don't Qwest customers benefit
5 from interconnection facilities between Qwest and
6 CLECs?

7 A. From a very high level perspective, I think
8 that makes sense.

9 MR. KOPTA: Thank you. Those are my
10 questions.

11 JUDGE BERG: Mr. Butler?

12 CROSS-EXAMINATION

13 BY MR. BUTLER:

14 Q. Good morning, Ms. Brohl. Can you tell me
15 whether or not you are aware of any other ILECs that
16 use Telcordia software for OSS?

17 A. I do think that a large number of them do use
18 many of the systems. Which ones in particular, I
19 wouldn't be able to tell you.

20 Q. Are any of those OSS systems similar to or
21 the same as Qwest's, to your knowledge?

22 A. They all started off that way, because back
23 when we were all owned by AT&T, all the systems were
24 the same. Since divestiture occurred in 1984, everyone
25 has kind of gone off on their own separate way. Some

00864

1 of the systems have continued to stay the same, and
2 some of them, I'm sure, have modified or have been
3 replaced.

4 Q. Are you aware of whether Telcordia is
5 providing an OSS upgrade to support line sharing for
6 other ILECs?

7 A. I think I have been in meetings where that's
8 been discussed and that they are, but I don't know to
9 what extent.

10 Q. Did Qwest in its dealings with Telcordia for
11 the line-sharing upgrade take any steps to insure that
12 Qwest was not paying for a software upgrade that
13 Telcordia had already been paid to do for another ILEC?

14 A. And I think that goes back to -- let me
15 explain some things. I can't answer that yes or no.
16 We did not, but there is a reason for that. Back when
17 Telcordia was actually Bellcore and it was owned by the
18 seven companies, that was a normal process, a normal
19 way of doing business, because the way that worked back
20 then is that any software modification that then
21 Bellcore did was then divided up. The cost was then
22 divided up amongst how many of the seven RBOCs had
23 requested that change.

24 That's different now. They are not owned by
25 any of us any longer, have not been for at least five

00865

1 years, and so what they deal with now are not cost-base
2 pricing. They deal with market prices. They don't
3 cost-base price to us or to anyone else, as far as I
4 know, and so that's not really an appropriate thing in
5 this environment any longer.

6 Q. Am I correct then from your answer then that
7 Qwest did not discuss nor negotiate with Telcordia the
8 possibility of sharing costs on any of the software
9 upgrades that were involved here?

10 A. Qwest did negotiate. Qwest did not pursue
11 the ability of Telcordia to spread this cost amongst
12 the RBOCs or the existing ILECs because we don't have
13 the proprietary information that would tell us which of
14 those ILECs are using which systems and to what extent
15 they are going to rely on Telcordia systems. What we
16 did do is negotiate with them to get the lowest price
17 that we could and with the most functionality.

18 Q. Did you discuss with Telcordia the subject of
19 whether any of the work that Telcordia would do for
20 Qwest would be duplicative of work it was doing for any
21 other ILEC?

22 A. No. We did ask them if there was any of the
23 work that was in that system, in that set of systems
24 that underlaid any of the other work that was being
25 done for unbundled network elements.

00866

1 MR. BUTLER: That's all I have.

2 JUDGE BERG: Ms. Smith?

3 CROSS-EXAMINATION

4 BY MS. SMITH:

5 Q. Thank you. I'm Shannon Smith, and I'm
6 representing Commission staff in this proceeding. Do
7 you have before you Exhibit No. 122?

8 A. Yes. If you will give me a moment, I'll turn
9 to it.

10 Q. Do you recognize that exhibit as being the
11 Company's response to Commission staff's Data Request
12 No. 24 to the Company?

13 A. I do.

14 Q. That DR essentially asks Qwest to explain the
15 procedures and criteria it used to determine whether
16 and the extent to which projects also benefited Qwest;
17 is that correct?

18 A. Correct.

19 Q. If you would look at the response portion of
20 the document in the second paragraph, there is a
21 sentence that begins in the third line, and I'll read
22 that to you: "If the project effort involved
23 enhancements that were used by U S West's retail
24 systems users, the project was considered a benefit to
25 U S West and was not considered a candidate for cost

00867

1 recovery."

2 In that sentence, who are the retail systems
3 users that are referenced in that sentence?

4 A. They would literally be the end-user
5 customers that are using the retail products and are
6 considered a Qwest retail end-user customer. That's at
7 the lowest level. When you go up a level -- the way
8 the Company is organized is by market unit, as well as
9 other business units. Our market units are segmented
10 to market, so it would also benefit from a product
11 standpoint the market unit that was responsible for
12 retail versus the one that was responsible for
13 wholesale or any of the wholesale CLECs or end-user
14 customers.

15 Q. What exactly does the Company mean by "used
16 by" in that sentence?

17 A. For example, if an end-user customer calls in
18 and asks if they can order local telephone service, and
19 I kind of see what you are getting at, and this is kind
20 of confusing. The end-user customer does not log into
21 the system and actually use the system. The end-user
22 customer uses products and services that are supported
23 by these systems, and that is really what this is
24 intended to convey is that for those products and
25 services that are retail products and services that are

00868

1 in the systems modifications that are in support of
2 those, then those are not considered part of the
3 candidate list for cost recovery.

4 Q. What entity within Qwest is responsible for
5 the retail provisioning of OSS systems?

6 A. Are you asking me what entity is responsible
7 for the systems themselves or what entity is
8 responsible for provisioning, because there is two
9 different things there.

10 Q. Why don't you just identify both of them.

11 A. Systems modifications are all under the
12 purview of the information technologies organization,
13 IT, and it does its work on behalf of the Company. The
14 provisioning side is dealt with by the service delivery
15 organization, and that generally involves members from
16 network. It may involve members from some of the
17 market units, those types of things, because someone
18 has to issue an order and someone has to actually
19 install the order.

20 Q. Were any of the people responsible for the
21 retail provisioning consulted as to whether the various
22 projects would provide any benefit to the retail OSS?

23 A. No, but they didn't have to be. From a
24 systems perspective, we understand the functionality
25 that is provided to the retail side of the house. We

00869

1 also understand the new functionality that is in place
2 for the wholesale side, for lack of a better term, and
3 as a result, in the information technologies
4 organization, we can make that determination based on
5 our knowledge of the products and our knowledge of the
6 systems that have to support those products, whether or
7 not they will be.

8 We do talk amongst ourselves from a systems
9 perspective. It's not totally a confidentiality wall
10 or anything like that. We do talk amongst ourselves.
11 We find out who is working on what products and
12 projects, and since we have to install the retail
13 projects, we know what the differences are in the
14 wholesale ones.

15 Q. In providing CLECs with access to Qwest's OSS
16 systems, is Qwest providing a completely separate OSS
17 system for the CLECs, or will the CLECs share in the
18 existing OSS system with Qwest?

19 A. More of the latter, because the way that this
20 works -- and there isn't any one system. For example,
21 the CRIS system that I discussed earlier, we talk about
22 it as being a system. It's actually probably three
23 different geographical locations, each one comprising
24 of probably anywhere from 150 to 250 programs, so
25 that's just one piece of information.

00870

1 Now, there is a basic set of functionality in
2 these systems, and every time you add functionality,
3 you add additional abilities and capabilities of those
4 systems. While the underlying functionality, data may
5 be shared, there are certain things that are just
6 specific to CLEC access, and that is the only part
7 that's in this docket. That shared portion, the
8 infrastructure, the base, that's not in here at all.

9 Q. Is it correct that Qwest or U S West has
10 spent over 16 million dollars to date in new investment
11 to provide access to OSS?

12 A. Could you repeat that?

13 Q. Has U S West or Qwest spent over 16 million
14 dollars to date in new investment to provide access to
15 OSS?

16 A. Now, you have to help me a little bit because
17 I'm not an accountant and I don't do well with numbers.
18 What does "investment" mean? Does it mean total
19 dollars expended, or someone was talking about
20 investment being capital.

21 Q. Capital.

22 A. Let me go back to one of my exhibits, which
23 is 101, and in there, to date, it looks for 1997
24 capital -- now, you have to understand these are the
25 inputs to all the cost studies. I don't know what

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1 happens to the dollars once they go to the cost study,
2 and I'm not the person to ask that.

3 Q. I'm not asking you to go into that much
4 detail, but I recall reading in Ms. Million's testimony
5 and in her exhibits that the Company essentially has
6 spent about 16 million dollars in new investment for
7 OSS. Would you agree with that figure?

8 A. I would, because if you look at '97, capital
9 total is 4223. 1998 capital total is 4201, and 1999
10 capital total is expected to be 7813, so approximately
11 16 million. That adds up to about that.

12 Q. Would you agree that that investment is
13 classified to Account 2124, General Purpose and
14 Computers?

15 A. That is not my area of expertise.

16 Q. Just assuming that that's the case, if new
17 computer investment provided the ability to allow the
18 OSS system to process transactions faster, would Qwest
19 consider that increased processing capability to
20 benefit only CLECs?

21 A. If that was the only reason it was purchased,
22 I don't think so. I think you need to look at what
23 processing capacity does. Processing capacity is
24 required for volumes, not just performance, and with an
25 increased volume of transactions that go through the

00872

1 systems, you have to have increased -- it's called
2 DASD, which is basically hard disks. You have to store
3 this data somewhere. You have to be able to retrieve
4 it, so volume alone can cause, and generally does
5 cause, additional hardware expense.

6 Q. Do you know whether Qwest has augmented the
7 ability of its OSS system to process transactions more
8 rapidly?

9 A. I believe that it has, but it's something
10 that's done on overall system planning and system kind
11 of capacity and planning type of system planning kind
12 of -- I'm not saying this very well. Let me start
13 over.

14 You don't look at a system, this system or
15 that system or this set of transactions when you go off
16 and do overall kind of network views and performance
17 kinds of things, and as a result, if there were some
18 performance problems and if we needed to speed up
19 things and that sort of thing, it wouldn't go to any
20 particular type of project, necessarily. It would be
21 an overall upgrade to the systems that's parts of U S
22 West technologies expense. I think I sense that's
23 where you are trying to get to is if we've done that in
24 this case, and that's not part of this.

25 Q. So is your answer to my question yes or no, I

00873

1 guess?

2 A. The answer is yes, but it's not a part of
3 this cost docket.

4 Q. Could you tell me whether Qwest's retail OSS
5 would also benefit from the increased processing speed?

6 A. If U S West were to, say, buy a new HP
7 machine and put a data to the ZUNI data center in order
8 to then process certain transactions faster, all
9 transactions that went through that computer would be
10 impacted in a positive way. That's not something
11 that's associated with a project that's listed here.
12 It's something that's part of us doing business.

13 Q. Is it your testimony then or is it your
14 belief that none of the 16 million dollars of
15 investment was used to increase processing capacity?

16 A. I can't say that because we are also looking
17 at the gateway systems, and I'm sure it was used to
18 develop and to increase processing capacity in the
19 gateway systems. The gateway systems, the IMA, GUI and
20 EDI, aren't used by our retail organization.

21 Q. I'd like to direct your attention, if I can,
22 just finally here to your, I believe it's your direct
23 testimony, which is Exhibit 100 at Page 12?

24 A. Yes.

25 Q. And the question and answer beginning on Line

00874

1 19, and you say in there that service order volumes are
2 predictable. Do you see that testimony?

3 A. Page 13?

4 Q. I'm sorry, Page 12. It's Page 12 on my
5 version, and the question begins on Line 19.

6 A. Can you tell me what question it is?

7 Q. The question is: "Why does U S West propose
8 per service order charges rather than per local service
9 LSR charges?"

10 A. And that is in Exhibit 100?

11 Q. That's what I have, your direct testimony.

12 A. I'm sorry. I don't find that anywhere.

13 MS. ANDERL: Your Honor, may I provide the
14 witness with another copy of her testimony?

15 JUDGE BERG: Yes. And Ms. Anderl, if you've
16 already found the spot, maybe you could point it out to
17 the witness.

18 THE WITNESS: Yes.

19 Q. (By Ms. Smith) You see the bit where it
20 says, "service order volumes are predictable"?

21 A. Yes.

22 Q. Why does the Company believe that the service
23 order volumes are predictable?

24 A. Because that is how we've -- by using service
25 order volumes and trending them, we have been able to

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1 identify what the increases are needed for processing
2 and that sort of thing. That's the reason that we have
3 used those is to be able to identify in our systems
4 when we do have to increase direct access storage
5 devices and that sort of thing, increased hardware in
6 order to process additional volumes.

7 Q. If your service order forecasts turn out to
8 be too low, does that mean that the Company is going to
9 have to expend additional dollars to process the orders
10 or to increase the capacity?

11 A. If the volume of service orders through the
12 systems increases and we have not identified that or
13 anticipated that -- I think that's where you are
14 going -- then whether we've anticipated it or not, we
15 would have to expend dollars to purchase hardware to
16 increase the ability to handle those volumes.

17 Q. We had some discussion when we started our
18 questioning about benefits to Qwest and benefits to
19 CLECs, and I guess the last question I have is, is it
20 possible for something to be a benefit to Qwest without
21 necessarily being a benefit to end users?

22 A. The payroll system, human resources systems,
23 those infrastructure systems.

24 Q. I'm talking about OSS systems. I don't mean
25 just all Company-wide things.

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1 A. And you will have to be more specific to me,
2 because to me, all systems are operational support
3 systems.

4 Q. We are talking about the computer investment
5 and the OSS computer investment, the items that we've
6 been talking about, and I'm not as proficient as you
7 are, so I can't identify them all.

8 A. Let me think about this a minute. If by
9 mechanizing a process that increases our ability to --
10 I can't think of anything that would be other than
11 those infrastructure types of systems that I was
12 talking about. If, for example, the repair technicians
13 get a faster computer, I would think that that would
14 have a positive impact on their end-user customers that
15 call in for that. If a manual process gets mechanized,
16 it would have to have a benefit because it would
17 probably result in faster response times, more
18 information at the fingertips, that sort of thing.

19 So I guess what I'm saying, is it a direct
20 benefit? Does it result in a particular product that
21 they can now order and put on their line? Maybe or
22 maybe not, but is it an indirect benefit because it
23 causes increased customer service and maybe some bill
24 and track history and that sort of thing? I'm sure it
25 does. I can't think of an instance other than those

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1 infrastructure kinds of systems that wouldn't have some
2 benefit to customers. That's the whole reason we
3 exist.

4 MS. SMITH: That's all I have. Thank you.

5 JUDGE BERG: Dr. Gabel?

6 CROSS-EXAMINATION

7 BY DR. GABEL:

8 Q. Good morning, Ms. Brohl. I notice on your
9 first page of your direct testimony you say that you
10 manage regulatory issues involving U S West operational
11 support systems. How long have you been in that
12 position?

13 A. I have been in this position for about three
14 years. I have been in our information technologies
15 organization since about 1980.

16 Q. In that current position, you testified
17 before this Commission in Phase 3 on OSS issues, and in
18 that position, did you have the opportunity to review
19 the submission by U S West witness Dean Buhler in Phase
20 2?

21 A. Somewhat, yes. It's been some time.

22 Q. I'm going to hand you Mr. Buhler's testimony.
23 It's his direct testimony, and I want to ask you, and I
24 will give everybody a copy, ask you to turn to DWB-1.
25 That's his first exhibit. I would also like to ask

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1 that you look at Exhibit C-101, which, I believe, is
2 similar in format to what Mr. Buhler submitted.

3 A. Yes.

4 Q. I'd like you to focus on what Mr. Buhler had
5 anticipated being your 1999 expenses and contrast them
6 with what you reported as your actual expenses. I
7 guess my first question is, am I correct that
8 Mr. Buhler anticipated that your 1999 expenses would be
9 lower than your 1998 expenses?

10 A. You're asking me if the total number under
11 the 1997 expense column is less than the total column
12 in the 1998 expense column?

13 Q. No. I'm asking is it a fair characterization
14 that Mr. Buhler anticipated that the total expenses
15 under the 1999 column would be less than the total in
16 1998?

17 A. Yes. At that time, he did.

18 Q. Could you explain for me why the amounts that
19 you are reporting in your, what's been marked as
20 Exhibit 101 in this docket are different by a
21 nontrivial magnitude between what he had anticipated
22 and what are your anticipated expenses for 1999?

23 A. If you look at the date on Mr. Buhler's
24 exhibit, it's October of 1998. That is generally
25 around the time when our company at that time was

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1 starting to look into budget for the following year,
2 identifying what kinds of projects would be associated
3 with the following year, what were the needs and what
4 were the regulatory requirements, that sort of thing,
5 and not just for our wholesale systems but for all of
6 our systems, and actually, all of our work.

7 Middle of October is probably the very
8 beginning of that time frame during that process, and
9 I'm sure that he had the best information that he had
10 available to him. Now, as we go further into the year,
11 and as we get further into 1999, those estimates become
12 more refined because the projects get more refined.
13 One of the things is there may be projects we were not
14 going to anticipate needing to be done in 1999 when we
15 were looking at this fourth quarter of 1998, so that to
16 me is a very reasonable reason why they might be
17 different.

18 By the same token, if you ask me now what our
19 estimates would be for 2001, we might be able to come
20 up with some numbers, but they would be much more
21 precise and much more accurate as we got into 2001.

22 Q. When was Exhibit C-101 prepared?

23 A. It was prepared in January of this year.

24 Q. So the values that appear in the column 1999
25 are also forecasted values.

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1 A. Yes, they are, because at that time, we did
2 not have the 1999 actuals available to us.

3 Q. Comparing Exhibit 101 in this docket with
4 DWB-1 in 960369, what is noticeable is a big change in
5 system access forecasted expenditures. Could you
6 provide an explanation about why the forecast values
7 changed?

