

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 IX
 Transport and Termination.) Pages 1209 - 1327

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7 A hearing in the above matter was held on
 8 August 28, 2000, at 8:56 a.m., at 1300 South Evergreen
 9 Park Drive Southwest, Olympia, Washington, before
 10 Administrative Law Judge LAWRENCE BERG, Chairwoman
 11 MARILYN SHOWALTER, Commissioners RICHARD HEMSTAD and
 12 WILLIAM R. GILLIS.

13

The parties were present as follows:

14

QWEST CORPORATION, by LISA A. ANDERL,
 15 Attorney at Law, 1600 Seventh Avenue, Suite 3206,
 Seattle, Washington 98191.

16

THE WASHINGTON UTILITIES AND TRANSPORTATION
 17 COMMISSION, by SHANNON E. SMITH, Assistant Attorney
 General, 1400 South Evergreen Park Drive Southwest,
 18 Post Office Box 40128, Olympia, Washington 98504-0128.

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VERIZON NORTHWEST, INC., by JENNIFER L.
 McCLELLAN and GREGORY ROMANO, Attorneys at Law, Hunton
 20 and Williams, 951 East Byrd Street, Richmond, Virginia
 23219.

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COVAD COMMUNICATIONS, by CLAY DEANHARDT and
 22 SARAH KIM BRADLEY, Attorneys at Law, 4250 Burton Drive,
 Santa Clara, California 95054.

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1 NEXTLINK WASHINGTON, ELECTRIC LIGHTWAVE,
2 INC., ADVANCED TELCOM, INC., NEW EDGE NETWORKS, INC.,
3 NORTHPOINT COMMUNICATIONS, McLEOD USA, AT&T, by GREGORY
4 J. KOPTA, Attorney at Law, Davis, Wright, Tremaine,
5 LLP, 1501 Fourth Avenue, Suite 2600, Seattle,
6 Washington 98101.

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25 RHYTHMS LINKS, INC., TELIGENT SERVICES, INC.,
26 TRACER, by ARTHUR A. BUTLER, Attorney at Law, Ater
27 Wynne, 601 Union Street, Suite 5450, Seattle,
28 Washington 98101-2327.

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2153
2154
2155
2156
2157
2158
2159
2160
2161
2162
2163
2164
2165
2166
2167
2168
2169
2170
2171
2172
2173
2174
2175
2176
2177
2178
2179
2180
2181
2182
2183
2184
2185
2186
2187
2188
2189
2190
2191
2192
2193
2

01211

INDEX OF WITNESSES

	WITNESS:	PAGE:
1		
2		
3		
4		
5	JOHN J. BOSHER	
6	Direct Examination by Ms. McClellan	1218
7	Cross-Examination by Mr. Deanhardt	1219
8	Cross-Examination by Mr. Kopta	1232
9	Cross-Examination by Dr. Gabel	1235
10	Cross-Examination by Chairwoman Showalter	1239
11	Further Cross-Examination by Mr. Deanhardt	1246
12	Redirect Examination by Ms. McClellan	1253
13		
14		
15	RUSSELL A. BYKERK	
16	Direct Examination by Ms. McClellan	1255
17	Cross-Examination by Ms. Bradley	1256
18	Cross-Examination by Mr. Butler	1269
19	Cross Examination by Dr. Gabel	1270
20	Redirect Examination by Ms. McClellan	1271
21		
22		
23		
24		
25		

01212

		PAGE:
1	WITNESS:	
2		
3	DAVID L. BEHRLE	
4	Direct Examination by Ms. McClellan	1272
5	Cross-Examination by Ms. Bradley	1274
6	Cross-Examination by Mr. Butler	1302
7	Cross-Examination by Dr. Gabel	1303
8	Redirect Examination by Ms. McClellan	1307
9	Cross-Examination by Ms. Smith	1310
10		
11	JEROME HOLLAND	
12	Direct Examination by Ms. McClellan	1312
13	Cross-Examination by Mr. Kopta	1313
14	Cross-Examination by Dr. Gabel	1318
15		
16	TERRI MARIA	
17	Direct Examination by Ms. McClellan	1319
18	Cross-Examination by Dr. Gabel	1320
19		
20	JOHN RIES	
21	Direct Examination by Mr. Romano	1322
22	Cross-Examination by Ms. Bradley	1323
23	Cross-Examination by Mr. Kopta	1325
24		
25		

01213

INDEX OF EXHIBITS

	EXHIBIT NO.	MARKED:	OFFERED/ADMITTED:
1			
2			
3			
4	T-210	1217	1219
5	211	1217	1219
6	212	1217	1219
7	213	1217	1219
8	214	1217	1219
9	215	1217	1219
10	T-216	1217	1219
11	T-217	1217	1219
12	218	1217	1220
13	T-220	1217	1255
14	C-221	1217	1255
15	222	1217	1255
16	223	1217	1255
17	T-224	1217	1255
18	T-225	1217	1255
19	T-230	1217	1273
20	231	1217	1273
21	C-232	1217	1273
22	T-233	1217	1273
23	C-234	1217	1273
24	T-235	1217	1273
25	236	1217	1273

01214

	EXHIBIT NO.	MARKED:	OFFERED/ADMITTED
1			
2	237	1217	1273
3	238, C-238	1217	1273
4	239	1218	1273
5	240, C-240	1218	1286
6	241, C-241	1218	1310
7	242	1218	
8	243, C-243	1218	1292
9	244, C-244	1218	
10	245	1218	1294
11	T-260	1311	1313
12	T-261	1311	1313
13	T-262	1311	1313
14	T-270	1311	1320
15	E-271	1311	1320
16	C-272	1311	1320
17	T-280	1322	1323
18	T-281	1322	1323
19	T-282	1322	1323
20			
21			
22			
23			
24			
25			

01215

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 August 28th, year 2000. This is
4 continued hearings in Docket No. UT-003013, also known
5 as the new generic proceeding or Phase 4. For today's
6 session, we will begin cross-examination of Verizon
7 witnesses. Before we begin, there are several
8 administrative matters to take care of. First of all,
9 Verizon has brought to my attention that there was one
10 exhibit that was not included on the exhibit list, and
11 that is the direct testimony of Stephen Schroeder,
12 which is being adopted by Verizon witness Russell
13 Bykerk. That exhibit will be marked as Exhibit T-225.

14 Also I'll indicate that in typing up the
15 exhibit list, there is one typo. The direct testimony
16 for Mr. Boshier, which is shown on the list as Exhibit
17 T-220, and it precedes 211, that should be T-210 if you
18 are using the exhibit list as a control document, so
19 please make that correction. Mr. Deanhardt has
20 distributed copies of Exhibit 142, which were referred
21 to last week in hearings. Ms. Anderl mentioned to me
22 that there was some revisions to other exhibits,
23 referring to Mr. Thompson. Ms. Anderl, why don't you
24 make a brief statement for the record and then we'll
25 proceed to clean up the details and possibly the

01216

1 distribution of new replacement exhibits tomorrow
2 afternoon before our session starts.