8 A. I think we could probably get some insight
9 from the systems access project descriptions, and that
10 is Exhibit 106, and if you take a look at that, on the
11 first page, you can see all the projects that have 1999
12 associated with them. So if you look at that, there is
13 a great deal of work that we had not anticipated
14 possibly at that time, so these are the projects that
15 would be pretty comparable, not comparable, but would
16 correlate pretty well to that increase in costs.

17 Q. The second area where I'd like to inquire
18 about trying to understand is the issue of demand
19 forecasts, and Mr. Kopta has asked you a bit about
20 service order volumes, and this is an area where you
21 have some familiarity, service order volumes?

22 A. Some.

23 Q. And you've just responded to some questions
24 also on this topic from Ms. Smith.

25 A. I have some knowledge. I'll qualify that.

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1 Q. I also want to hand out something which I
2 believe was from Mr. Buhler's direct testimony that's
3 also in this package. Am I correct, Ms. Brohl, that
4 when Mr. Buhler had prepared his testimony in Phase 2
5 of 960369, that was 1998?

6 A. I believe so.

7 Q. And in 1998, there has been no mandate by the
8 FCC to provide line sharing?

9 A. That's true.

10 Q. And in 1998, the Eighth Circuit's ordering
11 prohibition on combining unbundled network elements,
12 was that in effect at that time?

13 A. I can't remember.

14 Q. But would you accept, subject to check, that
15 the Supreme Court's decision regarding the pricing of
16 unbundled network elements was issued in January 1999?

17 A. I would.

18 Q. So when Mr. Buhler had obtained data on
19 anticipated quantities of orders, it would not have
20 reflected line sharing, and it may not have reflected
21 unbundled network element combinations; is that
22 correct?

23 A. That's correct, but I do have to clarify
24 something. I don't believe this is part of
25 Mr. Buhler's testimony. Let me restate this. I do

00882

1 know this is Attachment B, but I believe this was part
2 of the cost study. If that's the case, and that's not
3 really my case of expertise is the cost study, so I'm
4 going to be --

5 Q. When you can't answer, then we will just stop
6 there, and then I may make a record requisition. I
7 guess also, at the time in which Mr. Buhler would have
8 and U S West would have undertaken this study in Phase
9 2, had the Commission reached any conclusion about if
10 there should be separate nonrecurring charges for
11 ordering and disconnecting?

12 A. I believe that that was one of the orders
13 that came out of this Commission, yes.

14 Q. Do you know if that was an order in Phase 1
15 or Phase 2?

16 A. I don't remember off the top of my head. I
17 would have to go back and look when that occurred.

18 Q. Are you familiar with the order volumes that
19 have been used in the current cost study?

20 A. No.

21 Q. I'll stop here and make a record request that
22 U S West, now Qwest, provide the Bench with a
23 comparison of the volumes that were used to support the
24 cost study in Phase 2 of 960369 and show how the
25 volumes submitted in this proceeding had been modified

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1 to reflect changes that have occurred subsequent to the
2 filing of the '98 order, and I've just identified three
3 possible areas. One would be the line sharing, second
4 is maybe combinations of unbundled network elements,
5 and the third, a rate structure that has charges for
6 both connections and disconnections.

7 JUDGE BERG: Dr. Gabel, that will be Bench
8 Request No. 4. When you refer to "volume," could you
9 characterize what volume?

10 DR. GABEL: Ms. Brohl, you can make sure I'm
11 using the right phrase. It would be a service order.

12 THE WITNESS: Right, service order volumes.

13 MS. ANDERL: And Dr. Gabel, are you
14 specifically referring to the numbers on the first page
15 of this Attachment B?

16 DR. GABEL: Yes. Relative to the numbers I
17 asked Ms. Million about yesterday, which was at Page 19
18 of Attachment B.

19 Q. (By Dr. Gabel) Lastly, I'd like to ask you,
20 I believe I understood you to say in response to a
21 question from Mr. Kopta that it's not possible to come
22 up with a precise list of charges. I think that was
23 the phrase you used, and I want to make sure I
24 understand what you meant by that.

25 A. Actually, I think what I was referring to was

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1 that I didn't think there would be able to come up with
2 a definitive exhaustive list of a correspondence
3 between an LSR that would be issued and the number of
4 service orders that would be issued as a result of it.

5 We can give some guidelines, and frankly, if
6 there are additional things that are not on this list,
7 we'd be more than willing to go back and look at those
8 and add them to this list and keep it updated, because
9 I understand the rationale behind the question.

10 However, some of it is situational, and we can maybe
11 put in some caveats if this situation occurs, that type
12 of thing, but I don't know that it would be possible to
13 make a completely exhaustive list.

14 Q. When a CLEC places an LSR and it involves a
15 disconnect of an existing retail service, is there a
16 USOC associated with that?

17 A. Yes.

18 Q. So is it possible for you to draw up a list
19 that identifies all the USOCs to which the service
20 order OSS charges would apply?

21 A. The thing is is that there may be more than
22 -- disconnect is one issue, and let's talk about them
23 individually. On a connection, because it's easier to
24 start from the connection, on the connection, there are
25 many USOCs. There is a USOC for the class of service.

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1 There is a USOC for each of the elements that the
2 end-user customer would order. There is one for
3 call-waiting, one for call-forwarding, et cetera.
4 There may be many, many USOCs. It depends on what the
5 particular product and service set that that individual
6 has ordered. So that won't have a correlation back to
7 a service order.

8 Now, when we do the disconnect, there is two
9 things that happen. Number one, when the LSR or the
10 order is actually issued by the order issuer or the
11 system, there is a USOC that's a disconnect USOC.
12 However, in the systems, what has to happen is every
13 one of those USOCs that were put in now must be taken
14 out, so there is kind of a -- it's not a true one USOC
15 to a disconnect order, and even if that were the case,
16 change orders would not be able to follow that model,
17 TNF, which are transfer to and from, wouldn't
18 necessarily follow that order. New-connect orders
19 wouldn't follow that model, that type of thing, so a
20 USOC really doesn't relate to a service order.

21 Q. I believe you know that generally the way in
22 which regulation works is that there is a service
23 description and then there is a rate associated with
24 the service description, and a customer knows they can
25 go to a tariff and they can see, well, this is the

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1 charges they are going to incur.

2 Is there something which you can provide that
3 really would make it clear to a customer that would
4 really cover the universe that says, All right. These
5 are the charges which we are authorized or may be
6 authorized to charge?

7 A. Which customer are we talking about?

8 Q. The CLEC. So it's clear for what activities
9 they incur specified charges.

10 A. That's what's kind of different about this
11 OSS cost recovery, because it's not really a product,
12 and I believe there are tariffs in place for actual
13 products and actual services, so when they order an
14 unbundled loop, they understand what the recurring
15 charge will be and what the nonrecurring charge will
16 be.

17 That's what's different about the OSS cost
18 recovery in that there isn't a charge similar to a
19 recurring and nonrecurring charge. It just so happens
20 to be placed or assessed when the order is completed,
21 but it's not really a nonrecurring charge for that
22 particular order, so that's what makes it kind of
23 difficult. If it were a product or service, that would
24 be easier to do and it would definitely be done. The
25 fact that it's a cost recovery, this is just a

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1 mechanism for recovering that cost. It's the one we've
2 come up with, and it's my understanding in
3 Ms. Million's testimony, we said if there was a better
4 way, we are willing to look at that and are willing to
5 listen to that. This is just the way we've come up
6 with.

7 Q. The last question. You are putting in place
8 a mechanism to track the revenues that may be obtained
9 through this OSS surcharge. Is there any way that the
10 data system that's been put in place to track incoming
11 revenues can be sort of used as a reverse process where
12 it tells you which services will or which activities
13 will be subject to the OSS surcharge? Is there some
14 kind of logic statement in your information system that
15 says -- it's a field that says, because you are using
16 this field, we know that there has been a surcharge of
17 \$10 on a service order?

18 A. I don't know. That's an interesting thing to
19 look at. I know that we've discussed the charging
20 portion of this. We've also discussed the mechanism
21 for tracking it to insure that we stop when we need to
22 stop so we don't overrecover and that sort of thing. I
23 don't know that we've really thought of that. That's
24 something to think about.

25 DR. GABEL: Thank you.

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1 JUDGE BERG: Let's be off the record for a
2 moment.

3 (Discussion off the record.)

4 JUDGE BERG: That concludes questions from
5 the Bench. We are going to follow --

6 MS. SMITH: Your Honor, I think I may have
7 neglected to move for the admission of Exhibit 122, and
8 I'd like to do that now.

9 MS. ANDERL: No objection.

10 JUDGE BERG: Exhibit 122 is admitted. Any
11 further cross-examination? Hearing none, Ms. Anderl,
12 would you like to ask a few questions on redirect?

13 MS. ANDERL: Yes, Your Honor, maybe just two,
14 thank you.

15 REDIRECT EXAMINATION

16 BY MS. ANDERL:

17 Q. Ms. Brohl, you were asked questions by
18 Mr. Kopta and others about whether or not Qwest's
19 customers might ultimately benefit from interconnection
20 facilities or other changes that Qwest might make to
21 its OSS in order to enable CLEC access. Do you recall
22 those questions?

23 A. I do.

24 Q. Whether or not Qwest customers benefit from
25 interconnection facilities or the changes to Qwest's

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1 OSS that it makes to enable CLEC access, do those
2 customers cause the costs that Qwest incurs to make
3 those changes?

4 A. Not in my opinion, no. In addition, I'd like
5 to make one statement that I wasn't able to when I was
6 asked the question. The benefit seems to be very high
7 level, a very indirect benefit as opposed to a more
8 direct benefit.

9 MS. ANDERL: I guess I just had the one.

10 JUDGE BERG: Anything further? Ms. Brohl,
11 thank you for your testimony here this morning. We'll
12 be off the record.

13 (Lunch recess taken at 12:00 p.m.)

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AFTERNOON SESSION

21

(1:47 p.m.)

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JUDGE BERG: We'll be back on the record for
the afternoon hearing session on Docket No. UT-003013.
We'll be starting this afternoon's session with the
cross-examination of Mr. Rex Knowles. Before we do

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1 that, I just want to cover a few administrative
2 matters. Ms. Anderl, I understand that there is a
3 stipulation regarding the oral surrebuttal to
4 Mr. Klick's testimony, which ostensibly was to be
5 presented by Mr. Thompson, as well as a stipulation
6 regarding, Mr. Deanhardt, the recall of Mr. Thompson
7 for cross-examination on Exhibit C-43, and either one
8 of you can handle addressing one or both of those
9 issues.

10 MR. DEANHARDT: It's all part of one big
11 package. With respect to Exhibit C-43, we have worked
12 with Qwest and are going to stipulate to the fact that
13 the fourth and fifth pages of Confidential Attachment A
14 to Exhibit 43 that are entitled "cost of connections to
15 splitter and cost per shelf," do not reflect the
16 analysis that supports the prices proposed by
17 Mr. Thompson for splitter collocation in Exhibit 22.

18 Likewise, we have reached a stipulation to
19 the fact that Pages 3 through 7 of Confidential
20 Attachment B to Exhibit C-43 do not reflect any
21 analysis that is used to support the pricing set forth
22 in Exhibit 22, and third, a stipulation that the demand
23 assumptions that are used in the OSS cost study -- that
24 is actually misnumbered. It's the eighth page in order
25 of Confidential Attachment C that reads across the top,

00891

1 "line-sharing OSS cost per line 05-11-00." The same
2 assumptions appear in Confidential Exhibit C-45 -- that
3 those assumptions do not include any demand assumptions
4 for future new entrants into the DSL line-sharing
5 market.

6 With those stipulations, and I have conferred
7 with Mr. Butler and with Mr. Kopta, we have no further
8 need to cross-examine Mr. Thompson on Exhibit C-43 or
9 any other witness on Exhibit C-43, and in addition,
10 Qwest has informed us that Mr. Thompson will not be
11 offering any surrebuttal to Mr. Klick's testimony.

12 MS. ANDERL: Subject to being able to read
13 that in the transcript, and I believe it's an accurate
14 representation of what we agreed to, yes, that is all
15 correct.

16 JUDGE BERG: Dr. Gabel, do you need any
17 additional clarification on the stipulation that the
18 parties have entered into, and if so, maybe that's
19 something we could handle off the record?

20 MR. DEANHARDT: We'd be happy to make
21 ourselves available for that, Your Honor.

22 JUDGE BERG: Even though Qwest has indicated
23 it is prepared to respond to Records Request 10 and 15
24 at this time, with the Commissioners back on the Bench,
25 I'm going to mark that for something to take up either

00892

1 after our next break or even tomorrow morning, unless
2 there is a need to do it now.

3 MS. ANDERL: No. Whatever is most
4 convenient for the record, Your Honor.

5 JUDGE BERG: We'll take that up later. Let's
6 go off the record for a moment.

7 (Discussion off the record.)

8 JUDGE BERG: Mr. Knowles, will you please
9 stand and raise your right hand.

10 (Witness sworn.)

11 Exhibits for Mr. Knowles: T-150 is Direct Testimony.
12 T-151 is Response Testimony. T-152 is Reply Testimony.
13 153 is the California PUC OSS Decision. 154 is Qwest
14 DR-2. 155 is Qwest DR-3. 156 is Qwest DR-4. 157 is
15 Qwest DR-5. 158, C-158 are Qwest DR-6. C-159 is
16 Invoice #483401. 160 is CA-PUC Draft Opinion
17 (9/7/2000). 161 is Inland Fence estimate (6/3/98).
18 E-162 is Errata to Response Testimony.

19 JUDGE BERG: Mr. Kopta?

20 DIRECT EXAMINATION

21 BY MR. KOPTA:

22 Q. Mr. Knowles, would you state your business
23 address and name for the record?

24 A. My name is Rex M. Knowles, and my business
25 address is 111 East Broadway, Suite 1000, Salt Lake

00893

1 City, Utah, 84111.

2 Q. Mr. Knowles, do you have before you what's
3 been marked for identification as Exhibits T-150
4 through 153 and Exhibit E-162?

5 A. I do.

6 Q. Was that testimony prepared by you or under
7 your direction and control?

8 A. It was.

9 Q. And if I asked you the questions contained in
10 the testimony exhibits, would your answers today be the
11 same as contained in those exhibits?

12 A. They would.

13 MR. KOPTA: Your Honor, at this time I would
14 offer Exhibits T-150 through 153, and E-162 into the
15 record.

16 MS. ANDERL: No objection.

17 JUDGE BERG: Exhibits T-150 through 153 and
18 Exhibit E-162 are admitted.

19 MR. KOPTA: Thank you, Your Honor.

20 Mr. Knowles is available for cross-examination.

21 JUDGE BERG: Mr. Romano, would you like to go
22 first?

23 MR. ROMANO: Yes, please. Your Honor,
24 Mr. Kopta has agreed to stipulate the cross exhibits
25 from 154 to 161, so at this time, I ask that they be

00894

1 moved into the record.

2 JUDGE BERG: Any objections from the parties?
3 Exhibit 154 through 161 are admitted.

4 CROSS-EXAMINATION

5 BY MR. ROMANO:

6 Q. Good afternoon, Mr. Knowles. On Page 9 of
7 your response testimony, which is marked as T-151,
8 Lines 9 through 11, you claim there that Nextlink
9 obtained a bid of less than \$7,000 for the construction
10 of 10 contiguous 100-square-foot cages?

11 A. With gates, yes.

12 Q. If you could please look at Exhibit 161, do
13 you have a copy of that?

14 A. Not as marked.

15 Q. It is the Inland Fence quote.

16 A. Yes, I have that.

17 Q. And there are two pages that were added to
18 that this morning by Mr. Kopta. Do you have those
19 also?

20 A. Yes, I do.

21 Q. So is this Exhibit 161 a quote to which you
22 refer on Page 9?

23 A. It is.

24 Q. And this quote is for the construction of 10
25 cages; is that right?

00895

1 A. Yes, 10 equipment cages, right.

2 Q. You would agree though that Verizon does not
3 always construct 10 cages at a time, wouldn't you?

4 A. I'm not sure exactly what they are doing, but
5 I would suppose that they don't.

6 Q. Do you know if Verizon has ever constructed
7 10 cages at a the time in Washington?

8 A. I don't know what Verizon has done. What I'm
9 looking at here is what we have tried to get based on
10 how when we construct cages when we provide
11 collocation, and this is a data point that we think the
12 Commission should look at when they are trying to
13 determine how much a reasonable amount of construction
14 cages should be.

15 Even if we did look it at it from a
16 perspective of 10 contiguous cages, 320 feet of fencing
17 should be an important data point the Commission should
18 look at when determining how reasonable the costs are
19 when we are looking at the ILECs for construction of
20 cage.

21 Q. Have you read Mr. Tanimura's rebuttal
22 testimony, which is marked as T-320?

23 A. I have, but I don't have a copy with me.

24 Q. If you've read his testimony, then would you
25 remember reading that the average number of collocation

00896

1 cages in a Verizon central office in Washington is
2 three?

3 A. That sounds, subject to check, that's right.

4 Q. This quote is for the construction of
5 100-square-foot cages; is that right?

6 A. The quote that you are looking at on Exhibit
7 161?

8 Q. Yes.

9 A. Yes. It's for 10 100-square-foot cages,
10 exactly.

11 Q. You would also agree that CLECs don't always
12 order cages that are 100 square foot in size.

13 A. Of course not. That's not the point of my
14 testimony.

15 Q. Attachment A to 161 is the drawing of these
16 10 cages; is that right?

17 A. That is correct.

18 Q. And is this particular quote for a particular
19 central office?

20 A. I don't believe so. I think it was a quote
21 that was asked to give an idea of how much it would
22 cost to do the fencing with this configuration, and it
23 was for the purpose of preparing for another case.

24 Q. So this quote was for a hypothetical central
25 office; is that right?

00897

1 A. This drawing is for a hypothetical central
2 office; that is correct.

3 Q. If this isn't for a particular central
4 office, how would you know whether this arrangement
5 would fit into a central office that Verizon would have
6 in Washington?

7 A. Again, I'm not trying to state that it has
8 anything to do with a particular central office that
9 Verizon has. I'm trying to say that to install 320
10 square feet of linear fence with 10 gates that this is
11 the approximate price that we have been quoted to do
12 that. If you arranged them differently, had a
13 different configuration, I'm sure that the look would
14 change, but again, this is just meant to be a data
15 point for the Commission to look at to have a
16 comparative.

17 Q. This quote wouldn't include costs for
18 blueprints or architectural plans, things of that
19 nature, would it?

20 A. I think this clearly states it's for
21 construction.

22 Q. Do you know if this contractor would meet the
23 insurance requirements of an approved contractor that
24 an ILEC would use?

25 A. When we had this quote done, we went to the

00898

1 contractors that Nextlink uses to do all the work in
2 our own central offices. I don't know specifically
3 whether this contractor is one that had been used by
4 any particular ILEC, but it is one we use for our
5 central offices.

6 Q. Do you know if this quote envisions any work
7 for nonbusiness hours?

8 A. I don't know.

9 Q. Is it fairly typical to say that much cage
10 construction in central offices is completed during
11 nonbusiness hours, that you know of?

12 A. I'm not aware of whether it would be during
13 or not during.

14 Q. In your testimony, you state that dust
15 partitions are included in this quote.

16 A. Can you show me where you are referring to in
17 my testimony?

18 Q. Actually, that may be a reference to a
19 different invoice, so I apologize for that question.
20 Do you know if this includes dust partitions that would
21 be used to construct cages?

22 A. Let me review once again the specifications
23 that we had put forward. It does not appear to be one
24 of the specifications that was requested.

25 Q. On the same page of your response testimony,

00899

1 which is Exhibit T-151, on Lines 14 through 17, you
2 cite there to a Qwest invoice that shows that cage
3 construction costs are less than \$5,000; do you see
4 that?

5 A. I do.

6 Q. Do you have what's been marked as Exhibit
7 C-159? This is the invoice that is -- do you have one
8 that's marked as C-159?

9 A. I don't have one that's marked.

10 Q. It's a confidential exhibit so I'm hesitant
11 to mention the name of the company.

12 JUDGE BERG: Can we reference the invoice
13 number 48301?

14 THE WITNESS: Yes, I have that.

15 Q. (By Mr. Romano) This invoice is for one
16 particular cage construction project in one particular
17 central office; is that right?

18 A. I don't know that for sure. This was not
19 Nextlink's construction that was being done. Based on
20 what is on this invoice, I don't know that I can draw
21 that conclusion completely.

22 Q. But this is the invoice to which you refer on
23 Page 9 of your response testimony; is that right?

24 A. Yes, and let me go back. It only asks for
25 one gate, so yes, it would be for just one cage.

00900

1 Q. And that would be in one particular central
2 office?

3 A. It is.

4 Q. And this is a project that took place in
5 Utah; is that right?

6 A. That is correct.

7 Q. Do you know what gauge fence material was
8 used in this project?

9 A. I do not.

10 Q. Do you know what types of lights were used in
11 this job?

12 A. I do not. All I know is that this is the
13 specifications that U S West was using for the exact
14 same type of collocation caging that we are asking for
15 anyone and any kind of -- I'm assuming that if it's a
16 good enough cage for U S West, it's probably a good
17 enough cage for Verizon.

18 Q. Do you know where in the particular central
19 office this work was done?

20 A. I do not.

21 Q. So you don't know how close this cage would
22 have been to an electrical panel?

23 A. As I just mentioned, I don't know where it
24 would be so I don't know that.

25 Q. Do you know if it includes conduit from the

00901

1 light in the duplex back to the panel?

2 A. I don't know.

3 Q. Do you know if anything was done to seal the
4 floor for this project?

5 A. I do not know.

6 Q. Do you know if tile was placed in this cage?

7 A. I don't know if tile was placed in the cage,
8 but I would be shocked if it were.

9 Q. But you don't know whether that was included
10 in this invoice for this job; correct?

11 A. No. This job does not specify that it should
12 be. All this is specifying is fencing outlets and
13 lighting and gate, so it doesn't say they are going to
14 do tile. I would imagine they are not doing tile.

15 Q. You don't know if any work was done for this
16 job after business hours, do you?

17 A. The invoice does not specify that it was.

18 Q. And I mentioned this earlier by mistake, but
19 this is the invoice where you refer to the fact it
20 includes dust partitioning at Lines 15 through 17 of
21 your response testimony, Page 9, and I'll just ask you,
22 where is the dust partitioning element in this invoice?

23 A. I do not see the dust partitioning
24 specifically stated here, and I'm trying to remember if
25 that was from prior testimony. I don't remember off

00902

1 the top of my head.

2 Q. If we turn now to Page 12 of your response
3 testimony, which is, again, T-151, and specifically,
4 Lines 15 through 16, there, you mention that Nextlink
5 pays its outside contractor \$28 for splicing.

6 A. That's correct.

7 Q. If you could look at what's been marked as
8 Exhibit C-158, this should be the invoice upon which
9 this rate was based. I just want to confirm that's the
10 case.

11 JUDGE BERG: I'll indicate this has also been
12 identified as Qwest Data Request No. 6. There may be a
13 succession of data requests 2, 3, 4, 5, and 6. DR-6 is
14 Exhibit 158.

15 THE WITNESS: I don't think I have a copy
16 here with me.

17 JUDGE BERG: Mr. Kopta will provide you with
18 a copy.

19 Q. (By Mr. Romano) Just for the record, is this
20 the invoice which supports your \$28 per splice figure
21 on Page 12 of your response?

22 A. It is.

23 Q. This is an invoice for one particular job; is
24 that right?

25 A. This is.

00903

1 Q. And this job was in Salt Lake City, Utah; is
2 that right?

3 A. That's correct.

4 Q. Specifically, it was for two splices of 144
5 fibers; is that right?

6 A. That's correct.

7 Q. Do you know what size fiber cable Nextlink
8 typically uses in its collocation cages?

9 A. I'm not sure I understand your question. In
10 our collocation cages?

11 Q. Yes. The cable that runs into your
12 collocation cables for the size of the fiber?

13 A. I'm not sure. Most of the collocations that
14 I'm most familiar with have been provided from Qwest
15 where they run the fiber.

16 Q. So you are not aware of the fact that
17 typically, 12-fiber cable is run to cages?

18 A. You asked if I knew what Nextlink was doing,
19 and I don't, and I don't know about -- you are asking a
20 different question, I think.

21 Q. Would you have any idea whether 12-fiber
22 cable is fairly typical in a central office to run to
23 collocation cages?

24 A. That does not sound abnormal.

25 Q. Is it your understanding that contractors use

00904

1 different rates for splicing of greater than or less
2 than 48 fibers?

3 A. My testimony says that Nextlink's quote is
4 for \$28 a splice, and I've conferred with our
5 engineers, and they said with the contract we are
6 dealing with that every job you get charged \$28 per
7 splice regardless of size or quantity.

8 Q. But this particular invoice is specifically
9 for 144 fibers; is that right?

10 A. It's two sets of 144 splices, so probably.

11 Q. I'm going to shift now to a subject of OSS
12 start-up or development costs, and the first reference
13 I'll give you is in your direct testimony, T-150, at
14 Page 1. I just want to go through your background a
15 little bit. Your educational background is in business
16 administration and finance; is that right?

17 A. I have a bachelor's degree in business
18 administration finance law from Oregon State
19 University.

20 Q. Do you consider yourself an economist?

21 A. I don't.

22 Q. And you are not a lawyer; is that right?

23 A. That is correct.

24 Q. On Page 3 of T-150, you outline four
25 principles which you believe govern cost recovery for

00905

1 CLEC access to ILEC OSS; is that right?

2 A. That is correct.

3 Q. Your first principle is that OSS cost
4 recovery is limited to TELRIC plus a reasonable share
5 of forward-looking common cost; is that right?

6 A. That is correct.

7 Q. On Page 4 of your direct, T-150, Lines 12
8 through 14, you claim that the ILEC may not recover the
9 cost it incurs to modify its existing network; is that
10 right?

11 A. That is what it says.

12 Q. In the same place of your testimony, you
13 claim that the reason for this is because the FCC has
14 defined TELRIC as being quote, "based on the least cost
15 most efficient network configuration and technology
16 currently available"; is that right?

17 A. That was the basis for that statement.

18 Q. But you recognize, I believe, and correct me
19 if I'm wrong, at Page 3 of your response testimony,
20 T-151, that the Eighth Circuit Court of Appeals vacated
21 this particular provision; is that right?

22 A. Which provision in particular were you
23 referring to?

24 Q. The TELRIC provisions or FCC rules that you
25 cite in your direct testimony are the ones. Are those

00906

1 the same ones that you are referring to on Page 3 of
2 your response testimony?

3 A. When I'm talking about what the Eighth
4 Circuit had ruled?

5 Q. Yes.

6 A. I'm not talking about everything the TELRIC
7 rules have put in place or that the FCC said. Just the
8 fact that the Eighth Circuit had made some ruling and
9 opinions regarding how those costs should be
10 determined, but they didn't throw out everything. At
11 least that's my understanding, but as you mentioned
12 earlier, I'm not a lawyer.

13 Q. You say on Line 8 of your response testimony,
14 Page 3, that the FCC's TELRIC rules have once again
15 been vacated. To what do you refer to there?

16 A. Again, going back to my recollection of what
17 the Eighth Circuit said, in my nonlawyer opinion, when
18 they vacated those TELRIC rules, they didn't vacate all
19 of the principles of TELRIC, but they rather vacated a
20 couple of specific areas, and therefore, the TELRIC
21 rules have to be revisited. But I did not say that the
22 principles that weren't vacated should be eliminated.

23 Q. Would you agree that the Eighth Circuit
24 directly addressed and vacated the phrase that TELRIC
25 was based on the least cost most efficient network

00907

1 configuration and technology currently available?

2 A. I don't recall that specifically. I remember
3 they talked about, basically, what's there and what's
4 not there.

5 Q. Have you read this Commission's 17th
6 Supplemental Order?

7 A. I have.

8 Q. On Page 4 of your reply testimony, which is
9 T-152, Lines 7 through 8, you claim there that the
10 Commission did not fully explain -- Page 4 of your
11 reply testimony?

12 JUDGE BERG: That would be T-152.

13 Q. On Lines 7 through 8, I believe there is a
14 sentence that says, "Unfortunately, the Commission did
15 not fully explain its decision." Do you see that?

16 A. Yes, I do.

17 Q. I just want to explore a little bit with you
18 what you mean by that. There is a reference in the
19 17th Supplemental Order which summarizes -- it's a
20 section in the summary and it talks about OSS
21 transition costs, and it says, "The Commission
22 concludes that because OSS is a network element, CLECs
23 should pay reasonable costs of modifying OSS to support
24 a competitive environment." I have a copy, if you
25 would like to look at it, but I just wanted to see, is

00908

1 that one of the provisions of the order that you
2 believe is not fully explained?

3 A. It is.

4 Q. Then there is another quotation from the 17th
5 Supplemental Order, and I'll read you this statement.
6 It says, "Nextlink argues that the FCC's TELRIC rule
7 prohibits the recovery of transition costs from CLECs."
8 And let me ask you, does that sentence summarize your
9 position in this proceeding?

10 A. I don't know that the word "prohibit" is
11 appropriate, and if I may clarify on both of those two
12 points. First of all, from Nextlink's perspective, the
13 17th Supplemental Order addressed transition costs and
14 transaction costs -- I believe is what GTE or Verizon
15 is using for the nomenclature -- to a certain extent.
16 However, given the fact that they did have a modifier
17 in there -- it says "reasonable costs," and how those
18 costs should be identified and recovered are things
19 that need to continue to be looked at. From Nextlink's
20 perspective, those are issues that should be addressed.

21 At the time we were looking at the 17th
22 Supplemental Order, the Eighth Circuit had not yet
23 ruled, so there is a change in how things are being
24 looked at. Do those reasonable costs assume to a
25 certain extent a more efficient, more advanced

00909

1 technology, or are they completely imbedded? I don't
2 know that that was totally explored. There are a
3 variety of other things that are unclear in my mind as
4 to how that should be done, and quite frankly, this is
5 an extremely important area for CLECs and competitors
6 trying to get in. It has huge economic impact. I
7 think the Commission, even if it was clear to them, I
8 think it should be revisited. It's a very important
9 issue.

10 Q. But you would agree that the Commission
11 decided in the 17th Supplemental Order that ILECs are
12 allowed to recover those costs. It's just a matter of
13 quantifying them that you are discussing now; is that
14 right?

15 A. Nextlink does not argue that Verizon and
16 Qwest should be allowed to recover the costs. The
17 question has been, other people have discussed how much
18 those costs should be. Our issue is which costs should
19 be recovered in which manner. Nextlink's perspective
20 is that those costs that are required to enable
21 competition, the basic platform changes that need to
22 happen, should be recovered the same way LNP is,
23 basically spread across all consumers so that we can
24 get to a point where anybody can compete.

25 Then the UNE prices and the costs associated

00910

1 with actual transaction costs should be incorporated on
2 a per transaction basis. That's where the UNE costs
3 for OSS should be recovered, from Nextlink's
4 perspective, and the transaction charges or costs, in
5 my opinion, are what should be included in UNE prices
6 that are charged to CLECs.

7 JUDGE BERG: Hold for one moment.

8 Mr. Knowles, it will be easier for me to follow your
9 responses if you can respond to a question asking for a
10 yes or no answer with a yes or no first. It will help
11 me place your explanation in some context.

12 THE WITNESS: Sure.

13 Q. (By Mr. Romano) Mr. Knowles, you mentioned
14 local number portability. You would agree, wouldn't
15 you, there is a separate provision in the Telecom Act
16 that governs the phone number portability and recovery
17 of those costs?

18 A. Absolutely. I think that OSS should be
19 looked at, and you should see that the Congress had
20 determined that that kind of cost to transition to a
21 competitive environment should be borne by all
22 consumers. OSS costs are no different in that they are
23 required to enable us to get to a platform where we can
24 compete, and they should be treated the same way.

25 Q. But they are covered by different provisions

00911

1 of the Telecom Act; isn't that right?

2 A. I believe I answered that, yes.

3 Q. On Page 2 of your testimony, T-152, Lines 14
4 through 17, you interpret Section 252 D-1 of the
5 Telecom Act to mean that the ILEC is not permitted to
6 recover its OSS modification costs. Would you agree
7 with that?

8 A. Would you ask the question again?

9 Q. Yes. On Page 2 of your reply testimony, you
10 interpret Section 252 D-1 to mean that an ILEC is not
11 permitted to recover its OSS modification costs; is
12 that right?

13 A. That's not what I'm stating here. I'm
14 stating that the pricing for network elements should be
15 different than total recovery. I never had intended to
16 imply that costs that were legitimately incurred should
17 not be recovered. The question is, in what form, and
18 in this particular case, I'm discussing which costs
19 should be recovered from the unbundled network element
20 pricing associated with OSS, and just to differentiate,
21 that would be different than how the cost and cost
22 recovery mechanism should be put forward for transition
23 costs for the OSS systems.

24 Q. But don't you interpret this provision,
25 particularly the word "providing," don't you interpret

00912

1 that to mean that an ILEC is not permitted to recover
2 its OSS modification costs?

3 A. For the pricing for unbundled network
4 elements, as is on Lines 14 and 15.

5 Q. So that OSS modification costs can be
6 recovered outside of that context?

7 A. Correct.

8 Q. In your interpretation here, you've already
9 stated you are not a lawyer, so when you interpret this
10 provision, you are not using legal principles of
11 statutory construction. It's just your reading of the
12 plain language; is that right?

13 A. That's my understanding of the plain
14 language.

15 Q. Let's go to the second principle. I hate
16 referring you back to your direct testimony, but that's
17 where they were first laid out. On Page 3 of your
18 direct, which is T-150 at Lines 4 through 5, I believe
19 your second principle is that ILECs should recover
20 costs to make OSS access available not from CLECs but
21 rather from end users; is that right?

22 A. All customers, yes.

23 Q. Are you aware that in the 17th Supplemental
24 Order that the Commission, quote, "found that ILECs are
25 entitled to recover the cost of OSS from CLECs"?

00913

1 A. I have read the 17th Supplemental Order.
2 That appears to be what it says. Although, I once
3 again would reiterate that if that was the intent of
4 the Commission, I think they should revisit that.

5 Q. Is this one of the areas where you feel the
6 decision was not sufficiently explained?

7 A. I'd have to go back and review the 17th
8 Supplemental Order in more detail. I don't remember
9 off the top of my head.

10 Q. You attached to your reply testimony a
11 decision of the California Public Utilities Commission,
12 which I believe has been marked as Exhibit 153?

13 A. I did.

14 Q. You cite to that order on Page 5 of your
15 reply, I believe, to support the second principle about
16 who to recover these costs from; is that right?

17 A. That is correct.

18 Q. On Page 3 of your reply, starting at Line 22
19 and carrying over to the next page, right there, you
20 claim that OSS modification or transition costs will be
21 recovered from an ILEC's customers as a cost of doing
22 business. Do you see that? Or that they are entitled
23 to recover them?