3 MS. ANDERL: Yes, thank you, Your Honor. We
4 had submitted a corrected first page to Exhibit 12 when
5 Mr. Thompson first took the stand, which is his list of
6 collocation rates, and it was designated as revised
7 JLT-1. We now have another revision to make to that
8 same first page in the way of correction as opposed to
9 revision. The prior submission actually added some
10 rate elements. This simply corrects some numbers which
11 were incorrect in those same three new rate elements,
12 and it came to light as we were responding to Record
13 Request No. 1 to Mr. Kopta, which was a request for the
14 underlying work papers. I've provided those to
15 Mr. Kopta now this morning as well as giving him a copy
16 of the corrected Page 1. I will do the same with other
17 counsel as we have breaks today.

18 JUDGE BERG: If you will discuss that with
19 other counsel in our preliminary session tomorrow.
20 I'll just ask other counsel if there is any objections
21 or anything else we need to do to make sure the record
22 is complete.

23 I'd like the reporter to enter into the
24 transcript as if read in their entirety those exhibits
25 on the exhibit list beginning with Exhibit No. T-210

01217

1 through 218, T-220 through T-225, and Exhibits T-230
2 through 245.

3 Exhibit T-210 is Direct Testimony (JJB-1T).
4 211 is Line Sharing Amendment (JJB-2). 212 is GTE
5 Splitter Schedule for WA (JJB-3). 213 is Line
6 Sharing-Virtual Cool (JJB-4). 214 is Line
7 Sharing-Physical Collo (JJB-5). 215 is Line
8 Sharing-GTE Owned Splitter (JJB-6). T-216 is
9 Responsive Testimony (JJB-7T). T-217 is Rebuttal
10 Testimony (JJB-8T). 218 is Line Sharing Amendment to
11 Interconnect Agreement.

12 T-220 is Responsive Testimony (RAB-1T).
13 C-221 is Cal Line Sharing Trial Report (RAB-2C). 222
14 is Verizon Bay Mounted Splitter (RAB-3). 223 is
15 Verizon Intermediate Distribution Frame (RAB-4). T-224
16 is Rebuttal Testimony (RAB-5T). T-225 is Direct
17 Testimony of Stephen L. Schroeder.

18 T-230 is Direct Testimony (DLB-1T). 231 is
19 Line Sharing Cost Support-Intro. (DLB-2). C-232 is
20 Line Sharing Cost Support-Costs (DLB-2C)(Please see
21 Page 1274 for clarification of Exhibits 231 and 232.)
22 T-233 is Responsive Testimony (DLB-3T). C-234 is Cost
23 Schedules (DLB-4C). T-235 is Rebuttal Testimony
24 (DLB-5T). 236 is Supp. Response to RLI DR 1-6 (DLB-6).
25 237 is RLI 1-7 (DLB-7). 238 is RLI DR 1-2 (DLB-8).

01218

1 C-238 is RLI DR 1-2 (DLB-8C). 239 is Verizon Loading
2 Rate Methodology (DLB-9). 240, C-240 is RLI DR-4.
3 241, C-241 is RLI DR-5. 242 is RLI DR-9. 243, C-243
4 RLI DR-6. 244, C-244 is RLI DR-7. 245 is RLI DR-8.

5 Is there anything else that counsel wants to
6 make a record of before we begin this morning's
7 hearing?

8 MR. DEANHARDT: Your Honor, I think we should
9 probably note for the record that Ms. Bradley has
10 returned for Covad and is back in the hearing room. In
11 fact, she will be taking over as lead counsel for Covad
12 after I conduct the cross-examination of Mr. Boshier
13 this morning.

14 JUDGE BERG: Welcome back, Ms. Bradley.
15 Anything else, counsel? Let's be off the record
16 (Discussion off the record.)
17 (Witness sworn.)

18 JUDGE BERG: Ms. McClellan?

19

20 DIRECT EXAMINATION

21 BY MS. McCLELLAN:

22 Q. Could you please state your name and business
23 address for the record?

24 A. My name is John Boshier, and my business
25 address is 600 Hidden Ridge, Irving, Texas.

01219

1 Q. Did you prepare or cause to be prepared the
2 exhibits marked as T-210 through T-217?

3 A. Yes, I did.

4 Q. Do you have any changes or corrections to
5 your testimony this morning?

6 A. Yes, I have one. I have a correction to
7 Exhibit T-210 on Page 9. Beginning on Line 13, the
8 sentence reading, "GTE proposes that rates, terms, and
9 conditions for this type of configuration be negotiated
10 on a case-by-case basis," that sentence should be
11 deleted.

12 Q. With that change, if I were to ask you these
13 questions today, would your answers be the same?

14 A. Yes.

15 MS. McCLELLAN: Your Honor, I'd like to move
16 for the admission of exhibits marked as T-210 through
17 T-217.

18 JUDGE BERG: Any objections? Hearing none,
19 Exhibits T-210 through T-217 are admitted.

20 MS. McCLELLAN: Mr. Boshier is available for
21 cross.

22 JUDGE BERG: Mr. Deanhardt?

23

24 CROSS-EXAMINATION

25 BY MR. DEANHARDT:

01220

1 Q. Let me just quickly since you've made this
2 change, you are making the correction on Page 9 of
3 Exhibit 210 because Verizon proposed virtual
4 collocation rates for the splitter in Mr. Tanimura's
5 response testimony; is that correct?

6 A. That's correct.

7 Q. Can you please turn to Exhibit 218?

8 A. I have it.

9 Q. Is this a copy of the line-sharing agreement
10 between Verizon and Covad Communications Company that
11 you refer to in your response testimony?

12 A. Yes, it is.

13 Q. If you will, please, this is an executed
14 copy, I believe, as you look at Page 11?

15 A. Yes.

16 MR. DEANHARDT: Your Honor, at this time, we
17 would move for the admission of 218.

18 JUDGE BERG: Exhibit 218 is admitted.

19 Q. (By Mr. Deanhardt) I'm going to refer you to
20 Page 9, Paragraph 3.1 of Exhibit 218, which talks about
21 interim pricing. You can read it if you'd like, but my
22 question is going to be this. Are the prices that
23 Verizon is proposing in this docket all of the prices
24 that GTE intends to charge for line sharing in
25 Washington?

01221

1 A. Yes, they are.

2 Q. Verizon is not proposing to charge anything
3 for the high frequency spectrum on the loop; correct?

4 A. That's correct.

5 Q. Exhibit 218 then, which is the executed
6 agreement we should consider as having replaced GTE's
7 proposed agreement which you have attached and has been
8 marked as Exhibit 211; correct?

9 A. I don't think they replaced the Exhibit 218
10 as an executed agreement, and the agreement attached to
11 my testimony is a generic agreement that would be
12 offered for general terms to any company.

13 Q. So 211 is still going to be offered in
14 Washington to other companies if they want to accept
15 the terms of 211.

16 A. That's correct.

17 Q. If you could please turn to Exhibit 213. You
18 don't necessarily have to turn back to this unless you
19 would like to, but in your testimony, which has been
20 marked as Exhibit 210 on, I believe it's Page 9, you
21 describe these different configurations that are
22 represented by the exhibits to your testimony and talk
23 about what are recurring and nonrecurring rates. You
24 may want to have your testimony opened to there because
25 what I want to do is, since I was having trouble

01222

1 reading some of these charts, is walk through the
2 elements and ask you to identify what's in these as new
3 for line sharing and which element you are proposing
4 recurring rates for and which elements you are
5 proposing nonrecurring rates for; okay?