24 A. I don't believe I said, "as a cost of doing
25 business," but yes, they are entitled to recover.

00914

1 Q. On Line 22, does it say "their costs of doing
2 business" at the bottom?

3 A. Line 22 says they are entitled recovery of
4 their costs of doing business but not as a cost of
5 doing business. In other words -- I want to make sure
6 we're not trying to read more into what I'm saying
7 here -- I'm not saying that they shouldn't be given an
8 explicit ability to recover these costs separately from
9 their current rates and their current costs of doing
10 business.

11 Q. Could you explain that one more time? On the
12 last part of that, you don't believe they should be
13 recovered as a cost of doing business. I'm not sure I
14 follow you on that.

15 A. My statement is that these are costs of doing
16 business. The ILEC should be allowed to recover
17 prudently incurred costs of doing business. I'm not
18 saying that they should have to try to recover these
19 out of their current rates or out of some cost savings
20 that are not necessarily there. So I'm not saying they
21 should be able to get an explicit rate to recover them
22 that's different than what they are already receiving
23 from customers.

24 Q. On Page 8 of your reply, T-152, Lines 15
25 through 20, there, you mention that gateways enable

00915

1 ILECs to shield proprietary information and other
2 competitively sensitive data from unauthorized access.
3 Do you see that?

4 A. I do.

5 Q. But you would agree, wouldn't you, that there
6 would be no need to shield data if access to the ILECs
7 OSS wasn't required, wouldn't you?

8 A. Of course.

9 Q. Moving on to your third principle, which is
10 cited back on Page 3 of your direct, T-150, Lines 6
11 through 8, there, I believe your third principle is
12 that to the extent the ILECs are entitled to recover
13 OSS development costs from CLECs alone that CLECs
14 should be entitled to recover the same costs from
15 ILECs; is that right?

16 A. Yes.

17 Q. On Page 8 of your direct, T-150, Lines 8
18 through 17, there you cite reciprocal compensation is
19 the only circumstance in which the FCC addressed CLEC
20 cost recovery.

21 A. Yes, I see that.

22 Q. Again, here you would agree, wouldn't you,
23 that there is a specific provision of the '96 Act that
24 governs ILEC compensation of CLECs for reciprocal
25 compensation for the exchange of traffic?

00916

1 A. Yes.

2 Q. You would agree that there is no similar
3 provision providing for compensation of CLECs for OSS
4 development costs, wouldn't you?

5 A. I don't recall a specific reference to that,
6 no.

7 Q. In fact, there isn't any statute or
8 Commission order that requires CLECs to develop OSS
9 interfaces, is there?

10 A. A statutory requirement is not there, unless,
11 of course, you want to actually provide a competitive
12 telephone service, and the whole Act envisions
13 competitive local phone companies building their own
14 OSS. If you didn't have your own OSS costs, then there
15 is nothing that the ILECs would have to open up theirs
16 to, because if you don't have a gateway, you don't have
17 OSS. There is no ability for that transaction, so they
18 don't explicitly state it, but it's implicitly
19 required.

20 Q. Is there any statutory requirement or
21 Commission rule that you are aware of that requires
22 CLECs to order electronically?

23 A. I don't recall specifics, but I certainly
24 know there are definitely economic differences in some
25 Commission-ordered cost dockets between manual and

00917

1 nonmanual. I am also aware there are realities
2 associated with volumes and efficiencies that make it
3 completely unworkable to have manual processes do the
4 kind of quality and volumes that are needed to have
5 meaningful competition.

6 Q. On the page before, Page 7 of your direct,
7 Lines 17 through 20, there, you refer, particularly on
8 Line 20, to the fact that the CLECs have, quote, "the
9 same type of costs that the ILEC does, and if the ILEC
10 is entitled to recover, then the CLECs should be as
11 well"; is that right?

12 A. That is correct.

13 Q. You've read Exhibit 153, that California
14 decision; right?

15 A. Yes.

16 Q. In that decision, do you remember the passage
17 which states that ILECs' OSS modification costs are,
18 quote, "different than costs incurred by CLECs. The
19 ILEC must incur these costs for the benefit of the
20 CLEC"?

21 A. Can you point me to where that is?

22 Q. Yes. It's Page 14. It's towards the bottom
23 of the page. There are no line numbers.

24 A. Can you point to me specifically which
25 sentence? I found the general area.

00918

1 Q. It's about the sixth line down of the last
2 paragraph. It says, "These sorts of costs are
3 different than costs incurred by CLECs."

4 A. I see that sentence.

5 Q. "The ILEC must incur these costs for the
6 benefit of the CLEC."

7 A. Yes, and it continues to say, "By virtue of
8 the ILEC's control over essential bottleneck facilities
9 and related processes." Yes, I see that.

10 Q. In making this decision, are you aware that
11 back on Page 8 that the California Commission
12 considered and rejected the arguments similar to the
13 ones you are making here; specifically, that
14 implementation costs are merely costs of doing business
15 in a new competitive environment and are no different
16 than the new types of costs?

17 A. I'm sorry. Page 8 of what?

18 Q. Page 8 of this same decision, Exhibit 153.

19 A. That's the discussion of the parties'
20 positions?

21 Q. Yes.

22 A. And where are you saying that the Commission
23 stated that position?

24 Q. About midway through that second paragraph,
25 the Commission restates the position that about the

00919

1 third sentence or so it begins, "The coalition claims
2 that ILECs' implementation costs are merely costs of
3 doing business." Do you see that?

4 A. I see that. I'm trying to figure out how
5 that relates to what we are talking about.

6 Q. The latter part of the sentence says, "and
7 are no different from the types of costs that their
8 competitors must incur to get started."

9 A. I see where you are reading.

10 Q. But then later after considering that
11 position, the Commission ruled that the ILEC must incur
12 different types of costs than CLECs on this same
13 subject of OSS implementation and precluded recovery
14 for CLECs of the same costs.

15 A. I was not participating in the California
16 proceeding. I'm not exactly sure what they are saying,
17 what they were trying to get to, but I don't think they
18 were talking about the costs necessarily being
19 different but perhaps the impetus for incurring those
20 costs would be different.

21 The ILECs are doing it because of legal
22 requirement because they are the bottleneck facility
23 holders. The competitive companies are doing it to try
24 to take advantage of the competitive opportunities and
25 get into the market. So that would be the difference I

00920

1 would have read into this.

2 Q. Back on Page 7 of your response testimony,
3 T-151, Lines 10 through 12, there you state that the
4 Commission should presume that CLEC's costs are equal
5 to the ILEC's costs; is that right?

6 A. That is what it says.

7 Q. Do you do any empirical analysis to support
8 that presumption?

9 A. I did not.

10 Q. On Page 6, the previous page of the same
11 testimony, on Lines 8 through 13, you claim there that
12 a third party audit is necessary to verify the accuracy
13 of the ILEC's OSS development costs; do you see that?

14 A. Yes, I do.

15 Q. Does that mean that you are not confident in
16 the ability of this Commission to scrutinize these
17 costs given the discovery that is allowed to take place
18 in a proceeding?

19 A. What are you trying to say?

20 Q. I'm just asking why you believe an audit is
21 necessary given this proceeding, which is to review
22 those costs.

23 A. With the caveat that I haven't had a chance
24 to go into this into too much detail, I have reviewed
25 some of the costs from the cost studies that have come

00921

1 through, and I don't know that anybody can take what
2 was provided there and come to the conclusions that
3 everything was prudently incurred expenses. They
4 appear to be highly summarized data points.

5 Q. But you would agree in a proceeding like
6 this, discovery is available to all the parties to ask
7 questions about the data, wouldn't you?

8 A. It is, indeed.

9 MR. ROMANO: I have no more questions, Your
10 Honor.

11 JUDGE BERG: Mr. Anderl?

12 MS. ANDERL: Thank you, Your Honor.

13 CROSS-EXAMINATION

14 BY MS. ANDERL:

15 Q. Good afternoon, Mr. Knowles.

16 A. Good afternoon.

17 Q. Let me be sure that I understand your
18 testimony correctly. Is it correct that when you
19 discuss OSS cost recovery, the only OSS cost recovery
20 that you are talking about in your testimony is the OSS
21 cost recovery identified in Ms. Million's testimony and
22 is not the OSS cost recovery that Qwest is seeking for
23 line sharing?

24 A. I'm not addressing line sharing.

25 Q. At all.

00922

1 A. At all.

2 Q. With regard to the overall level of OSS costs
3 that Qwest is seeking to recover through the mechanisms
4 proposed in this docket, absent line-sharing OSS, does
5 Nextlink take issue with the overall level of cost
6 recovery proposed?

7 A. We have not reviewed it, so we do not have a
8 position one way or the other.

9 Q. Has Nextlink developed an alternative
10 recovery mechanism to the one proposed by Qwest and set
11 it forth anywhere in your testimony?

12 A. By "alternative recovery mechanism," are you
13 talking about the specific application to service
14 orders or lines?

15 Q. Right.

16 A. We have not. We think that the California
17 Commission probably took the right approach at doing
18 that. They had stated that there should be an all
19 end-user surcharge. The parties after that, of course,
20 went and negotiated a different settlement and found a
21 way to recover those, and that's probably the way it
22 should happen here as well.

23 Q. When you say "all end-user surcharge," do you
24 mean all the ends users of the ILEC or of all of the
25 ILEC and all CLECs, or can you identify the universe

00923

1 for me?

2 A. The California Commission actually determined
3 that all end users, ILEC end users and CLEC end users,
4 should be required to put a surcharge on their bills to
5 recover costs that the ILEC incurs for transition
6 costs, or implementation costs, as they refer to it,
7 and that those moneys would then be remitted to the
8 ILECs.

9 Q. So would Verizon put a surcharge on its bill
10 for Qwest cost recovery?

11 A. The way that the California Commission did
12 that, they would not. You would only be -- the ILEC in
13 any particular area would determine their costs, and
14 whoever is providing competitive services in that same
15 area would remit the surcharge to the customers they
16 have in that area.

17 So for instance, if Nextlink was a
18 competitive provider in both Verizon and Qwest
19 territory, we would be recovering two separate rate
20 elements, one in the Qwest areas, one in the Verizon
21 areas, and they would be remitted to the appropriate
22 ILEC, and the only reason that Verizon would be
23 remitting anything to Qwest would be if there is some
24 competitive activity in the Qwest ILECs territories.

25 Q. Have you estimated for purposes of this

00924

1 docket what the level of that charge would be if such a
2 charge were proposed or imposed or agreed to?

3 A. I have not.

4 Q. Have you discussed your proposal with Public
5 Counsel?

6 A. I have not.

7 Q. You don't know if Public Counsel would
8 support or oppose such a proposal?

9 A. I don't.

10 Q. Have you discussed your proposal with TRACER?

11 A. I have not.

12 Q. Let me ask a foundational question. Do you
13 know who TRACER is?

14 A. I am aware of who they are, yes.

15 Q. Have you discussed your proposal with TRACER
16 or with Mr. Butler?

17 A. I have not.

18 Q. You don't know whether they would support or
19 oppose such a proposal?

20 A. I'm only representing Nextlink's position,
21 correct.

22 Q. Mr. Knowles, let me ask you, and I know you
23 are not here to talk about line sharing, but I'm going
24 to ask you something anyway. Are you familiar with the
25 term "line splitting"? And I know you have not been in

00925

1 the hearing room the past several days, but it's been
2 used quite a bit.

3 A. I am familiar with the term.

4 Q. What do you understand that to mean?

5 A. That a single line or loop, the loop is split
6 so that you can have a voice portion and a data portion
7 on the same loop, and the splitting is where that point
8 takes place.

9 Q. And you understand line splitting to mean
10 specifically the instance where the loop is leased by a
11 CLEC as opposed to retained by the ILEC, and then that
12 the high frequency portion in both instances for either
13 instance is used by a data LEC to provide a data
14 service?

15 A. I have never thought of it in terms of
16 different providers. I've thought of it in terms of
17 the loop being used for two different purposes and
18 being split for the purposes, regardless of who the
19 providers are with, either or both of those services.

20 Q. Mr. Knowles, you talk in your testimony --
21 and I don't think you need a reference and I hope you
22 don't because I don't know where it is off the top of
23 my head -- about cage construction costs, and I think
24 I'd reference you to the invoice that Mr. Romano was
25 talking to you about in terms of your testimony that

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1 Qwest's data showed cage construction possible for
2 under \$5,000. Do you remember that?

3 A. I recall.

4 Q. Do you understand that cage construction
5 specifically is one of the items that Qwest allows
6 CLECs to self provision?

7 A. I understand that is the case.

8 Q. Has Nextlink ever requested or taken the
9 opportunity to self provision cage construction in a
10 collocation in a Qwest central office?

11 A. Nextlink has not.

12 Q. With regard to the invoice that you looked
13 at, do you have any understanding of what type of a
14 gate was used in the four-by-ten gate that's referenced
15 there on the invoice? Was it a swing gate or some
16 other kind of a gate?

17 JUDGE BERG: I think we are going to have to
18 refer to an exhibit number here.

19 MS. ANDERL: I'm talking specifically about
20 Exhibit C-159. No, I'm not. I apologize. It's the
21 one that Qwest provided.

22 THE WITNESS: It's the one with invoice
23 number 483401.

24 MS. ANDERL: Yes.

25 JUDGE BERG: That's invoice C-159. There was

00927

1 also an invoice attached to Confidential Exhibit 158,
2 and there was the Inland Fence estimate, Exhibit 161.

3 Q. (By Ms. Anderl) I'm speaking about the
4 invoice for the cage construction that you originally
5 obtained in the Utah proceeding, and that, I believe,
6 is Exhibit C-159. Do you have that before you?

7 A. I do.

8 Q. And I was specifically asking you about the
9 gate that's referenced in there, and if your copy has
10 been faxed as many times as mine, you might find it
11 difficult to read, but do you see a reference to a
12 four-foot-by-ten-foot gate?

13 A. Yes. It says one four-foot-by-ten-foot gate.

14 Q. Do you know what kind of a gate that was?

15 A. All I have is what's here, so I don't know
16 any more detail than that.

17 Q. Are you aware of what the types of gates that
18 Qwest is installing recently in collocation cages?

19 A. No.

20 Q. Mr. Knowles, I don't know if you have this
21 document. Do you have Barbara Brohl's testimony
22 available to you?

23 A. I have back there.

24 JUDGE BERG: Mr. Kopta, can you provide a
25 copy?

00928

1 MR. KOPTA: Yes.

2 MS. ANDERL: Mr. Kopta, I'm going to ask
3 about Exhibit 101, which is BJB-1.

4 THE WITNESS: I have that.

5 Q. (By Ms. Anderl) Have you reviewed that
6 document prior to coming into the hearing room today?

7 A. If I did, it would have been very briefly.

8 Q. Can you identify on that document,
9 Mr. Knowles, anyplace where there are costs associated
10 with OSS modifications for resale?

11 A. I cannot see anything that's listed as resale
12 in this specific document; correct.

13 Q. Mr. Knowles, you talked with Mr. Romano a
14 little about the 17th Supplemental Order.

15 A. Yes.

16 Q. I take it you're somewhat familiar or quite
17 familiar with that document.

18 A. I have read it.

19 Q. And you are familiar with Qwest's proposal
20 for OSS cost recovery in this docket; is that right?

21 A. Yes.

22 Q. Is there anything in Qwest's proposal for OSS
23 cost recovery in this docket that you believe is
24 inconsistent with the Commission's requirements or
25 allowances as set forth in the 17th Supplemental Order

00929

1 regarding OSS cost recovery?

2 A. As I mentioned earlier, there were some areas
3 in the 17th Supplemental Order that I found to be
4 somewhat ambiguous, and based on that, it's hard for me
5 to tell, so I don't know.

6 Q. But there isn't anything in Qwest's proposal
7 that you could point to or direct me to in either
8 Ms. Brohl's testimony or Ms. Million's testimony?

9 A. That would neither confirm it or otherwise,
10 correct. There is nothing in her testimony or in your
11 proposal that I have seen that is either, depending on
12 how you read the 17th Supplemental Order, that states
13 that it's contrary to or consistent with the 17th
14 Supplemental Order.

15 Q. To the extent that the 17th Supplemental
16 Order says that ILECs are entitled to recover the cost
17 of OSS from CLECs, is Qwest's proposal consistent with
18 that particular phrase from the 17th Supplemental
19 Order?

20 A. It certainly does look like Qwest is trying
21 to get the money from the CLECs. The question I guess
22 I have is which of those costs should be identified as
23 the unbundled network element costs subject to CLEC
24 recovery versus which ones are the transition costs,
25 which I would again state should be treated separately

00930

1 and differently.

2 Q. Mr. Knowles, are you familiar with Qwest's
3 IMA-GUI and or IMA-EDI interfaces?

4 A. Vaguely.

5 Q. Do you know whether Qwest's retail services
6 representatives use those interfaces? When I say
7 "retail service representatives," I mean the service
8 representatives who service Qwest end-user customers.

9 A. To my knowledge, the IMA-GUI and EDI were --
10 I don't know whether they use them internally or not.
11 I know that they are the gateway avenue that the CLECs
12 have been provided to get access to those systems. I
13 don't know what U S West does internally.

14 Q. Do you know whether or not Nextlink uses
15 either one of those?

16 A. It's my understanding that we either use or
17 try to use both, not always successfully. Sorry, I
18 couldn't resist.

19 Q. This silence is of great benefit to you,
20 Mr. Knowles, because it means I'm eliminating
21 questions, so try not to take advantage of me.

22 A. Touche.

23 MS. ANDERL: Your Honor, I may have one or
24 two more, but if I may have a minute to consult.

25 JUDGE BERG: We'll hang around the Bench

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1 until you do.

2 MS. ANDERL: It's correct that I have no more
3 questions.

4 JUDGE BERG: Dr. Gabel, any questions?

5 CROSS-EXAMINATION

6 BY DR. GABEL:

7 Q. Good afternoon, Mr. Knowles. I would like to
8 ask you to first turn to Exhibit 152, which is your
9 reply testimony, Page 4, Lines 2 to 4, really, 3 to 4,
10 where I just want to quote part of the sentence:

11 "Mr. Spinks states in his direct testimony in this
12 docket that the ILECs are already recovering their OSS
13 transition costs from their ratepayers." Are you in
14 agreement with Mr. Spinks on this? Do you disagree, or
15 do you have no opinion?

16 A. I haven't done any analysis, so I would have
17 no basis for opinion other than just stating what he
18 had said.

19 Q. Turning to Exhibit 151, which is your
20 response testimony, if I could ask you to turn to Page
21 6, at Lines 8 through 11, you state, "The Commission
22 cannot determine that accuracy and propriety of Qwest's
23 and Verizon's embedded OSS development calls for a
24 third party audit verifying the accuracy of those costs
25 and their allocation to activities reasonably related

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1 to OSS developments."

2 If such an audit was undertaken and the
3 auditor reported back that these were, indeed,
4 transition costs incurred by the ILECs -- I want to
5 make sure I understand -- what are you proposing would
6 be the way in which those costs would be recovered?
7 Are you supporting a surcharge at that point on all
8 retail users in the state?

9 A. I'm supporting what California had decided to
10 do, which is a surcharge on all -- it's not my initial
11 position, but I'm willing to support that position of
12 what California had done, which is an all-customer
13 surcharge.

14 Q. On the topic of California, if I could then
15 ask you to turn to that decision, which is Exhibit 153,
16 Page 31, the findings of fact. Paragraphs 18, 19, and
17 20 state that an audit was undertaken by Coopers and
18 Lybrand of Pacific's costs. Do you know if a similar
19 audit was undertaken for GTE?

20 A. If I remember the order correctly, GTE had
21 not gone through the same -- I'm just going by my
22 memory of this order, but my recollection is that GTE
23 had not had any kind of an audit.

24 Q. So this audit that was undertaken by Coopers
25 and Lybrand was done at the initiative of Pacific

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1 rather than at the initiative of the Commission.

2 A. Yes, that's my understanding.

3 Q. If this commission were to consider requiring
4 such an audit be undertaken of Verizon's and Qwest's
5 costs, do you have any thoughts on how such an audit
6 would be paid for?

7 A. I believe that cost should be included into
8 the rest of the transition costs that be identified
9 here and should be recovered through whatever mechanism
10 is determined by the Commission is appropriate.

11 Q. Are you aware of any state that has ordered
12 an audit of the reported transition costs?

13 A. I am not aware of any state that has done
14 that. Although, I only know of two states that have
15 actually come through and ordered. Well, California
16 and what this commission has done in the 17th
17 Supplemental Order, and that was interim, so I don't
18 even have a final on that one.

19 Q. I guess lastly on this one topic, do you have
20 any sense of what would be the cost of undertaking such
21 an audit?

22 A. I don't. Although, I'm assuming since
23 Pacific Bell did that at their own initiative that it
24 must have been a reasonable amount or they wouldn't
25 have done that themselves without even being required

00934

1 to do it.

2 Q. I said I was going to leave this topic, but
3 if such an audit was to be undertaken, would you agree
4 that it would have had a benefit to users of operating
5 systems in all 14 of the U S West service territories?

6 A. If I recall U S West testimony, it sounded
7 like everything was done on a 14-state basis, and
8 therefore, if you do an audit, you do an audit of the
9 whole thing, so benefit would accrue to all 14 states.

10 Q. And for Verizon, or really GTE, that would
11 mean 28 states?

12 A. I'll take your word as to how many states
13 they are in.

14 Q. Would you have any suggestions on how the
15 cost of an audit which has benefits beyond the State of
16 Washington could be recovered from the other states
17 that may benefit if such an undertaking was required?

18 A. Did you say for Verizon?

19 Q. For Verizon or for Qwest.

20 A. I haven't given that as much thought. I know
21 that for Qwest things have happened through the
22 regional oversight committee. I'm not familiar with
23 any similar type of organization with Verizon though.

24 Q. May I again ask you to turn to Exhibit 151,
25 your response testimony. I want to give you a page

00935

1 number. I'll just have to come back. As I recall in
2 your response testimony, you had a proposal along the
3 lines that if the ILECs are authorized to charge you
4 for using their OSS systems that there should be some
5 reciprocal mechanism.

6 A. Correct, and the point specifically that I
7 was making on that one is there are certain areas where
8 we believe that the ILEC has a requirement or should
9 have a requirement to order from the CLECs, and
10 specifically interconnection facilities and
11 interconnection trunks.

12 At this point, every ILEC that I've dealt
13 with has required all trunk ordering and processing to
14 be entered from the CLEC side and sent to the ILEC
15 side, regardless of whether those are for terminating
16 CLEC traffic to the ILEC or the ILEC traffic to the
17 CLEC, so they basically come to a point where they've
18 not had to use our OSS, quote, unquote, because they
19 refused to put the orders, and they've required us to
20 have that responsibility, and without doing it,
21 customers can't call if you don't have the appropriate
22 trunking, so the CLECs have basically been strong-armed
23 into taking on that function.

24 Q. So from the Commission, what are you seeking
25 in this docket?

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1 A. On that specific issue, I think it's
2 appropriate that if we are the ones that are required
3 to place the ILEC orders on their behalf, it's
4 ridiculous that not only do we have to do the work to
5 do that, but we also have to pay them for the recovery
6 of the OSS costs that they are putting in, but they are
7 not reciprocating and paying to us for when they need
8 to order stuff.

9 Q. Also in your response testimony, Exhibit 151,
10 may I ask you to turn to Page 8. At Line 2, you state
11 any OSS charges should be on a per LSR basis as Verizon
12 has proposed and at a level no higher than the rate
13 Verizon has proposed. Why did you add this caveat that
14 the rate should be no higher than what Verizon has
15 proposed?

16 A. What Nextlink is concerned about, what we are
17 trying to guard against is having the OSS recovery
18 charge turn into a competitive barrier, a block to
19 getting in. The LSR charge is something that's very
20 specific. We know how it's going to be applied. We
21 aren't going to order a loop and end up with five
22 different costs associated. It's one loop, one LSR, we
23 get one cost, so that's an important concept.

24 The second part is the total rate. If it
25 becomes a rate that is so high that it becomes an

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1 impediment because we have to pass that cost along to
2 our consumers, then it's a serious issue on our side to
3 be able to have a competitive offering. As U S West
4 states, it's not the rate so much that matters but it's
5 how long it's in effect that will reflect the different
6 recovery mechanism. So what my proposal is is to make
7 sure we don't have that rate be too high, but if there
8 is more costs to be recovered, let the recovery
9 mechanism work longer.

10 Q. In your response testimony, may I now ask you
11 to turn to Page 14, Line 18. You state here that Qwest
12 provided data in response to a Nextlink information
13 request that in an average of over seven CLECs
14 collocated in each Qwest central office in which at
15 least one CLEC is collocated in Washington.

16 A. Correct.

17 Q. Do you have a copy of that response with you?

18 A. There are two responses that we use to derive
19 that number, and I do have them with me.

20 MR. KOPTA: For the record, they are among
21 the data request responses that have been marked as
22 cross exhibits by Qwest or had initially wanted to be.
23 We had then designated them as cross exhibits for
24 Mr. Thompson, and I believe they are Exhibits C-28.

25 THE WITNESS: Which one is that one?

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1 MR. KOPTA: That's the confidential
2 attachment, one page with the small little chart up in
3 the corner, and Exhibit 23, the calculation is in
4 Nextlink's response to U S West Data Request, and
5 perhaps Ms. Anderl can help me on which one that is
6 since I don't have it in front of me.

7 MS. ANDERL: I'm sorry, Mr. Kopta. What are
8 you looking for?

9 MR. KOPTA: The data request of Qwest to
10 which Nextlink responded that described how the
11 calculation was made on the number of --

12 MS. ANDERL: That's Exhibit 156.

13 MR. KOPTA: Thank you.

14 Q. (By Dr. Gabel) Mr. Knowles, were you in the
15 room earlier this week when there was some discussion
16 about the number of actual physical entrance facilities
17 that come into the building as opposed to the number of
18 collocators? Ms. Anderl can correct me if I'm wrong
19 here, but I believe it was Mr. Thompson who made a
20 statement that there were three physical collocators
21 and there were three cageless collocators who were
22 using special access rather than physical facilities.
23 Is that a correct representation?

24 MS. ANDERL: It's not sounding quite right if
25 you will just give me a minute.

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1 MR. KOPTA: My recollection, and perhaps they
2 can correct this, this was some cross-examination that
3 I had done of Mr. Thompson, I believe, in response to a
4 question about Qwest's assumptions that Mr. Thompson
5 testified that the cost studies assume that the three
6 caged collocation CLECs would use entrance facilities
7 into the Qwest building, but that based on the study
8 that Qwest had done of the 41 central office
9 collocations that were cageless that those had not
10 involved entrance facilities through the cost study
11 method as opposed to the tariff, so Qwest's assumption
12 was that the cageless collocation would not use
13 entrance facilities.

14 MS. ANDERL: Mr. Kopta has that correct.

15 Q. (By Dr. Gabel) I would just like to ask your
16 reaction to that, Mr. Knowles?

17 A. I have not performed any studies or reviewed
18 this. It does not surprise me that there are some
19 collocators that do and some that do not have entrance
20 facilities. I'm somewhat surprised if they are taking
21 the position that if you are cageless, you never have
22 that, and if you are caged, you always have it. That
23 doesn't seem to be appropriate.

24 Q. I'm not sure I accurately represented
25 Mr. Thompson's statement about separation between caged

00940

1 and cageless.

2 A. I do agree that there would be some with and
3 some without entrance facilities.

4 Q. That would, therefore, affect the average
5 number of collocators, so that when you calculated a
6 number of seven, were you implicitly assuming they were
7 all physically entering the building?

8 A. For the purpose of entrance facility, you
9 have to look at how many have entrance facility. One
10 other note that I would add to this is the number that
11 have currently been installed or were to be installed
12 by the time frame this was done is not the end of it.
13 I would expect that demand will continue, and from what
14 I understand, it's not only continuing, it's growing,
15 in my discussions with Qwest personnel.

16 Q. Turning in your response testimony to Page
17 15, Lines 4 through 10, here you are discussing cable
18 racking, and I would like to ask you, have you received
19 any additional information about this subsequent to the
20 filing of your response testimony?

21 A. We have received response just before the
22 hearing, if I recall correctly, but I haven't had a
23 chance to really review it in detail, so I can't make
24 any assessments based on it.

25 Q. Then still at Page 15 around Line 19, you

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1 refer to some collocation workshops in Utah. Has there
2 been any subsequent development on this topic?

3 A. The next workshop isn't scheduled until the
4 middle of September, and I haven't heard anything
5 independent of that.

6 Q. Lastly, at Page 16, Line 17, you refer to a
7 Qwest data response which says that the Company is in
8 the process of gathering the data and will supplement
9 this response when information is available. Have you
10 received any additional data?

11 A. I have to look at which one this was at. I
12 don't recall seeing it, but we did receive some just
13 before the hearing, and I don't know whether it was
14 included or not.

15 DR. GABEL: Thank you.

16 JUDGE BERG: We are going to break until 3:45
17 at which point we will see if the Commissioners have
18 questions to be followed by redirect and further cross.
19 We'll be off the record.

20 (Recess.)

21 JUDGE BERG: Mr. Knowles, I will remind you
22 that you remain under oath. Madam Chair, any
23 questions? Any questions, Mr. Kopta, any redirect?
24 Ms. Anderl, do you want to go for more cross?

25 MS. ANDERL: Yes. I do have a couple of

00942

1 additional questions.

2 FURTHER CROSS-EXAMINATION

3 BY MS. ANDERL:

4 Q. Mr. Knowles, did I hear you correctly when
5 you were talking about how the OSS cost recovery
6 charges should be applied that as between charges per
7 service order or charges per LSR, it would be your
8 preference to see them on a per LSR basis?

9 A. That is what I stated.

10 Q. Is it your understanding based on the
11 evidence you've seen in this proceeding that a single
12 LSR could result in multiple service orders?

13 A. That's my understanding of what Qwest has
14 stated.

15 Q. And also that it could result in one service
16 order just depending on what was contained on the LSR?

17 A. That's my understanding.

18 Q. In your view, if a CLEC were to submit an LSR
19 which contained orders for unbundled network elements
20 which would result in 20 service orders, is it fair for
21 that CLEC to pay the same OSS cost recovery charge, the
22 same dollar amount, as a CLEC would pay if that CLEC
23 submitted an LSR that resulted in only a single service
24 order, and don't ask me to repeat that because I didn't
25 have it written down.

00943

1 A. How do you define "fair"? If you want to
2 talk fair, I've got a lot of things I can say.

3 Q. Just tell me if you believe that that is the
4 right way to go.

5 A. I think that the cost, and I'm talking about
6 the cost from the transactional perspective as opposed
7 to the transition perspective, so for transitional
8 costs, I think those costs should be borne based on the
9 use of the OSS systems to the extent that that can be
10 determined predictably and consistently and applied
11 that way.

12 There are a few things that we have to go
13 through here because you have a fair issue, and you
14 also have a what-you-can-do issue, but I do agree that
15 they should be assessed based on usage of the systems.
16 However, not to go on too long, but systems are
17 controlled by the ILECs, and that's something the CLECs
18 don't have any control over. If we provide one LSR, we
19 control that. We don't know whether that will be 10 or
20 20 or 30 service orders. Predictability is important.

21 Q. Do you have any opinion on whether the number
22 of service orders that are processed through the
23 systems also reflect usage of the system in any way?

24 A. I'm not as familiar with the systems. What
25 I'm basing on is what we would provide to Qwest or to

00944

1 Verizon from what our systems would do and how many
2 LSRs that would generate. I don't know Qwest's or
3 Verizon's systems internally to that degree.

4 Q. Mr. Knowles, one other question, and I did
5 discuss this with your counsel, if he's sold you down
6 the river. There is a document that was identified as
7 a potential cross-examination exhibit for Ms. Brohl
8 that was not used because it was a WorldCom exhibit and
9 Ms. Hopfenbeck isn't here, but it is Exhibit 121 and
10 C-121. I'll just make sure everybody has a copy
11 available to them.

12 MS. ANDERL: Make I approach the witness,
13 Your Honor?

14 JUDGE BERG: Yes.

15 Q. (By Ms. Anderl) Mr. Knowles, do you
16 recognize that document as a Nextlink data request and
17 Qwest or U S West response to that data request?

18 A. It does appear to be that.

19 Q. In that request, Nextlink asked for a
20 breakdown of costs for the projects identified in some
21 of Ms. Brohl's exhibits; is that correct?

22 A. Just a moment. That is what it appears to
23 be, yes.

24 Q. Turn to the second page of the confidential
25 attachment for me, please, and do you see in the middle

00945

1 of the page the identifier "BJB-04, local interconnect
2 service OSS projects"?

3 A. I do.

4 Q. You've identified interconnection costs as
5 some of the ones with which you particularly take issue
6 as being included for recovery solely from the CLECs;
7 is that correct?

8 A. That is one, yes.

9 Q. To the extent that these costs identified
10 under BJB-04 are those same interconnect costs with
11 which you take issue, would removal of those costs from
12 the Qwest proposal address your concerns that
13 interconnect costs were inappropriately being recovered
14 from CLECs?

15 A. That would appear to do that portion of it.
16 Although, what I really want is the ILEC's to start
17 ordering interconnection service for us.

18 Q. I understand. Do you see any other -- and I
19 know you've not had a real chance to review this so I
20 don't mean this to be unfair. Do you see any
21 interconnection costs or costs that you would
22 potentially identify as being interconnection related
23 anywhere else on this document with which you would
24 take issue?

25 A. I do not see anything that would appear to

00946

1 be, but I haven't had a chance to look for that with
2 that in mind.

3 MS. ANDERL: Your Honor, I'd move the
4 admission of Exhibit 121 and C-121.

5 MR. KOPTA: No objection.

6 JUDGE BERG: Hearing no objection, the
7 Exhibit No. 121 and C-121 are admitted.

8 MS. ANDERL: Thank you, Your Honor. That
9 concludes my questions.

10 JUDGE BERG: Mr. Kopta?

11 MR. KOPTA: Thank you, Your Honor.

12 REDIRECT EXAMINATION

13 BY MR. KOPTA:

14 Q. Mr. Knowles, would you reference Exhibit
15 C-159, which is the Invoice No. 483401? Mr. Romano
16 asked you a question about dust partition in the
17 construction of this particular cage. Do you recall
18 that discussion with him?

19 A. I do.

20 Q. In your testimony, however, you state that
21 dust partition or your understanding is that a dust
22 partition is enclosed or is included in this
23 construction. Would you explain the basis of that?

24 A. Certainly. My expectation is that U S West
25 was having this done for a specific central office

00947

1 facility in Utah, and the quote was to have this fence
2 and this collocation area furnished and installed, and
3 my understanding is customary practice to furnish and
4 install this type of equipment within a central office
5 facility would entail having dust partitioning.

6 Q. Do you also recall that in response to a
7 question from Ms. Anderl that you stated that Nextlink
8 has not constructed its own cages in Qwest central
9 offices?