6 A. Okay.

7 Q. So looking at Exhibit 213, which is a
8 graphical depiction of the option where a CLEC owns a
9 splitter and virtually collocates it in a Verizon
10 central office; correct?

11 A. That's correct.

12 Q. Maybe the easiest way to do this is for me as
13 I go through to identify the various elements and just
14 ask you to please tell me for each one is it new for
15 line sharing, and if it is, then is it going to be a
16 recurring or nonrecurring charge, and then we can move
17 on from there. Would that be okay?

18 A. That would be fine.

19 Q. On Exhibit 213, the dashed lines that connect
20 from the main distribution frame to the splitter, there
21 are two of those; do you see those?

22 A. Yes, I do.

23 Q. Are those new for line sharing?

24 A. Those are a component of existing collocation
25 terms and conditions today. They are not new for line

01223

1 sharing.

2 Q. So those would be existing tie cables under
3 Verizon's current collocation practices.

4 A. That's correct.

5 Q. What about the dashed line that goes from the
6 splitter to the DSLAM?

7 A. Again, that is a tie cable that would be
8 provided via existing collocation terms and conditions.

9 Q. I'm assuming those are collocation charges so
10 they are nonrecurring charges for those tie cables
11 under the current terms and conditions?

12 A. I'm not precisely sure. I believe they
13 consist of both recurring and nonrecurring charges.

14 Q. This design shows the splitter being directly
15 connected from -- I'm going to assume it's referring to
16 the data port here, to the DSLAM. Is that, in fact,
17 how Verizon is provisioning splitters in this
18 configuration?

19 A. In this configuration, yes, the DSLAM would
20 be connected directly to the splitter.

21 Q. I didn't see any bold lines on this, so I'm
22 assuming that in this configuration, there is nothing
23 that Verizon considers an incremental facility for line
24 sharing; is that correct?

25 A. That's correct.

01224

1 Q. So the lines then that are a little bit
2 darker than what you had designated for standard POTS
3 facilities, but the GTE POTS voice-frequency lines, the
4 OSP line and then the jumpers that you have -- let's
5 take those two first -- those are both standard POTS
6 lines that exist whether or not there is line sharing;
7 correct?

8 A. There is one additional jumper facility there
9 to configure the line sharing.

10 Q. That's why I stopped. I was going to come
11 back to it.

12 A. It's a minor facility.

13 Q. But the OSP cable and pair and the GTE POTS
14 voice frequency both exist either way.

15 A. That's correct.

16 Q. Now, if you could please turn to Exhibit 214.
17 This is, according to your testimony, the configuration
18 for a CLEC-owned splitter where the CLEC puts the
19 splitter in their own collocation area; correct?

20 A. That's correct.

21 Q. Again here, I don't see any incremental
22 facilities for line sharing. Am I missing any?

23 A. Except for the jumper cable that runs from
24 the combined signal to the outside plant frame. There
25 is one additional jumper in the final configuration.

01225

1 Q. But other than that, all of these other tie
2 cables that are represented by the dashed lines here,
3 these, again, come from the general collocation
4 numbers; is that correct?

5 A. That's correct.

6 Q. Then if you could look, please, at Exhibit
7 210, and I understand this to be the configuration for
8 the GTE-owned splitter; is that correct?

9 A. That's correct.

10 Q. Now here you have three incremental
11 facilities for line sharing and three cables that
12 connect between the splitter and the main distribution
13 frame; is that correct?

14 A. That's correct.

15 Q. Verizon is going to be proposing a recurring
16 charge for those facilities; is that correct?

17 A. Verizon will be proposing a recurring charge
18 for those facilities, the splitter bay and the
19 splitters combined, the entire configuration.

20 Q. To help the Commission understand this, as I
21 understand it, a splitter in this configuration will be
22 dedicated for the use of the CLEC; is that correct?

23 A. Yes, that's correct.

24 Q. Then when the CLEC orders a line, it will be
25 connected through one of the ports in the splitter, and

01226

1 then at that time, the CLEC will begin paying a
2 recurring charge for that port; correct?

3 A. That's correct.

4 Q. And the recurring charge for that port will
5 include all of the costs that you just described, the
6 three tie cables between the splitter and the
7 distribution frame, as well as the splitter itself, and
8 the area that it's located in?

9 A. That's correct.

10 Q. Your charts all show the use of an MDF, or a
11 main distribution frame, but not the use of an IDF, or
12 intermediate distribution frame. Does Verizon use IDFs
13 in Washington?

14 A. Typically, no.

15 Q. So in this case, all either collocations or
16 if Verizon is owning the splitter, everything is going
17 to be directly connected to the main distribution
18 frame; correct?

19 A. That's correct.

20 Q. On Page 7 of your testimony at Lines 4
21 through 7 -- I'm sorry. This is Exhibit 210, your
22 direct testimony -- you refer to a commitment from
23 Verizon for the deployment of Washington offices to be
24 configured with Verizon-owned splitters for line
25 sharing; do you see that?

01227

1 A. Yes.

2 Q. Did GTE meet this commitment?

3 A. Yes.

4 Q. On Page 12 of your testimony, Exhibit 210,
5 you describe the pricing structure that GTE has
6 proposed for line sharing. At the end of that section,
7 the one element I didn't see here, particularly in the
8 virtual collocation option, was the cost of the tie
9 cable between the splitter and the CLEC collocation
10 area. Everything else seems pretty much covered, but I
11 think we did this earlier, but I just want to confirm,
12 that's going to be a nonrecurring cost based on regular
13 collocation; correct?

14 A. The rates charged for that would be for cross
15 connects out of regular collocation. I would have to
16 defer to our collocation witness as to whether they
17 were simply nonrecurring charges or both nonrecurring
18 and recurring charges.

19 Q. You said that earlier. I forgot about that.
20 I wasn't trying to back you into a corner. You are not
21 the witness, are you, that can tell me how the costs
22 were derived for those tie cables; correct?

23 A. That's correct. I'm not the cost witness.

24 Q. Can you tell me if there were any changes
25 made to the cost study for tie cables or, as you call

01228

1 them, cross connects, to address differences that may
2 exist because of sticking a splitter in the middle of
3 the configuration instead of running straight from the
4 distribution frame to the collocation area?

5 A. I'm afraid I can't address that.

6 Q. Would that be Mr. Tanimura or Ms. Casey who
7 would be the better person to address those questions
8 to?

9 A. I believe that question is most appropriately
10 addressed to Ms. Casey.

11 Q. We ask those questions so they can get a
12 little advance warning. According to your testimony,
13 Verizon is going to withdraw the ILEC-owned splitter as
14 an option for CLECs after December 31st, 2000. Is that
15 still correct?