10 A. I do recall that, yes.

11 Q. Why?

12 A. Nextlink started about four years ago, and we
13 have been constructing collocations for some time
14 though. The majority of them have happened four,
15 three, two years ago. As we were trying to
16 determine -- there was a couple of factors involved.
17 One is speed to market. That was absolutely critical
18 for Nextlink, and getting collocation cages up and
19 running in the most timely manner at that time was the
20 biggest priority.

21 Secondly, when we looked at the quotes we
22 received from U S West at that time, we could not
23 determine, based on the way the prices were lumped
24 together, how much the cage would cost, how much it
25 would save. They had at that time cage conditioning,

00948

1 air conditioning, all those things lumped together. We
2 had no idea, and in order to determine with more
3 specificity, which we had no ability to do until cost
4 dockets finally got to that point, but it would have
5 potentially delayed our entry into the market, which
6 was not a reasonable outcome for us.

7 Q. As far as the speed to market aspect, is it
8 your testimony that Qwest could construct a cage more
9 quickly than Nextlink could arrange to have a cage
10 constructed?

11 A. I don't know if that's the case. All I'm
12 saying is if we tried to go outside of the processes
13 that were already in place for U S West that that
14 typically became an individual case basis project,
15 which historically has taken more time for us to
16 resolve.

17 Q. You also discussed with Dr. Gabel the costs
18 for which you're proposing that CLECs should also be
19 reimbursed if the ILECs receive reimbursement from
20 CLECs for OSS cost modifications. Do you recall that
21 discussion?

22 A. Yes.

23 Q. In your discussion, you were just talking
24 about local interconnection trunks. Is that the only
25 circumstance in which you would anticipate that such

00949

1 reciprocal reimbursement would be appropriate?

2 A. No. There is a more general issue at stake,
3 which is the ILECs have put together gateways to get
4 access to their systems. By virtue of those gateways,
5 the CLECs are required to have gateways of their own.
6 We incur the exact same costs or similar analogous
7 costs on our side of the fence to develop gateways.
8 They develop gateways on their side. We're not having
9 direct interface to the systems. We don't have a
10 terminal that would go directly into the Qwest system
11 sitting at our Nextlink office. They have a gateway.
12 We have to develop a gateway. So if we are paying for
13 our gateway implementation costs or transition costs,
14 which we have to do because we need them to get access
15 and we have to pay for their costs to get their systems
16 in place, we end up paying for double those costs, in
17 essence, and it becomes a significant burden.

18 MR. KOPTA: Thank you. Those are all my
19 questions.

20 JUDGE BERG: All right. Mr. Knowles, that
21 concludes our questions. I appreciate your presence
22 and your testimony here today. Let's stay on the
23 record. Mr. Deanhardt, who will be your first witness?

24 MR. DEANHARDT: Mr. Zulevic, Your Honor.

25 JUDGE BERG: Mr. Zulevic, please come up. At

00950

1 this time, I will ask the reporter to insert into the
2 record those exhibits identified and the exhibit
3 numbers associated with those exhibits on the exhibit
4 list which has been provided. That would be Exhibits
5 T-170 through Exhibit 177.

6 T-170 is Direct Testimony (MZ-1T). 171 is
7 Line Sharing on Copper (MZ-2). T-172 is Response
8 Testimony (MFZ-3T). 173 is Basic CO Arch. for Line
9 Sharing-MDF (MFZ-4). 174 is Basic CO Arch. for Line
10 Shar.-Relay Rack (MFZ-5). 175 is Basic CO Arch. for
11 Line Sharing-Collo (MFZ-6). 176 is Line Sharing
12 Service Workpaper (MFZ-7). 177 is Splitter Shelf and
13 Tie Cable Layout (MFZ-8).

14 Mr. Zulevic, if you will remain standing and
15 raise your right hand.

16 (Witness sworn.)

17 JUDGE BERG: Go ahead, Mr. Deanhardt.

18 DIRECT EXAMINATION

19 BY MR. DEANHARDT:

20 Q. Mr. Zulevic, could you please state your name
21 and business address for the record?

22 A. Yes. My name is Michael Zulevic, and my
23 address is 8413 East Jameson Circle, Englewood,
24 Colorado.

25 Q. Mr. Zulevic, do you have in front of you

00951

1 copies of your testimony and the associated exhibits in
2 this docket, which have been marked Exhibits No. T-170
3 through 177?

4 A. Yes, I do.

5 Q. Have these exhibits been prepared by you or
6 under your control?

7 A. Yes, they have.

8 Q. Do you have any corrections to make to
9 anything in your testimony?

10 A. Yes, I do. This is in Exhibit T-172, which
11 is my response testimony. This would be on Page 9.
12 There is a chart on the top of Page 9 which some of the
13 numbers need to be corrected.

14 Q. Do you have changes to make to the row that
15 is marked "overhead rack and planning"?

16 A. Yes, I do.

17 Q. What are those changes?

18 A. In the first column which is designated "MDF,
19 splitter collocation," the number should be .5 instead
20 of 1, and in the next column to the right under "common
21 area, splitter collocation for the splitter," that
22 number should be changed from 1 to .5. In that same
23 row of "overhead rack planning," the last column
24 entitled "splitter in collect collocation space," that
25 number should also be changed from 1 to .5.

00952

1 Q. Do you also have changes to make in the
2 "operations group" row on this chart?

3 A. Yes. I have one change in that row, and it's
4 in the first column, which is labeled "MDF splitter
5 collocation," and that number should be changed from 2
6 to 1.5.

7 Q. Are there any other changes to make to this
8 chart?

9 A. No, there are not.

10 Q. Can you please explain why these changes are
11 necessary?

12 A. Somehow, my testimony showed rounded figures
13 rather than to the half hour, as I related to Mr. Klick
14 for purposes of his testimony.

15 Q. So do these figures in your testimony now
16 correspond to those in Mr. Klick's testimony?

17 A. Yes, I believe they do.

18 Q. Are there any other changes to make anywhere
19 else in your testimony?

20 A. No, there are not.

21 Q. If I asked you the questions contained in
22 your testimony today, subject to the changes that we
23 just made to Exhibit 172, would you respond to those
24 questions in the same way today?

25 A. Yes, I would.

00953

1 MR. DEANHARDT: Your Honor, I would move for
2 the admission of Exhibits T-170 through 177 as
3 corrected.

4 MS. ANDERL: No objection.

5 JUDGE BERG: Exhibits T-170 through 177 are
6 admitted.

7 MR. DEANHARDT: Your Honor, I tender
8 Mr. Zulevic for cross-examination.

9 JUDGE BERG: Ms. Anderl?

10 MS. ANDERL: Thank you, Your Honor.

11 CROSS-EXAMINATION

12 BY MS. ANDERL:

13 Q. Good afternoon, Mr. Zulevic.

14 A. Good afternoon, Mr. Anderl.

15 Q. Can you state for the record what your job
16 duties and responsibilities are very briefly?

17 A. My job duties at Covad now are to deal with
18 special initiatives that the corporation undertakes
19 throughout the country that are involved with network
20 deployment. My primary duties right now deal with the
21 national deployment of line sharing.

22 Q. You're testifying today on behalf of both
23 Rhythms and Covad; is that correct?

24 A. That's correct.

25 Q. But you are employed by Covad.

00954

1 A. That's correct.

2 Q. Did Rhythms give any direction or guidance as
3 to what they wanted you to do in your testimony in this
4 docket?

5 A. We have had discussions ongoing from the time
6 that line sharing really came about, and we have many
7 of the same interests and concerns relative to the end
8 result.

9 Q. Am I correct that your testimony is only
10 about collocation for line sharing?

11 A. I don't know that I could define it quite
12 that narrowly.

13 Q. I don't want to lock you in, but there were a
14 couple of major issues that the Commission had set for
15 hearing in Part A, and I just want to be clear that you
16 are not talking about cost recovery for the OSS for
17 line sharing in your testimony, are you?

18 A. That's correct.

19 Q. And you don't discuss nonrecurring charges in
20 your testimony, do you, the actual charges?

21 A. Not the actual charges, no.

22 Q. You don't talk about physical collocation
23 generally as opposed to physical collocation for line
24 sharing; is that correct?

25 A. I speak about all types of collocation.

00955

1 Q. So would it be correct to say that your
2 testimony is only about collocation with a certain
3 emphasis on line sharing?

4 A. I think again it goes a little bit beyond
5 that. Rather than just collocation, I think it also
6 encompasses some of the engineering aspects that go
7 beyond that to a certain extent, not just collocation.

8 Q. Covad is one of the parties to the
9 line-sharing agreement that was attached to both
10 Ms. Brohl and Dr. Cabe's testimony; is that right?

11 A. I believe that's the case if it's the one I'm
12 familiar with, yes.

13 MR. DEANHARDT: I'm not sure Mr. Zulevic has
14 seen what's attached to Ms. Brohl's testimony.

15 MS. ANDERL: But the record established
16 yesterday it was the same document as the one that was
17 attached to Dr. Cabe.

18 MR. DEANHARDT: He wasn't here, so that's the
19 hesitation.

20 Q. (By Ms. Anderl) Have you reviewed Dr. Cabe's
21 testimony in preparation for testifying here today?

22 A. Not in any great detail, no.

23 Q. You defined the term "line sharing" in your
24 testimony. Do you also have an understanding of the
25 term "line splitting"?

00956

1 A. The terms have been used interchangeably in
2 many cases.

3 Q. Would you accept for purposes of our
4 discussion today that line sharing is what a DLEC would
5 do with an ILEC, and that line splitting is what two
6 CLECs or a CLEC and DLEC would do on a loop?

7 A. I've heard that distinction made, yes.

8 Q. Is that reasonable for you to accept that for
9 purposes of our conversation today?

10 A. Yes, it would.

11 Q. Thank you. You talk in your testimony about
12 the quote, unquote, "home run copper configuration" and
13 the "fiber-fed configuration"; do you recall that?

14 A. Yes, I do.

15 Q. In your Exhibit 171, you show figures or you
16 have figures that show all four configurations; is that
17 right? I'm sorry, three configurations on home run
18 copper and one on the fiber fed.

19 A. Yes, that's correct.

20 Q. And all of these have to do with line
21 sharing; is that right?

22 A. Yes, they do.

23 Q. Now, Figure 4 is attached to your testimony
24 as a part of Exhibit 171, but I believe you said in
25 your testimony, and I just want to clarify this is

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1 still your position, that Figure 4 was included as
2 simply illustrative because the configuration has not
3 been finalized or even discussed in Washington?

4 A. Yes, that's generally the reason for having
5 it in there. This is another form of line sharing that
6 the FCC is currently addressing in a notice of proposed
7 rule making.

8 Q. Is it correct that the only differences
9 between Figures 1, 2, and 3 is the splitter location
10 and then any attendant necessary architectural
11 differences associated with the splitter being in a
12 different location?

13 A. Yes, that's essentially correct.

14 Q. Is it your testimony that it is technically
15 feasible for the splitter to be located in any of these
16 three locations?

17 A. Yes, it is.

18 Q. Let's look at Figure 1 for a moment where the
19 CLEC appears to be the one who owns the splitter and
20 has that splitter in its collocation cage. Is that a
21 correct representation of what's shown in Figure 1?

22 A. Yes, it is.

23 Q. If the CLEC wants that configuration in a
24 particular central office, is there anything that
25 prevents the CLEC from obtaining that configuration?

00958

1 A. Are you asking from a technical perspective
2 is there anything?

3 Q. Let's ask first from a technical perspective.

4 A. Technically, there should be no limitation of
5 using this type of configuration. It does require an
6 additional BSO cable in order to return the voice back
7 to the ILEC's network, but there are no limitations,
8 really, from an engineering perspective.

9 Q. Is that cable shown as the dotted line with
10 the word "voice" on each of the two pieces of the
11 dotted line?

12 A. Yes, that's correct.

13 Q. Is there anything that Qwest does that would
14 prevent the CLEC from obtaining that configuration as
15 opposed to a technical matter?

16 A. Well, does or may do.

17 Q. Let's stick with does.

18 A. Definitely, we do have to have cooperation
19 from the ILEC in order to provision this type with
20 respect to the designation of the pairs that are going
21 to be used for that particular type of configuration,
22 and also I believe there are certain things within the
23 contract, the interconnection agreements, that have
24 been negotiated that address this particular
25 configuration and address the concerns of both parties.

00959

1 Q. With regard to Figures 2 and 3, looking at
2 those, is it correct that Figure 2 shows line sharing
3 where the splitter is located in a common area?

4 A. Yes, that's correct.

5 Q. And that Figure 3 shows line sharing where
6 the splitter is located on the frame?

7 A. Yes, that's correct.

8 Q. When the splitter is located in the common
9 area, as shown on Figure 2, is that generally referred
10 to as a splitter in a bay, or can it be referred to
11 distinguish it from the splitter on the frame?

12 A. That would be one of the distinctions here,
13 yes. It would be on a relay rack or bay rather than
14 mounted on an MDF or directly in the collocation
15 arrangement.

16 Q. Mr. Hubbard agreed with Mr. Deanhardt that
17 bays and relay racks could be used synonymously. Would
18 you agree with that as well?

19 A. Absolutely.

20 Q. I do want to ask you some questions that
21 touch on that line-sharing agreement that I've
22 referenced. If you feel more comfortable, I would ask
23 your counsel to provide you with a copy of it;
24 although, I don't know that you will need it.

25 MR. DEANHARDT: Counsel would feel more

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1 comfortable.

2 JUDGE BERG: Mr. Deanhardt, are you going to
3 present the witness with the signed version?

4 MR. DEANHARDT: Yes, Your Honor. I'm going
5 to present him with Exhibit 192 to Mr. Cabe's
6 testimony.

7 Q. (By Ms. Anderl) Would you go ahead and turn
8 to Paragraph 7, Mr. Zulevic?

9 A. I've got it.

10 Q. Is it correct that each of the three
11 configurations shown on Figure 1, Figure 2 and Figure 3
12 of Exhibit 171 are configurations that are explicitly
13 set forth in Paragraph 7 of the line-sharing agreement
14 that you've just been provided with?

15 A. If you can give me just a moment to review,
16 please. Yes, it appears to.

17 Q. Is it your understanding that that
18 line-sharing agreement allows the CLEC to choose any
19 one of the three configurations in a particular central
20 office?

21 A. I'm sorry, that allows the ILEC?

22 Q. The question was a CLEC.

23 A. Yes, that's my understanding.

24 Q. Are you familiar with line-sharing
25 collocation as it's occurring in the State of

00961

1 Washington?

2 A. Yes, I am.

3 Q. Is your familiarity with regard to Covad's
4 arrangements with Qwest or Rhythms or both or neither
5 or more? I just realized there were a lot of options
6 there.

7 A. Yes.

8 Q. So you are familiar with Covad configurations
9 in Washington?

10 A. Yes, I am.

11 Q. And with the Rhythms' configurations?

12 A. Yes.

13 Q. And which other carriers' configurations are
14 you familiar with?

15 A. I have seen the configurations of Northpoint.

16 Q. Are you aware of any other carriers in
17 Washington that are obtaining collocation for line
18 sharing in Qwest's central offices?

19 A. Yes. There are several others that are.

20 Q. Can you identify who those are?

21 A. New Edge is one. I believe Jato.

22 Q. Are there any Qwest central offices in
23 Washington, to your knowledge, that have the splitter
24 located as shown in Figure 1, which is in the CLEC
25 collocation area?

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1 MR. DEANHARDT: Ms. Anderl, it may help if
2 he's actually seen or aware -- I guess the objection is
3 vague, but I'm wondering, are you asking him if he's
4 seen it, or if he is aware if it's being done like
5 this?

6 MS. ANDERL: That's a fair distinction. The
7 first question is whether or not he's aware if it's
8 being done, and if he's not, then of course he hasn't
9 seen it.

10 Q. (By Ms. Anderl) Are you aware of whether or
11 not there are any Qwest central offices in Washington
12 that have the splitter located as shown in Figure 1?

13 A. I assume that would be other than Qwest's own
14 equipment, which is kind of the same thing with the
15 integrated splitter. I assume you are talking about
16 data CLECs.

17 Q. Qwest isn't a CLEC, is it? It's become a
18 territory in Washington.

19 A. Not at this time, no.

20 Q. So it doesn't have a CLEC collocation
21 arrangement as shown on this diagram, does it?

22 A. That's true. I have not actually seen
23 Rhythms', but my understanding is that this is the
24 application they are using in the State of Washington.
25 The only splitters I have actually seen in the central

00963

1 office in the U S West provided splitter bay were those
2 of Covad and Northpoint.

3 Q. That gets to my next question, which is the
4 splitter configuration shown in Figure 2 of Exhibit 171
5 where the splitter is in the common area. Do you have
6 that one in front of you?

7 A. Yes, I do.

8 Q. Was it just your testimony that Covad and
9 Northpoint have that configuration in Qwest central
10 offices in Washington?

11 A. Yes, it is.

12 Q. What about Figure 3, are you aware of whether
13 or not there are any Qwest central offices in
14 Washington where the splitter is located as shown in
15 Figure 3 of Exhibit 171?

16 A. No. I have not seen any in the State of
17 Washington, only in the State of Colorado, but I've
18 only had an opportunity to visit three different
19 central offices in the State of Washington and actually
20 take a look at how it was configured.

21 Q. So let's be really clear about this. You
22 said you hadn't seen any or absent having seen any, are
23 you aware of whether or not there are any as shown in
24 Figure 3; in other words, have you been told?

25 A. I don't have any direct knowledge of that in

00964

1 the State of Washington. Again, there are two
2 collocators in the State of Colorado that Qwest has
3 mounted these types of splitters on a frame, but I'm
4 not aware of any in Washington State.