16 A. I believe the date is December 15th, 2000.

17 Q. You are right. I misread it. That's in Page
18 4 of Exhibit 217; correct?

19 A. Yes, it is.

20 Q. And that's still true today; that is, Verizon
21 has not changed its view of that issue at this point?

22 A. That is still true today.

23 Q. In California, it's correct, is it not, at
24 least in the interim opinion from the arbitrator there,
25 Verizon has been ordered to continue to offer the

01229

1 ILEC-owned splitter option since it initially agreed to
2 offer that option; is that correct?

3 A. My understanding is that the administrative
4 law judge did not set a sunset date for the operating
5 of the splitters in the interim phase of that
6 proceeding; that's correct.

7 Q. Assuming that the Commission approves the
8 ALJ's proposed order in that docket, at least in that
9 regard, will that affect Verizon's decision to continue
10 to offer the ILEC-owned splitter for the use of the
11 CLECs here in Washington?

12 A. No, I don't think it will.

13 MR. DEANHARDT: Your Honor, if I can consult
14 for just one minute.

15 (Discussion off the record.)

16 Q. (By Mr. Deanhardt) If Verizon is going to
17 withdraw its ILEC-owned splitter option after December
18 15th, 2000, what happens to those splitters then?

19 A. The customers in place with that arrangement
20 would be grandfathered.

21 Q. Let's say, for example, that a customer moves
22 so drops their Covad DSL in order to move and a
23 splitter port becomes available?

24 MS. McCLELLAN: Could you clarify who the
25 customer is, if the customer is the end user?

01230

1 Q. Let's say an end user that has Covad DSL
2 across a Verizon voice line in a line-sharing
3 arrangement cancels Covad DSL, and their DSL is being
4 provisioned through one of the Verizon-owned splitters.
5 After December 15th, what happens to that splitter
6 port?

7 A. If the end user moves off that splitter port,
8 the service would be removed and the splitter would go
9 unused.

10 Q. So Covad couldn't even reuse that splitter
11 port, even though there are, say, 95 other splitter
12 ports that are being used by Covad on that same
13 splitter?

14 A. After December 15th, Covad would be
15 responsible for providing their own splitters.

16 Q. I think that means that the answer to my
17 question was yes, Covad would no longer be able to use
18 that splitter port even if it was using the rest of the
19 splitter.

20 A. That's correct.

21 Q. Is Verizon going to use those splitters for
22 itself?

23 A. The answer would be no. Verizon is in the
24 process of transferring its DSL service to a separate
25 subsidiary.

01231

1 Q. That actually raises an interesting question.
2 That separate subsidiary is going to be the result of
3 the deal that we read about a couple of weeks ago where
4 Verizon is taking a 55 percent stake in Northpoint; is
5 that correct?

6 A. I believe so; although, I'm not an expert on
7 the specifics of that business combination.

8 Q. After that merger becomes complete and
9 Northpoint becomes the Verizon subsidiary, is Verizon
10 going to have access to those splitters after December
11 15th?

12 A. No.

13 Q. So if Northpoint wants to provide service,
14 it's also going to have to use one of the other two or
15 three arrangements that Verizon has set out in your
16 testimony?

17 A. One of the other two arrangements, yes.

18 Q. Isn't it correct that it was Verizon that
19 originally proposed that it should own the splitter?

20 A. Yes.

21 MR. DEANHARDT: Thank you, Mr. Boshier. Your
22 Honor, that's all I have.

23 JUDGE BERG: Mr. Kopta?

24

25

01232

CROSS-EXAMINATION

1

2 BY MR. KOPTA:

3

4 Q. Good morning, Mr. Boshier. My name is Greg
5 Kopta. I'm representing a group of CLECs that counsel,
6 I'm sure with affection, refers to as the five
7 families. Although it's now grown to seven, so I guess
8 it would be the five families plus two, sort of a Mario
9 Puzo meets Dr. Seuss.

9

10 Would you turn in your responsive direct
11 testimony, which is Exhibit T-216, to Page 4.
12 Beginning on that page, you discuss AT&T witness Joe
13 Gillan's discussion about line sharing capabilities to
14 a CLEC providing services over the UNE platform, and
15 although you don't state it directly, I wanted to ask
16 you whether or not it's Verizon's position that it will
17 not provide line sharing capabilities to CLECs using
18 the UNE-P?

18

19 A. That is correct. It is Verizon's position
20 that it won't provide line sharing to CLEC's using an
21 UNE-P configuration.

21

22 Q. The reason for that is that Verizon is not
23 required to; is that correct?

23

24 A. That is correct.

24

25 Q. Is there any testimony that you provided that
26 providing line sharing to a CLEC using UNE-P is not

01233

1 technically feasible?

2 A. No, I don't believe there is.

3 Q. So this is simply a policy determination on
4 the part of Verizon not to provide line sharing to
5 CLECs using UNE-P?

6 A. It is the policy decision based on the FCC's
7 order as well as considering several operational
8 issues.

9 Q. Several operational issues. I didn't see any
10 reference to that in your testimony. Is there another
11 Verizon witness that discussed the operational issues?

12 A. May I take a moment to read?

13 Q. Absolutely.

14 MS. McCLELLAN: Your Honor, I'd like to make
15 a comment. It's not so much an objection, but the
16 issue of line sharing over UNE platforms was deferred
17 to Phase B, so that is where Verizon thought it would
18 make that case.

19 JUDGE BERG: Is that also your understanding
20 Mr. Kopta?

21 MR. KOPTA: I will accept that
22 representation. I was simply exploring the extent to
23 which there was evidence on the record at this time in
24 Part A.

25 MS. McCLELLAN: That's fine.

01234

1 Q. (By Mr. Kopta) Mr. Boshier, is Verizon going
2 to be providing line-sharing capabilities to CLECs
3 providing services using resale of Verizon retail
4 services?

5 A. As this time, I would have to say no.

6 Q. Is that something that will also be addressed
7 in Phase B of this proceeding?

8 A. I don't know. I believe so.

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

11 JUDGE BERG: Mr. Butler?

12 MR. BUTLER: No questions.

13 MS. SMITH: No.

14 JUDGE BERG: Mr. Boshier, I had one question
15 for clarification. With regards to the two line
16 sharing amendment exhibits, 211 and 218, I got the
17 impression that in addition to 218 being an executed
18 agreement that there may be other substantive
19 differences between those two; is that correct?

20 THE WITNESS: Your Honor, I have not compared
21 the two documents precisely so I'm not aware of any
22 substantive differences between the two.

23 JUDGE BERG: It was principally that 211 was
24 more or less a form agreement and 218 is an executed
25 agreement.

01235

1 THE WITNESS: That's correct.

2 JUDGE BERG: All right. Dr. Gabel?

3

4

CROSS-EXAMINATION

5 BY DR. GABEL:

6 Q. Good morning, Mr. Boshier. First I'd like to
7 ask you to turn to your direct testimony, which I
8 believe is Exhibit 210, Page 11, Lines 10 to 22. As I
9 understand in this portion of the testimony, you are
10 discussing how line testing of the shared access line
11 would be undertaken; is that correct?

12 A. May I take a moment to read? Yes, that's
13 correct.

14 Q. Could you summarize Verizon's concern about
15 what kinds of testing problems may arise with the
16 different configurations that you are proposing?