5 Q. Let's talk about that one, even though it's
6 not currently being utilized, to your knowledge, in
7 Washington so let's continue to look at Figure 3. Is
8 it correct that in this type of configuration, the
9 splitter could also be mounted on an intermediate
10 distribution frame as opposed to the main distribution
11 frame, and it would still be called framed-mounted
12 splitter collocation?

13 A. Yes, that's correct.

14 Q. Is it also correct that framed-mounted
15 splitter collocation uses a relatively small 16-port
16 splitters?

17 A. Yes, that's correct.

18 Q. Is that in comparison to a 96-port splitter
19 that is generally what is used in the bay-mounted
20 splitter configuration as shown in Figure 2?

21 A. Yes. Those are the correct number of ports
22 on the two types. The distinction has to be made
23 though that with the frame-mounted splitter, you don't
24 have any need to have any connecting blocks for any of
25 the cross connects because those are built in directly

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1 to the splitter, so even though you only have 16-port
2 capability within that frame-mounted splitter, you also
3 eliminate the need to have three cross-connect blocks
4 that are exactly the same size as the entire 16-port
5 splitter. So not only do you have that, but you also
6 eliminate the need to have a relay rack to mount those
7 splitters on, so there are definitely some tradeoffs.

8 Q. Thank you, Mr. Zulevic. That was maybe a
9 little more than I asked for, but that's fine. That's
10 a good explanation. So if I'm doing my math correctly,
11 you would need 16-port splitters on a frame to be the
12 equivalent capacity, as it were, to a 96-port splitter
13 mounted in a bay.

14 A. Yes, that's correct.

15 Q. How many customers can a provider serve on a
16 16-port splitter?

17 A. One customer per port.

18 Q. So would it be correct to say that each port
19 provides a dedicated connection for the customer?

20 A. I guess you could say that it would be
21 dedicated as long as you have the splitter capability
22 associated with that customer's line, yes.

23 Q. Sure, that's fine. Going back to some
24 information we heard earlier, I believe that we've
25 talked about there either being 12 or 14 shelves in a

00966

1 bay; is that correct, and you weren't here. How many
2 shelves are there in a bay?

3 A. How many of the 96-port splitter shelves can
4 you put in a seven-foot bay?

5 Q. That's a very good question. You've phrased
6 it better than I had. Could you tell me?

7 A. You can physically mount 14 in a standard
8 seven-foot bay.

9 Q. You state that in your opinion, the most
10 efficient splitter configuration is to have the
11 splitter on the horizontal side of the MDF; is that
12 correct?

13 A. Yes, that's correct.

14 Q. And that explanation you gave me a moment ago
15 involving connecting blocks that you do or don't need,
16 is that the basis for that opinion?

17 A. That's part of it. Another part of it is the
18 fact that with that single splitter positioning on the
19 frame, it greatly simplifies the ability or the need to
20 cross connect. In other words, where your frame
21 attendant would normally have to go in multiple places
22 to make the cross connects to provide a line-shared
23 service, using that frame-mounted splitter, all the
24 cross-connect points are right in front of them in the
25 same place, which greatly simplifies that process.

00967

1 Q. Is it your testimony then that it is the most
2 efficient configuration for purposes of provisioning
3 line sharing?

4 A. Yes, it is.

5 Q. Is it your opinion that it is also the most
6 efficient configuration for provisioning POTS service
7 in a central office where multiple services, including
8 POTS and line sharing, are being provided?

9 A. I'm sorry. Could you restate, please?

10 Q. Let me ask you this. Space on the frame is
11 needed for the provisioning of POTS service as well,
12 isn't it?

13 A. On the frame. Sometimes there are multiple
14 frames within the central office. You definitely need
15 to have some type of frame capacity in order to
16 provision POTS service.

17 Q. That would be either on the main distribution
18 frame or the COSMIC frame, generally?

19 A. Yes, that's correct.

20 Q. What happens if in a particular central
21 office there is either a COSMIC frame or a main
22 distribution frame and the ILEC begins to run out of
23 space on that main distribution frame. What's required
24 to add capacity to a main distribution frame?

25 A. A main distribution frame is made up really

00968

1 of kind of a matrix of iron work that allows you to
2 mount connecting blocks on it, so if you do have to add
3 to a mainframe, it's a matter of getting the additional
4 iron work and then just attaching it to the existing
5 framework and building additional capacity to the
6 extent you would require over the forecast period.

7 Q. Is that similar to what it takes to construct
8 an additional bay or relay rack?

9 A. Actually, if you were to run out of relay
10 rack space within a central office, you could actually
11 incur some additional costs than you would with just
12 adding a mainframe. There are some similarities in
13 that each one requires additional floor space, but in
14 the case of adding additional relay rack capacity,
15 generally, you have to add more in the way of ladder
16 racking and other support type materials than you would
17 with just the basic main frame construction required.

18 Q. But I suppose the particular costs in any
19 individual central office would depend on the physical
20 circumstances that were present in that particular
21 central office; is that right?

22 A. Yes, that's fair.

23 Q. You state on Page 112 of Exhibit T-170, your
24 direct testimony -- I don't know if you need to
25 reference it, but you certainly may. In any event, you

00969

1 state that if a determination is made that a
2 frame-mounted splitter cannot be implemented, then the
3 CLEC should be able to select an alternative but that
4 pricing should remain at the least-cost level or the
5 frame-mounted splitter level. Is that a correct
6 characterization of your testimony?

7 A. Could you point me to a line, please?

8 Q. At Line 22.

9 MR. DEANHARDT: Actually, Your Honor, I think
10 we have the bad copy problems again. Mr. Zulevic, on
11 your copy, I believe it should be on Page 14 beginning,
12 I think, on Line 24.

13 THE WITNESS: I think I may be okay.

14 MS. ANDERL: It's the question and answer
15 right below the diagram in your testimony. Figure 1
16 that's actually in the body of your testimony.

17 THE WITNESS: We are talking about T-170,
18 Page 12, and I've got Line 22. It says, "As with the
19 previous arrangement, the CLEC should be allowed to
20 choose."

21 MR. BUTLER: Your Honor, may I approach the
22 witness?

23 JUDGE BERG: Yes, please do.

24 THE WITNESS: Regardless of what arrangements
25 the ILEC is ultimately willing -- line-sharing costs

00970

1 should be based on the most efficient method?

2 Q. (By Ms. Anderl) Yes, and then the sentence
3 after that, you don't have to read it aloud, but if you
4 will read it to yourself, and really all I had done is
5 attempted to restate or paraphrase the testimony to
6 you, and I was asking you if it was a correct
7 characterization as follows: If a frame-mounted
8 splitter cannot be implemented, then the CLECs should
9 be able to select an alternative, but that pricing
10 should remain at the least cost level.

11 A. Yes, and what I would like to say is the
12 characterization wasn't exactly accurate. If we are
13 denied the ability to mount it on the MDF, use the
14 frame-mounted splitters, that would be my assumption
15 that we would be able to mount one in a bay-mounted or
16 relay-rack-mounted capability within 25 feet of the
17 frame, and that would also be a least-cost alternative
18 that would be acceptable. What this gets to is that
19 mounting at 150 or 200 feet away and then having to
20 cable back and forth would be an unreasonable
21 alternative.

22 Q. So if in a particular central office the
23 frame or bay-mounted -- I'm sorry. The bay-mounted
24 configuration is the one that's implemented, and it is,
25 in fact, more than 25 feet away from the frame, Covad

00971

1 would not be willing to pay any costs associated with
2 it being a further distance away from the frame; is
3 that correct or not?

4 A. Yes, essentially that's correct. Again, I
5 did have an opportunity to review three installations
6 here in the State of Washington, and the first one I
7 reviewed at the Renton central office was exactly per
8 our recommendation. However, the other two, the
9 splitter was placed in an area that added an additional
10 100 to 150 feet of cable that would not have been
11 necessary had they been placed closer to the mainframe,
12 and in reviewing that, there was plenty of space
13 available within that 25-foot distance from the
14 mainframe that these splitters could have been placed,
15 and that's the thing that I don't believe we should
16 have to pay for.

17 Q. Mr. Zulevic, can you identify for me which
18 other two central offices you did review in Washington?

19 A. Certainly. It was the Kent-Meridian Central
20 Office and the Kent-Ulrich Central Office.

21 Q. You state in your testimony that you assume
22 line sharing in 96-line increments, and yet I thought I
23 recalled seeing early on in your testimony that you
24 wanted there to be port-at-a-time splitter
25 availability. Have you abandoned that request for

00972

1 port-at-a-time splitter availability for now?

2 A. No. I wouldn't really want to abandon any
3 technically feasible configuration that gives us
4 options of providing service. That's one we request to
5 provide at some point in the future.

6 Q. But your assumption for purposes of this
7 docket doesn't reflect the port-at-a-time splitter
8 availability; is that correct?

9 A. That's correct. What we did and what I was
10 asked to do in support of Mr. Klick's analysis was to
11 benchmark it on a 96-port capability so we could have
12 more of an apples by apples comparison.

13 Q. What are the apples there?

14 A. Ports.

15 Q. It seems to me that in Exhibit T-172, which
16 is your response testimony, starting at Page 2, you've
17 tried to be pretty clear that your recommendations are
18 based on a forward-looking central office. Is that a
19 correct characterization of your testimony?

20 A. Yes, it is, forward-looking but also
21 realistic.

22 Q. And essentially, you've set forth three
23 criteria that underlie assumptions in a forward-looking
24 central office. Is that also correct?

25 A. Could you please point me to where you are

00973

1 referencing?

2 Q. I'm looking at the bottom of Page 2 on that
3 exhibit going to the top of Page 3. That paragraph has
4 sentences in it that start first, second, third.

5 A. The characteristics? Yes, I see that.

6 Q. Are there any other characteristics that you
7 had in mind when you developed the assumptions for
8 forward-looking central office that you might have
9 provided to Mr. Klick that you didn't include in your
10 testimony?

11 A. Nothing specific comes to mind.

12 Q. Are you aware of any central offices, Qwest
13 central offices in Washington that have been built
14 since the Telecom Act passed in February of 1996?

15 A. No, I'm not.

16 Q. Can you identify any Qwest central offices in
17 Washington that as they are currently configured would
18 meet your first criteria of having been designed by a
19 wholesaler to support many users in a variety of
20 services?

21 A. There are, yes. There are some that I can
22 characterize in that way. For instance, the
23 Kent-Meridian Central Office is one of the newer ones
24 that has been built, and it has a single MDF
25 configuration which doesn't have some of the

00974

1 restrictions on it that some of the older central
2 offices have that were designed in primarily a single
3 carrier environment.

4 Q. Wouldn't the Kent-Meridian Central Office
5 have been designed in a single local carrier
6 environment?

7 A. It was built in one. I'm just saying that it
8 has the basic characteristics that I would look for in
9 a multicarrier environment, and the primary thing I'm
10 talking about here has to do with the COSMIC frame
11 capability and some of the limitations that places on
12 the distribution of cross-connect capabilities.

13 Q. Any others that come to mind that
14 specifically meet the first criteria of having been
15 designed to support many users in a variety of
16 telecommunications services?

17 A. No. Again, and I don't want to misrepresent
18 the Kent-Meridian office. I know it was designed well
19 before 1984 even, but I'm saying that it has those
20 characteristics that would support a multicarrier
21 environment much better than some of the older ones.

22 Q. The three characteristics that you list here
23 in the testimony that we've been talking about were
24 your recommendations or assumptions that you provided
25 to Mr. Klick based on these three characteristics?

00975

1 A. Yes, generally speaking, they were.

2 Q. So is it correct to say that the assumptions
3 that you provided to Mr. Klick are assumptions about a
4 forward-looking central office?

5 A. Yes. I would say that they are assumptions
6 having to do with the forward-looking central office.
7 Again, just because the central office was not built
8 with a wholesale or multicarrier environment in mind
9 doesn't mean that it cannot be configured in such a way
10 as to efficiently provide services in a multicarrier
11 environment.

12 Q. In some instances, would configuring a
13 central office to efficiently provide services in a
14 multicarrier environment involve changes to the way the
15 central office looks today?

16 A. Yes, there would have to be some changes
17 made, but the degree of changes in many cases would not
18 be significant.

19 Q. Did any of the information that you provided
20 to Mr. Klick assume any of the changes that would have
21 to be made in a central office to configure it so that
22 it could efficiently provide services in a multicarrier
23 environment?

24 A. I'm sorry.

25 MS. ANDERL: Could I have that read back?

00976

1 (Question on Page 977, Lines 7 through 11,
2 read by the reporter.)

3 THE WITNESS: Yes. In general, the
4 information having to do with mounting the splitters on
5 frames being the most forward-looking and efficient,
6 that type of thing, yes, I did furnish that to
7 Mr. Klick.

8 Q. Did you provide Mr. Klick any information
9 with regard to any assumptions that might be necessary
10 with regard to labor time or materials that might be
11 required to reconfigure a central office to accommodate
12 the forward-looking design that you've described?

13 A. Actually, what I just described would not
14 require any real redesign. It's just a matter of usage
15 of the existing frame for mounting the splitters as
16 looking at the most forward way of doing it.

17 Q. So it's your testimony that the only change
18 that would need to be made to any Qwest central office
19 in Washington to make it forward-looking is to mount
20 the splitters on the frame?

21 A. Again, what I'm trying to do here and the
22 information that I've provided to Mr. Klick is based
23 upon how to use the existing network in the most
24 efficient way and in the most forward-looking way to
25 completely redesign the network getting back to maybe

00977

1 that scorch note concept with TELRIC and all of that
2 and tearing it down and rebuilding it. That was not
3 the approach I took at all in talking to Mr. Klick
4 about how this information should be used. It's based
5 upon using currently available technologies, in using
6 the base that's available in most every central office
7 to make it usable in a multicarrier environment.

8 Q. You stated in your testimony that the COSMIC
9 frame is not forward-looking in a multicarrier
10 environment; is that correct?

11 A. Yes, it is. At this time, I would say that
12 that's true because of the fact that it was developed
13 primarily as a way of cross connecting cable pairs to
14 central office equipment in order to provide plain old
15 telephone service, and although there is a way of
16 adding panels to the modules that would allow for what
17 I would consider a more forward-looking application, at
18 this time, the general concept is primarily a single
19 carrier environment POTS type use.

20 Q. Isn't it correct that many of the Qwest
21 central offices in Washington use COSMIC frames?

22 A. Yes, that's correct.

23 Q. And I think we've already discussed that all
24 of them were designed and built in essentially a
25 single-carrier environment with regard to local

00978

1 service.

2 A. Yes, that's correct.

3 Q. So is it correct from what I just understood
4 from you that in order to use the COSMIC frame in a way
5 you believe is a forward-looking application, there
6 would need to be some modifications to the COSMIC
7 frame?

8 A. Yes, there would have to be some, but they
9 wouldn't be modifications as such. It would more be
10 installing modules that would be used by the CLECs for
11 cross-connect purposes rather than just the traditional
12 cable pair to central office equipment. In fact, in my
13 negotiations and meetings with Bell South, they are
14 actively pursuing that type of a solution so that they
15 can minimize the need for additional cross connects.

16 Q. In the information that you provided to
17 Mr. Klick, are there any assumptions in that
18 information with regard to adding panels or installing
19 modules on a COSMIC frame?

20 A. No, there are not.

21 Q. Exhibit T-172, Page 7, on Line 20, and
22 hopefully I think we do have the same pagination on
23 this one, is it a correct characterization of your
24 testimony that in certain limited environments, the use
25 of an intermediate distribution frame, or IDF, is

00979

1 efficient?

2 A. There are places where an IDF makes sense,
3 yes. Primarily in a multi-floor central office where
4 you have a need to get a lot of service between the
5 floors, sometimes an immediate distribution frame is a
6 more reasonable way of engineering it.

7 Q. Is it correct that none of the information
8 that you provided to Mr. Klick includes assumptions
9 about the use of an intermediate distribution frame?

10 A. Yes, that's a correct assumption. The number
11 of multiple floor central offices is pretty small if
12 you take a look at the entire network.

13 Q. Do you know how many of the Qwest central
14 offices in Washington are multiple floor?

15 A. No, I don't have an exact number, but my
16 experience would say somewhere around eight percent,
17 maybe.

18 Q. Of the central offices?

19 A. I would say so.

20 Q. Do you know how many lines those central
21 offices would serve out of the total?

22 A. Well, that would be a little more difficult.
23 I would guess it would be somewhat greater, maybe 10
24 percent of the total lines, maybe.

25 Q. Multifloor central offices are generally in

00980

1 the urban areas; is that correct?

2 A. That's correct.

3 Q. So for example, Seattle main has multiple
4 floors?

5 A. Yes, that's correct.

6 Q. As does the Bellevue-Sherwood office?

7 A. Yes.

8 Q. And the Seattle-Duwamish office also has
9 multiple floors?

10 A. That's correct.

11 Q. And does the Spokane Riverside office have
12 multiple floors?

13 A. Yes, it does.

14 Q. I hope this line of questioning does not
15 prompt Mr. Deanhardt to read off all the single floor
16 offices on redirect.

17 A. So do I.

18 MR. DEANHARDT: I will try to avoid it.

19 Q. What about the Seattle-Elliott office, are
20 you aware if there is central office equipment on
21 multiple floors in that office?

22 A. I'm not sure if it's on multiple floors. I
23 know the Elliott office is a multiple purpose office
24 that combines administrative as well as switching
25 equipment.

00981

1 Q. I kind of figured you would know that, and
2 that's fine. When you were in Minnesota, Mr. Top asked
3 you if you had ever installed a splitter, and you said
4 you have not. Have you had a chance to do so since
5 then?

6 A. No, I haven't had an opportunity. However,
7 as I stated in Minnesota, I believe I have installed
8 many pieces of equipment that are very similar.

9 Q. Is there a big difference between installing
10 a splitter at the customer premises and installing a
11 splitter in the central office?

12 A. We don't install splitters at the customer
13 premise for line sharing.

14 Q. I understand. You made a reference in your
15 direct testimony to the installation of the splitter at
16 the customer premise is expensive and time consuming,
17 so that's why I asked you that. If you would reference
18 Page 6 of Exhibit T-170.

19 MR. DEANHARDT: Ms. Anderl, that's the
20 testimony that we are going to be on different pages.

21 MS. ANDERL: If you get Roman Numeral Section
22 4 and then go up a couple of questions above that.

23 MR. DEANHARDT: Mr. Zulevic, in your copy, I
24 believe it begins on Page 6, the question that
25 Ms. Anderl refers to begins on Line 21, and the

00982

1 testimony continues on to Page 7.

2 Q. (By Ms. Anderl) And the line that I'm looking
3 at says, "eliminates the requirement for an expensive
4 and time consuming splitter installment at the customer
5 premise."

6 A. I think I had the wrong exhibit. This is
7 T-170?

8 Q. Yes.

9 A. This is in the discussion about the different
10 types of technologies, the G.Lite?

11 Q. Yes.

12 A. Yes. With the advent of the G.lite
13 technology, we no longer have a requirement to place a
14 splitter which then makes line sharing a way to get
15 service to more residential customers.

16 Q. So when you referenced expensive and
17 time-consuming splitter installation at the customer
18 premise, you were not talking about anything that Covad
19 does?

20 A. What I was talking about there was that you
21 no longer have a need to necessarily roll a truck out
22 there. Regardless of the actual time it takes to
23 install it, just that alone is a considerable savings.

24 Q. Mr. Deanhardt and Mr. Hubbard had quite an
25 extensive conversation about cables, and I'm going to

00983

1 wade in there for a minute or two. What they talked
2 about was the difference between a 100-pair cable and
3 four 25-pair cables with connectorized ends. Do you
4 kind of have that general scenario in your mind?

5 A. Yes, I do.

6 Q. Do you have an understanding of what cable
7 and configuration Qwest is currently using in its
8 central offices in Washington with regard to the
9 splitter connections?

10 A. I know that at the Renton Central Office that
11 I went to, they use the 25-pair cable.

12 MS. ANDERL: That's all I have. Thank you.

13 JUDGE BERG: Ms. McClellan, I know we may not
14 be able to finish your cross-examination this
15 afternoon, but why don't we get started and see where
16 we wind up.

17 MS. McCLELLAN: I might be able to finish it.
18 I don't have very much after Ms. Anderl's cross.

19 CROSS-EXAMINATION

20 BY MS. McCLELLAN:

21 Q. I want to start off and just make sure I
22 understand something you testified to just a minute
23 ago. Back in your direct testimony, Exhibit T-170, on
24 Page 14, and I believe that you and I have the same
25 pagination, and this is referencing back to a sentence

00984

1 on Line 22. It's the question underneath the Figure 1,
2 "Should costs and pricing be based on MDF splitter
3 method."

4 MR. BUTLER: It would be Page 12, Line 13.

5 Q. If I understood your answer to the question
6 from Ms. Anderl correctly, it is not your position that
7 if the CLEC obtains line sharing where the splitter
8 would be, say, in their collocation area, that they
9 should not ultimately pay what it would cost if the
10 splitter was on the MDF? Did I understand that is not
11 your position?

12 A. If the splitter is located in the CLEC's
13 collocation area, those would be entirely different
14 costs than they would be if they were located either on
15 the mainframe or in a relay rack adjacent to it.

16 Q. I just wanted to make sure I understood that.
17 Going to Exhibit T-172, your responsive testimony, and
18 I'm going to be starting on Page 2, and I'm mainly
19 going to be focusing on the question beginning at Line
20 23. In this question, you mentioned your experience
21 working in U S West's central offices. Have you ever
22 worked in or with a GTE central office or a Verizon
23 central office?

24 A. I have never, no. I have never worked in
25 one; although, I have worked with Verizon, GTE in

00985

1 building out quite a number of collocations in their
2 central offices.

3 Q. In this question where you are discussing a
4 forward-looking central office, do you use the term
5 "forward-looking" synonymous with "hypothetical"?

6 A. Absolutely not.

7 Q. And are you aware of any Verizon central
8 office actually configured in the method you described
9 on these two pages, meaning the three criteria you
10 discussed with Ms. Anderl?

11 A. I'm trying to recall. It's been awhile since
12 I've been in the Verizon central offices, but there is
13 one that -- I can't think of the name of it. Manor --
14 I can't recall the name of it, but it does have many of
15 the same general characteristics as the office I was
16 speaking about earlier in the Qwest territory, the
17 Kent-Meridian office. Manor Way, I believe was the
18 name of it.

19 Q. And that would be the only one that you are
20 aware of?

21 A. That's the one that comes to mind right now.
22 Again, I haven't been in all of them in the State of
23 Washington. I've been in probably six or eight of
24 them, but in many cases, I've only been able to go into
25 the separate collocation area that Verizon has

00986

1 established for collocators.

2 Q. Can you tell me which central offices you've
3 been in, or if you can't remember off the top of your
4 head --

5 A. Kirkland, Juanita, Casino. There are about
6 four or five others, but I don't recall the names right
7 now.

8 Q. Some of these questions you went through with
9 Ms. Anderl but you focused on Qwest, so I'm going to
10 ask you now for Verizon. Are you aware of any Verizon
11 central offices that have been built in Washington
12 since 1996?

13 A. No, I'm not.

14 Q. Prior to 1996, generally, how many entities
15 used Verizon central offices, or at that time, GTE?

16 A. I really don't know.

17 Q. In general, since your experience is with U S
18 West, in general, how many entities used a U S West
19 central office prior to 1996?

20 A. At least two in many cases.

21 Q. Would they both be providing local service?

22 A. Probably not, no.

23 Q. So generally, only one carrier was providing
24 central service out of the central office?

25 A. Yes, I would say that's correct.

00987

1 Q. Still on Exhibit T-172 on Page 9, and this is
2 the page that has your chart with your estimates of
3 manpower requirements, I believe it's your testimony
4 that these are just estimates of what these manpower
5 requirements would be.

6 A. Yes. These are estimates based on my
7 experience in engineering and planning central office
8 environments.

9 Q. And would be for U S West?

10 A. Yes, that's correct.

11 Q. There is no itemization here of activities
12 that are included in each of these functions. Did you
13 create one?

14 A. I'm sorry. Did I create one?

15 Q. Yes.

16 A. In general, some assumptions had to be made
17 about what would normally fall into those categories,
18 so this was based, I believe, on the categorization
19 that was made with an AT&T cost study or model that was
20 developed that outlined certain steps, so I made some
21 assumptions as to how those would apply to U S West
22 based upon my experience in dealing with central office
23 engineering.

24 Q. What model was that? Would that be the AT&T
25 and CCM model?

00988

1 A. I don't recall the exact name of it, but that
2 could be it.

3 Q. Would that be AT&T's model developed to model
4 collocation costs?

5 A. Yes. I believe that was the initial intent.

6 Q. Is that model based on a hypothetical central
7 office?

8 A. I don't believe it's a hypothetical central
9 office. I don't really know all of the underlying
10 assumptions that actually go into the development of
11 that particular cost model. Again, what I was asked to
12 do was take a look at what engineering functions would
13 have to take place in order to provide splitter
14 functionality, and the categories that were used in
15 that particular study were the ones that I generally
16 related to this particular chart.

17 Q. You personally did not conduct any type of
18 time and motion studies to develop these estimates?

19 A. No, I did not.

20 Q. Did anyone under your direction perform such
21 a study?

22 A. No.

23 Q. To your knowledge, were these estimates based
24 on GTE or Verizon central office?

25 A. No. These were not specifically designed for

00989

1 really U S West or Verizon. These are from my
2 knowledge and experience the engineering steps that
3 would have to be required to engineer anything in a
4 central office environment. From ILEC to ILEC, there
5 will be some differences depending on just exactly what
6 type of systemization and so forth that they happen to
7 have.

8 Q. Turning to Page 8, at Line 9, the question,
9 "What other information did you provide to Mr. Klick
10 that led to the development of this testimony," you
11 state that Bell Atlantic has publicly announced plans
12 to install 14 splitter shelves in a standard relay
13 rack. Do you see that?

14 A. Yes, I see that.

15 Q. What's the source of that information?

16 A. I believe our attachments to my testimony,
17 and these were passed out at a line-sharing coalition
18 or a joint work group that Bell Atlantic put together
19 earlier this year.

20 Q. Let's turn to Exhibit 176, which is
21 Attachment D to your testimony.

22 A. I have that.

23 Q. What's the source of this work paper?

24 A. That's where it came from. This is the
25 document that I base my testimony on.

00990

1 Q. And this work paper was not filed in this
2 proceeding by Verizon or Qwest; correct?

3 A. No, that's correct.

4 Q. And it wasn't introduced by Verizon to
5 support any of its cost studies or pricing proposals;
6 correct?

7 A. Not that I'm aware of.

8 Q. It's pretty much unrelated to any pricing
9 proposal put forth by Verizon in this proceeding;
10 right?

11 A. No, I would disagree. This definitely gives
12 the basis for what the capability is, a seven-foot
13 relay rack. It very clearly demonstrates you can very
14 easily put 10 96-port splitter shelves within a
15 seven-foot bay, so I think it's very relevant.

16 Q. But I guess the dollar amounts on this
17 document are not related in any way to any pricing or
18 costing proposal put forth in this proceeding.

19 A. Absolutely. The purpose of having this as an
20 exhibit was to demonstrate the number of 96-port
21 shelves that can physically be installed in a
22 seven-foot bay.

23 Q. I think you might have already told me the
24 answer to this but just to make sure the record is
25 clear, did this docket come from an administrative

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1 proceeding in another state?

2 A. My understanding is that this came out of
3 some proceeding in the State of New York. It wasn't
4 given any real source as to where the study was used,
5 but I'm assuming it was in New York because that's
6 where the collaboratives were held.

7 Q. So this could have been part of an exhibit to
8 someone's testimony?

9 A. It probably could have been.

10 Q. Do you have any idea if it is a confidential
11 exhibit?

12 A. No, I don't believe it is confidential. It
13 was freely handed out by Bell Atlantic at that
14 collaborative, and there is nothing on it that
15 indicates it is confidential. My assumption would be
16 no.

17 Q. Give me one moment. If we could go back to
18 your chart on Page 9 of Exhibit T-172, do you have any
19 idea of what margin of error there could be for these
20 estimates?

21 A. I don't know that I could place a real number
22 on it. I can say that after having reviewed that even
23 further, I think in some cases I was overgenerous with
24 the times I allocated for some of the functions.

25 Q. So margin of error could be as high as 20

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1 percent?

2 A. I may have overestimated by 20 percent, but I
3 don't think that I have underestimated in any case by
4 that amount. Again, I tried to be very reasonable and
5 generous with these time frames.

6 MS. McCLELLAN: I have nothing further.

7 Thank you.

8 JUDGE BERG: Dr. Gabel?

9 CROSS-EXAMINATION

10 BY DR. GABEL:

11 Q. Good afternoon, Mr. Zulevic. I just want to
12 ask you about two different areas. First, in your
13 response testimony, which is Exhibit 172, at Page 7,
14 Lines 15 through 22, since we may not have the same
15 pagination, this is the question: "Why don't the
16 configurations you propose use that intermediate
17 distribution framed referred to by Mr. Hubbard?" Do
18 you see that testimony?

19 A. Yes.

20 MR. DEANHARDT: Just for your information, I
21 think with Exhibit 172 we all do have the same
22 pagination.

23 Q. You recognize that in large multifloor
24 central offices that there is a need for intermediate
25 distribution frames.

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1 A. Yes, that's correct.

2 Q. How do the time estimates developed by you
3 reflect this need?

4 A. The time estimates with respect to the
5 engineering times that I've included?

6 Q. Yes.

7 A. I didn't really feel that there was a
8 significant difference in the time estimates that would
9 be required in a multiple or IDF type environment
10 versus a normal environment where you have a single
11 floor, for instance. I didn't specifically split those
12 out and look at them individually.

13 Q. If we look at the table that's on top of Page
14 9, "manpower requirements for planning engineering," is
15 it your position that the time required for overhead
16 rack planning would be the same in a single floor
17 environment as in a multifloor central office?

18 A. I don't know that there would be significant
19 differences. There would be some additional time
20 required to take a look at the access requirements to
21 get you between floors, opening the cable, the hole and
22 that sort of thing. But again, looking at the number
23 of those that we would probably be looking at, I didn't
24 feel it was significant enough to include as a real
25 serious variation.

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1 Q. And the number meaning the number of wire
2 centers where you would encounter multiple floors at
3 the central office.

4 A. Yes, that's correct.

5 Q. Ms. Anderl asked you about the multiple floor
6 central offices that are part of the Qwest network.
7 Are you aware to the degree to which there are multiple
8 floor central offices in the Verizon network?

9 A. From what I've seen, there are far fewer in
10 the Verizon area because more of their offices serve
11 smaller communities than U S West, so from what I've
12 seen, there are fewer.

13 Q. Then turning to the second topic, do I
14 correctly understand your testimony to be that you
15 believe that in a forward-looking central office the
16 splitters would be placed within 25 feet of the main
17 distribution frame if they were on a bay, your
18 Configuration No. 2?

19 A. Yes, that's correct.

20 Q. I believe in some response testimony, and I
21 don't remember which witness, but one witness made a
22 proposition that I would like your reaction to, and
23 that is ideally, everybody would like to be probably
24 within 25 feet of the main distribution frame in the
25 sense that probably interexchange carriers might want

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1 to be near there, and it's a central distribution point
2 in the central office, so is it really feasible for all
3 equipment that wants to gain access to that main
4 distribution frame to be within 25 feet of the MDF?

5 A. No. Actually, as you point out, everybody
6 can't be within 25 feet. The thing that has to be
7 looked at is the type of equipment that you are
8 actually placing in that central office, and then you
9 make a technical determination as to whether or not
10 distance is a sensitive issue with respect to that
11 particular type of equipment, and with respect to DSL
12 equipment, it is extremely distance sensitive in that
13 you can go 18 kilofeet with ADSL service, so again, as
14 I mention in my direct testimony, every additional foot
15 of cable that you place within the central office is
16 one foot less reach that you can get out to serve
17 customers with.

18 DR. GABEL: Thank you. I have no further
19 questions.

20 JUDGE BERG: Mr. Deanhardt, let me go back to
21 Ms. Anderl and Ms. McClellan for any cross.
22 Mr. Deanhardt, any redirect?

23 MR. DEANHARDT: Can I consult for one second,
24 Your Honor?

25 JUDGE BERG: Yes, sir.

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1 (Pause in the proceedings).

2 MR. DEANHARDT: I have nothing.

3 JUDGE BERG: Mr. Zulevic, that concludes
4 cross-examination in your testimony. Thank you for
5 being a witness in this proceeding.

6 We have a few matters to take care of on the
7 record before counsel leaves. I don't think it's
8 necessary for the Commissioners to remain on the Bench.
9 Ms. Anderl, I'd like to get on the record Qwest's
10 responses to Data Requests 10 and 15 that we had
11 answers for, and let me double check my list. Yes,
12 Record Request 10 and Record Request 15, I understand,
13 Qwest has responses?

14 MS. ANDERL: That's correct, Your Honor.
15 Your Honor, with regard to Record Request No. 10, we
16 can confirm that the engineering identified on Exhibit
17 22 is on a per order basis as opposed to the per shelf
18 or other basis that had been a cause for questioning.
19 It was Mr. Deanhardt's question. I wanted to make sure
20 it was, in fact, responsive. I believe that it is.

21 JUDGE BERG: I'll let you check that off with
22 him off the record, and if we need to elaborate any
23 further, we can do that tomorrow.

24 MS. ANDERL: With regard to No. 15, Staff's
25 understanding on the sizing of the cable was correct,

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1 and Mr. Hubbard represents that he had misunderstood
2 whether 1/0 was larger or smaller than 4/0, so in fact,
3 1/0 is smaller than 4/0.

4 CHAIRWOMAN SHOWALTER: What about 500; is it
5 bigger?

6 MS. ANDERL: It's bigger than both of them.

7 CHAIRWOMAN SHOWALTER: So 500 was the
8 outlier.

9 MS. ANDERL: Yes.

10 CHAIRWOMAN SHOWALTER: So probably if the
11 question were answered again, it would have to be
12 everything smaller except one outlier.

13 JUDGE BERG: So the size of the wire
14 corresponds to the increase in price.

15 MS. ANDERL: As shown on that one exhibit,
16 yes. I can't remember the number, but the RS means
17 data.

18 JUDGE BERG: Off the record for a moment.
19 (Discussion off the record.)

20 MS. ANDERL: We would also like to request
21 that a decision be rendered as to whether or not
22 Mr. Reynolds needs to stand cross-examination or if the
23 parties want to stipulate his testimony in and one
24 cross-examination exhibit we've agreed to with Staff.
25 I just wanted to confirm that neither Your Honor or

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1 Dr. Gabel or the Commissioners had any questions for
2 Mr. Reynolds. He is, however, available tomorrow to
3 testify as well.

4 JUDGE BERG: Dr. Gabel has one question,
5 maybe, a question and a half, 1.5 questions, so I would
6 say why don't we also address Mr. Reynolds early in the
7 schedule tomorrow along with Mr. Inouye.

8 MS. ANDERL: Thank you.

9 JUDGE BERG: All right. With that, we'll be
10 adjourned.

11 (Hearing adjourned at 5:30 p.m.)

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