17 A. Yes. I'll start by stating that Verizon
18 believes that enough testing opportunities are
19 available with conditions as presented so that
20 additional use of a common area, or splitters located
21 in an a commonly accessible area, are not necessary;
22 that through electronic testing means that Verizon's
23 4-TEL system, the CLECs have the opportunity to test
24 the condition of the loop through to the end user's
25 premise and that by accessing a test port on their own

01236

1 DSLAM, they are able to test the data service through
2 the splitter to the customer premise.

3 Additionally, by placing splitters in common
4 area and leaving them accessible to all parties, at any
5 time multiple parties are working around and working
6 with this type of equipment, that presents
7 opportunities for service interruption or disruption
8 and because this configuration is not necessarily
9 required, it is simply not worth the risk to present
10 that configuration.

11 Q. I'd like to follow up on two questions from
12 Mr. Deanhardt. First, for the configuration of the
13 ILEC-owned splitters, I understood you to state that
14 that configuration would no longer be offered to the
15 DLECs after December 15th of this year?

16 A. That's correct.

17 Q. Why does Verizon want to terminate that
18 configuration on December 15th?

19 A. Actually, there are several reasons. The
20 first is that Verizon, according to the FCC order, is
21 not required to own the splitters. Carrying that
22 thought a little bit further, if Verizon does and is
23 required to offer splitters, then Verizon will be
24 required to make the capital commitment to have those
25 splitters in their office and placed at the disposal of

01237

1 the DLECs. The splitters themselves are a functional
2 piece and required piece of equipment for providing the
3 advanced data services, not for providing local POTS
4 service.

5 Again, carrying that thought further, there
6 is a stream of issues that then arise that Verizon
7 needs to be in a position to plan for splitter
8 quantities, have them on site and available so as not
9 to delay service orders because of a promotional
10 offering or something that might consume the available
11 level of splitters. All of these responsibilities
12 would fall to Verizon as the provider of splitters
13 without the knowledge or the ability to anticipate the
14 other company's, the DLEC's, marketing plans or
15 deployment plans along those lines. That would be
16 economically wasteful for us to have to plan for that
17 level of splitters.

18 As an example, Verizon did agree to provide
19 splitters initially for the June 6th period because of
20 the extremely tight time frames available to deploy
21 line sharing and worked collaboratively with the CLECs
22 to receive forecasts and deploy splitters in the
23 offices where there was the most interest, and
24 splitters were deployed against the schedule to
25 accomplish that, and to date, they are largely unused,

01238

1 so a capital equipment incurred by Verizon which we
2 have no means of recovering without complete
3 utilization.

4 The approach by having the CLECs plan for and
5 deploy their own splitters allows them to do their own
6 market projections and deploy their equipment
7 consistent with those projections and also ensures
8 splitter availability to them because they are the
9 responsible party for managing those splitters. In
10 fact, it simplifies matters and eliminates any
11 potential capital waste that might occur by having to
12 overdeploy splitters in anticipation of multicompany
13 demand.

14 Q. Thank you. Lastly, Mr. Deanhardt asked you
15 about the use of intermediate distribution frames in
16 central offices in Washington, and did I understand
17 your response to be that as a general rule, you do not
18 use intermediate distribution frames in Washington?

19 A. That's correct.

20 Q. Are the exceptions to the general rule your
21 larger central offices, larger in terms of number of
22 access lines in the wire center?

23 A. I would defer that question to Mr. Bykerk.
24 I'm not a network engineer. It's my understanding that
25 Verizon does not use intermediate distribution frames

01239

1 for several reasons; that they do provide an additional
2 point of failure within the network, and then there are
3 space considerations with where those frames need to be
4 deployed in the offices.

5 I'm not aware of any exceptions to that in
6 Washington, although there may be.

7 DR. GABEL: Thank you.

8 JUDGE BERG: Any questions from the
9 Commissioners?

10

11 CROSS-EXAMINATION

12 BY CHAIRWOMAN SHOWALTER:

13 Q. Yes. I have a follow-up to both
14 Mr. Deanhardt's and Dr. Gabel's question. If there is
15 a situation in general where the CLECs owned the
16 splitters and someone is up and running and then the
17 CLEC loses the customer, I think your answer was that
18 then the CLEC owns that splitter, and my question is,
19 then what happens to it? It's hooked up and it's
20 installed in a bay, so can that be resold by the CLEC?
21 Is there a way to make use of it again with some
22 efficiency or not?

23 A. For clarity, we are referring to the instance
24 where Verizon is the owner of the splitter and that the
25 --

01240

1 Q. Actually, in my mind with this question, the
2 CLEC is the owner of the splitter.

3 A. If the CLEC is the owner of the splitter, and
4 it's placed in either a virtual collocation arrangement
5 or in a physical arrangement, they can use and reuse
6 that splitter at their discretion.

7 Q. Maybe I didn't understand Mr. Deanhardt's
8 question. Was that your understanding of the question
9 he asked, or was it a different one?

10 A. I believe Mr. Deanhardt was asking what
11 happens to the splitters that Verizon provides after
12 December the 15th when they are no longer used by the
13 particular end user.

14 Q. What is the answer to that question?

15 A. The answer is they will not be reused as
16 Verizon eliminates that third option, which was an
17 interim option.

18 Q. In other words, since Verizon is interested
19 in phasing out its ownership of the splitters, it sees
20 this initial ownership of the splitters as just getting
21 off the ground.

22 A. That's correct.

23 Q. Can you look at your testimony. It's your
24 responsive testimony, which is Exhibit 216, Page 5,
25 Line 27. This has to do with the UNE-P issue, and I

01241

1 understand it's going to be explored in a lot more
2 detail in the second set of hearings.

3 You say that CLECs are able to assemble
4 unbundled elements and combine them with DSL service
5 today, and that with a splitter in their location, they
6 can combine an unbundled loop and unbundled port in DSL
7 signal into a single facility. Then on Page 4 of your
8 testimony, the previous page, you define a UNE-P as an
9 unbundled yet preassembled. My question is, what is
10 the operational difference between these two things?
11 Explain to me what it would mean for a CLEC to get the
12 UNE-P versus assembling the unbundled network elements?
13 In the end, what's the operational difference and what
14 are other differences?

15 A. Beginning with the UNE-P, UNE-P as it's used
16 in the context of the industry generally refers to the
17 combination of an unbundled loop with switching with
18 common transport. Recently, a new term has been used
19 in the industry called "line splitting," which I
20 believe several presentations were made to the FCC
21 regarding this, which approaches what I'm referring to
22 at the bottom of Page 5 as you reference, and the
23 biggest difference is that a combined set of UNEs
24 referred to as UNE-P needs to be disaggregated in order
25 to insert the splitter, which is not an unbundled

01242

1 network element, and access to the DSLAM in order to
2 overlay a data service, which is also not an unbundled
3 element. So that under what's being referred to as
4 line splitting, a DLEC or another CLEC in partnership
5 with a DLEC could purchase an unbundled loop and a
6 bundled switching port with common transport and bring
7 those both to their DSLAM, and therefore, combine them
8 together, and the splitter may or may not be
9 incorporated within the DSLAM but could also be
10 located right there, essentially achieving a UNE-P
11 arrangement with data service.

12 Q. I understood that explanation, but then on
13 the other hand, if a CLEC gets a UNE-P, then what?

14 A. I don't understand.

15 Q. What I understood your answer just now to say
16 is that the CLEC can take unbundled elements and with
17 its own splitter basically put things together such
18 that you've got line splitting and the ability to do
19 DSL on the one end and voice on the other and that that
20 was available through a non UNE-P environment; is that
21 what you said?

22 A. Essentially, when you take the UNE platform,
23 which is combined elements, apart, they are no longer
24 combined, so definitionally you are not working with a
25 UNE-P any longer.

01243

1 Q. What is the difference operationally in the
2 end if the CLEC begins with unbundled elements and
3 recombines them in certain ways with the addition of a
4 splitter and ordering a UNE-P and then maybe unbundling
5 them or using a splitter. Is there any difference or
6 not?

7 A. Operationally, the only difference is that
8 Verizon, who is in this case not a service provider at
9 all in the arrangement, simply a network provider,
10 would not have to be involved in the company to company
11 relationship required between the DLEC and the CLEC for
12 line splitting. The line splitting arrangement could
13 be accomplished solely within a CLEC's collocation area
14 and between the two companies providing the end-user
15 services.

16 Existing ordering procedures that are
17 available today could be used to accomplish this.
18 Under a requirement to provide UNE line sharing or a
19 UNE-P arrangement requires Verizon to insert itself in
20 that process and somehow manage the relationship, I
21 suppose, between the carriers.

22 Q. Why is that?

23 A. There are several reasons. As the UNE-P
24 provider, the provider of voice services to the end
25 user is now the local exchange carrier of service, is

01244

1 the provider of the analog voice service, for all
2 intents and purposes --

3 Q. Why is that? In other words, if a CLEC gets
4 the UNE-P arrangement, why we know who ultimately is
5 going to be the voice provider or not?

6 A. According to the requirements of the FCC's
7 first report and order, when a carrier purchases
8 unbundled network elements, they stand in the shoes of
9 the local exchange carrier as the provider of service.
10 The incumbent local exchange carrier at that point is a
11 network element provider, not the service provider, and
12 going along with those thoughts, that's the reason the
13 CLEC bills and collects access charges and is
14 responsible for compensation arrangements between
15 carriers for local services, and they become, in
16 effect, the provider of analog voice services.

17 Q. Is there any market for the low end of the
18 line of -- you are the marketer for wholesales; right?

19 A. That is correct.

20 Q. Does anybody just want the low end of the
21 line?

22 A. The low bandwidth on the loop is typically
23 still used for analog voice services.

24 Q. Provided by GTE.

25 A. Provided by GTE or Verizon or another carrier

01245

1 either purchasing a UNE-P arrangement or providing
2 their own switching arrangement as well.

3 Q. Is there any interest that anybody has in
4 just the low end of the line?

5 A. Other than to provide voice services?

6 Q. To provide voice services. Is there any
7 expression of interest of someone wanting that half of
8 the line, not the whole line, not reselling, but just
9 that part of the line? Does anybody have a niche out
10 there that would use only the low-end part of the line?

11 A. Currently, POTS-only services only transmit
12 on the lower bandwidth that provide the loop. The loop
13 itself is not a physical division of low and high
14 frequency, obviously. It's the transmission
15 capabilities of the services riding that loop, so to
16 the extent that only voice services are riding the
17 loop, then they are indeed using the entire loop.

18 Q. If Verizon were to take their loops and,
19 let's say, provide their own splitters -- this is a
20 totally hypothetical question -- and advertise, We have
21 high end for sale and we have low end for sale, who is
22 willing to buy the low end? Is anybody willing to buy
23 it? Is there any interest on anyone's part in using
24 just that end?

25 A. Although we don't market it in those terms, I

01246

1 think that's exactly what is available today, and there
2 are CLECs who are not interested in providing data
3 services who are interested in providing voice
4 services.

5 Q. There are.

6 A. I believe so, yes.

7 Q. Are there any new technologies on the horizon
8 that might make special and distinct new use of the low
9 end of the loop that anyone knows about?

10 A. I'm personally not aware of anything.

11 CHAIRWOMAN SHOWALTER: I have no more
12 questions. Thanks.

13 COMMISSIONER HEMSTAD: I have no questions.

14 JUDGE BERG: Mr. Deanhardt?

15

16 FURTHER CROSS-EXAMINATION

17 BY MR. DEANHARDT:

18 Q. I'm going to ask you a technical question
19 about the network, and if you are not the right person
20 to answer this -- I'm trying to follow up on something
21 the Commission was asking -- please let me know and
22 we'll figure out who the right person is.

23 UNE-P is, in essence, no different in terms
24 of the various physical facilities and how they are
25 connected than Verizon providing voice service itself;

01247

1 correct?

2 A. That's correct.

3 Q. Then connecting UNE-P through a splitter to a
4 CLEC then would be no different than connecting
5 Verizon's own voice service, again, just at the network
6 level, would it?

7 A. From a strictly physical connection level,
8 that's correct.

9 Q. In your discussion at Pages 5 and 6 of
10 Exhibit T-216, your response testimony, regarding this
11 UNE-P issue, you say on Page 6, Lines 7 and 8, "The
12 current collocation rules allow CLECs to share physical
13 collocation arrangements." Do you see that?

14 A. Yes, I do.

15 Q. Does Verizon allow CLECs to perform CLEC to
16 CLEC cross connects?

17 A. At this time, Verizon physically performs the
18 cross connection, but yes, Verizon does allow CLECs to
19 connect one collocation arrangement to another.

20 Q. So it wouldn't be necessary for the CLECs to
21 share physical collocation arrangements to exchange
22 voice and data traffic?

23 A. Not at all.

24 Q. In response to a question that Dr. Gabel
25 asked you about the withdrawal of the ILEC-owned

01248

1 splitter option, you referred to one of the reasons
2 that Verizon is going to withdraw that option is
3 avoidance of capital risk; do you recall that?

4 A. Yes, I do.

5 Q. Verizon has bought splitters for deployment
6 during the time period that it's going to own the
7 splitter prior to December 15th; is that correct?

8 A. Yes, that's correct.

9 Q. And Verizon has set of recurring charge for
10 those elements; correct?

11 A. That's correct.

12 Q. And a recurring charge assumes that the
13 elements will be -- the easiest way to think of it is
14 it amortizes the costs of the elements over some period
15 of time; correct?

16 A. That's correct.

17 Q. I'm assuming that that time period is longer
18 than through December 15th; is that correct?

19 A. I believe so. You would have to ask the cost
20 and pricing witnesses.

21 Q. And that's probably going to be Dr. Tanimura?

22 A. Yes.

23 Q. If after December 15th, Verizon no longer
24 allows a CLEC to purchase a splitter port on an
25 ILEC-owned splitter that's already in place, then

01249

1 Verizon is going to lose the recurring revenue that
2 could be generated by that splitter port; correct?

3 A. By any splitter ports that are unused at that
4 point.

5 Q. And also in the context of the discussion we
6 had earlier, if a splitter port is used but then
7 becomes unused, at the point that it becomes unused,
8 Verizon will lose that recovery; correct?

9 A. There is that potential. On the other hand,
10 other splitters in use perhaps will remain in use well
11 beyond the time frame used to develop pricing as well,
12 so there is an averaging that takes place.

13 Q. What I'm trying to figure out is if the whole
14 point is to avoid capital risk, and, in fact, the
15 opposite side of that is to try and get a return on
16 capital at some point, why eliminate an option to
17 recover revenue on an existing facility?

18 A. We don't know that we've eliminated that
19 option at this point, and we won't know that until we
20 reach the point at which we discontinue the offering.
21 However, I think it needs to be stated that Verizon did
22 not enter into the provisioning of splitters on behalf
23 of CLECs as a line of business or with the intent to
24 generate earnings.

25 What we did do was deploy splitters in order

01250

1 to avoid the extreme influx of collocation orders and
2 construction of facilities that would have been
3 required in an extremely short time frame with very few
4 resources available in order to meet a June 6th
5 line-sharing implementation date. To that end, we have
6 attempted to deploy splitters based on expected demand,
7 and the expected demand was derived with input from the
8 CLEC community and in specific offices, so it is our
9 hope that the splitters that we had deployed will
10 indeed be in use and that customers will retain data
11 services provided by CLECs for a period of time that
12 will allow us to recover that capital.

13 Q. We hope so as well. You would agree with me
14 though that if there are unused splitter ports as of
15 December 15th or splitter ports that become unused
16 after December 15th, 2000, that by not permitting CLECs
17 to reuse those ports, GTE is foregoing a revenue source
18 that could be used to reduce the capital risk
19 associated with the deployment of the splitters.

20 A. It's possible. I won't say it's certain.

21 Q. I actually had decided not to go into this,
22 but since Dr. Gabel did, I want to follow up on a
23 couple of questions he asked you regarding line
24 testing.

25 The 4-TEL system that's deployed by Verizon

01251

1 can test from the switch, can test the transmission
2 path from the switch through the frame and the splitter
3 out to the end user; correct?

4 A. What it actually tests is the physical
5 facility itself, the physical characteristics of the
6 loop.

7 Q. And that's to make sure there is a cross
8 connection from the switch through the frame through
9 the splitter back through the frame to the end user;
10 correct?

11 A. That's correct.

12 Q. But it can only test that on what I'm going
13 to call the voice side of the equation; correct? Let
14 me rephrase. Let's back up for a second. Let's first
15 reach an agreement that what we are talking about is
16 continuity testing. We are testing the continuity of
17 the physical loop; correct?

18 A. That's correct.

19 Q. So we can test the continuity of the voice
20 circuit, but the 4-TEL system will not test the
21 continuity of the data circuit back through to the
22 CLEC's collocation area; correct?

23 A. I don't believe that's precisely accurate,
24 and again, not being an engineer or the technical
25 witness, I can only give you my understanding, but when

01252

1 the 4-TEL system tests the physical attributes of the
2 loop, it will indicate whether or not it is capable or
3 incapable of providing a continuous transmission path,
4 and I don't believe that that is done with respect to
5 the particular bandwidth in use.

6 Q. I'm not talking about the bandwidth either.
7 I'm talking about the actual path. Maybe you don't
8 know the answer to this, and let's find out first. Do
9 you know if the 4-TEL system will test the path from
10 the switch through the frame and the splitter to the
11 DLEC's collocation area?

12 A. It will not test the path through to the
13 DLEC's collocation area, no.

14 Q. That's because, if you know, the splitter
15 itself contains DC capacitors that block the
16 frequencies across which the test is performed from
17 going to the DLEC's collocation area; correct?

18 A. I honestly don't know if that's the actual
19 reason.

20 Q. Do you know whether the DLEC is able to test
21 from its area through the splitter all the way to the
22 end user or whether the same thing that keeps Verizon
23 from testing to the DSLAM also keeps CLECs from testing
24 to the DSLAM to the end user?

25 A. It's my understanding that the DLEC can test

01253

1 from the DSLAM through the splitter to the end user
2 premise.

3 Q. Who is the technical witness that's most
4 likely to have the most direct knowledge about that
5 question, Mr. Bykerk?

6 A. Perhaps. I don't know that we have a 4-TEL
7 technical witness here today, but I would suggest
8 asking the question to Mr. Bykerk, or we can take a
9 Bench request.

10 Q. We'll ask Mr. Bykerk, and if he doesn't know,
11 we will do a Bench request.

12 MR. DEANHARDT: That's all I have. Thank
13 you, Mr. Boshier.

14 JUDGE BERG: Redirect, Ms. McClellan?

15 MS. McCLELLAN: If I could just have a
16 minute, Your Honor.

17 (Pause in the proceedings.)

18 MS. McCLELLAN: Just a couple of questions
19

20 REDIRECT EXAMINATION

21 BY MS. McCLELLAN:

22 Q. Mr. Boshier, in response to questions about
23 the ILEC-owned splitter configuration, you mentioned
24 the June 6th date as being a target date. Can you
25 explain why that date was important?

01254

1 A. The June 6th date was imposed by the FCC as
2 the date certain with which line sharing should be
3 available.

4 Q. For that configuration, do you know what the
5 demand forecasts are from CLECs?

6 A. I don't have the figures with me today, but
7 there was activity. We did receive demand forecasts
8 from four CLECs, and it was activity projected
9 beginning with that date.

10 Q. How many actual orders have been placed for
11 that configuration?

12 A. Nationally, we've received approximately, and
13 this is as of mid August, 130 orders for line sharing,
14 and in the State of Washington, I believe we've
15 received 11 orders for line sharing as of mid August
16 with three of those orders being rejected so that there
17 are eight line-sharing arrangements in place today.

18 MS. McCLELLAN: Thank you. That's all.

19 JUDGE BERG: Mr. Boshier, that completes your
20 examination here this morning. Thank you very much for
21 being present. Let's be off the record for a minute.

22 (Recess.)

23 (Witness sworn.)

24 JUDGE BERG: Ms. McClellan?

25

01255

1 DIRECT EXAMINATION

2 BY MS. McCLELLAN:

3 Q. Could you please state your name and business
4 address for the record?

5 A. My name is Russell A. Bykerk, 545 East John
6 Carpenter Freeway, Irving, Texas.

7 Q. Do you have in front of you the exhibits
8 marked T-220 through T-225?

9 A. Yes, I do.

10 Q. Were those exhibits either prepared by you or
11 under your direction?

12 A. They were.

13 Q. Do you have any changes or corrections to
14 your testimony?

15 A. Not at this time.

16 Q. If I were to ask you the questions contained
17 in those exhibits, would your answers be the same
18 today?

19 A. Yes.

20 MS. McCLELLAN: Your Honor, I would like to
21 move the admission of Exhibits T-220 through T-225.

22 JUDGE BERG: Hearing no objection, Exhibit
23 T-220 through T-225 are admitted.

24 MS. McCLELLAN: Mr. Bykerk is available for
25 cross.

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CROSS EXAMINATION

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BY MS. BRADLEY:

Q. Good morning, Mr. Bykerk. My name is Ms. Bradley. I noticed that Verizon Northwest is offering three collocation options to CLECs at this time. The third option, I believe, on Page 6 of your rebuttal testimony, you have a brief description of the placement of the splitter relay rack. The first sentence in your answer is that Verizon Northwest will place a splitter relay rack as close to the MDF as is practical within the limits of the utilization plan for the particular central.

A. We should add "office" to the end of that sentence.

Q. My understanding is that you are placing it as close as practical to the MDF because that is the most efficient configuration; is that correct?

A. Yes.

Q. And you go on to talk about how Verizon ADSL services will be using those same splitters; is that correct?

A. Yes.

Q. Therefore, there is a nondiscriminatory --

A. Yes, that's correct.

Q. After December 15th, I think we discussed

01257

1 this with Mr. Boshier earlier, that splitter
2 configuration option will no longer be available to the
3 CLECs for new orders; is that correct?

4 A. That's correct.

5 Q. I think we discussed this somewhat with
6 Mr. Boshier, but I'm still unclear as to what exactly
7 is going to happen to those splitters as users are
8 moved off. Will Verizon Northwest continue to use
9 those splitters for its provisioning of ADSL?

10 A. No. The intent is to migrate off that
11 splitter configuration completely, so as customers are
12 taken out of service or choose to terminate their
13 service on those splitters, the splitters will be
14 unused until such time as the entire shelf is unused,
15 and then it will be removed.

16 Q. You just said earlier that that splitter
17 configuration was the most efficient configuration in
18 terms of placing it as close to the MDF as practical.

19 A. I understood your question to be the choice
20 of the location being the most optimal under the
21 circumstances for that specific configuration, not that
22 that configuration is the most optimal.

23 Q. Yet you have testified that the splitter
24 relay rack will be as close to the MDF as is practical;
25 is that right?

01258

1 A. Given the constraints of the floor plan in
2 that office, yes.

3 Q. The closer the splitter rack is to the MDF,
4 the shorter the cable lengths need to be; is that
5 correct?

6 A. Yes.

7 Q. On Page 3 of your rebuttal testimony, you
8 noted at the bottom of the page that surveys of the GTE
9 central offices have revealed that the average cable
10 run for collocation purposes either caged or cageless
11 is on average 202 feet. Have any surveys been done of
12 the distance between the splitter relay rack and the
13 Verizon-owned splitter configuration and the distance
14 between that relay rack and the MDF in Washington
15 central offices?

16 A. Not to my knowledge.

17 Q. Does Verizon Northwest plan to do any survey
18 of those?

19 A. Not to my knowledge.

20 Q. Is there anyone here that Verizon is
21 sponsoring a witness that would know if any surveys
22 would be done or plan to be done or have been done?

23 A. Not to my knowledge.

24 Q. So Verizon Northwest has not performed any
25 studies or measured any distances between the relay

01259

1 rack in its Washington central offices and the MDF?

2 A. I don't have any knowledge of those
3 measurements.

4 Q. You don't have any knowledge of them. I'm
5 asking whether Verizon has performed them.

6 A. Not to my knowledge.

7 Q. Is there someone that you could ask or can I
8 make a record request as to whether Verizon has
9 performed these measurements?

10 MS. McCLELLAN: I think the witness has
11 already testified that he does not know whether those
12 measurements have been performed. We will accept a
13 record request to find out whether such a survey has,
14 in fact, been conducted, but this witness is not going
15 to be able to answer that question.

16 JUDGE BERG: Record Request 19 will be for
17 Verizon to confirm whether any studies have been
18 performed of the cable lengths between the splitter
19 relay racks and MDFs in central offices in Washington.
20 Along with the record request to confirm whether any
21 study has been performed, if the study has been
22 performed, this record request will also encompass the
23 production of that survey.

24 Q. (By Ms. Bradley) The surveys that GTE or
25 Verizon has done were the distance between the average

01260

1 cable run from the main distribution frame to the
2 collocation area; is that correct?

3 A. That's my understanding, Yes, ma'am.

4 Q. And that is distinct and separate from the
5 relay rack area that Verizon is proposing in option
6 No. 3, the Verizon-owned splitter.

7 A. It's likely to be different, yes.

8 Q. I want to go back and clarify a question that
9 was proposed to Mr. Boshier that Verizon was offering a
10 shelf-at-a-time option for CLECs to order. To your
11 knowledge, is Verizon offering a shelf-at-a-time
12 ordering?

13 A. Could you clarify the configuration we are
14 talking about, whether it's 1, 2, or 3?

15 Q. Yes. In the Verizon-owned splitter
16 configuration, which I believe is Splitter
17 Configuration No. 3, do CLECs have the ability to order
18 a shelf at a time?

19 A. It's my understanding that where GTE or
20 Verizon provides the splitter, the splitter will be
21 made available a port at a time, not a shelf at a time.
22 If the CLEC were to order all 96 ports on that shelf,
23 they could certainly achieve a shelf at a time in the
24 end, but the order would be placed a port at a time.

25 Q. So there was no shelf-at-a-time pricing

01261

1 option that would calculate the efficiency of ordering
2 96 at a time, a volume discount, per se?

3 A. I can't answer the pricing question. I don't
4 know that.

5 Q. Can you tell me which witness would likely
6 know that?

7 A. Honestly, I don't understand the difference
8 between costing and pricing so I can't tell you who is
9 who.

10 MS. McCLELLAN: I believe Dr. Tanimura is our
11 pricing witness.

12 MS. BRADLEY: Thank you. Your Honor, if I
13 may have a moment to consult with counsel.

14 Q. (By Ms. Bradley) Can I ask a few questions
15 about the 4-TEL testing system that Mr. Boshier wasn't
16 able to answer, and you've been named as the lucky
17 person. Isn't it correct that the 4-TEL test system
18 will not perform a continuity test from the switch
19 through to the DSLAM?

20 A. That is correct. The 4-TEL system is
21 designed to test from the switch to the customer
22 premise, and the test originates in the switch and goes
23 to the customer premise. If you were to consider a Y
24 configuration with the switch being on one upper branch
25 of the Y and the DSLAM to be the other upper branch of

01262

1 the Y, one of those branches being the branch to the
2 DSLAM, is not totally connected. There is a blocking
3 capacitor at the union, at the base of the upper
4 portions of the Y, that allows the 4-TEL test to go
5 directly to the customer frame and only to the customer
6 frame.

7 Q. So the low frequencies are blocked by the
8 splitter, the blocking capacitor; is that correct?

9 A. The blocking capacitor does not allow DC
10 continuity back to the DSLAM, that is correct.

11 Q. That same blocking capacitor will prevent
12 CLECs from performing a continuity test over the same
13 frequency from the DSLAM to the end user; is that
14 correct?

15 A. The blocking capacitor will prevent a DC test
16 from the DSLAM to the customer premise. It does,
17 however, patch high frequencies, which is the frequency
18 band used by the DSL offering.

19 Q. But it does not allow a continuity test.

20 A. Not from the DSLAM.

21 Q. To the end user.

22 A. Right. It goes from the switch to the end
23 user.

24 Q. With respect to the voice circuit, the 4-TEL
25 test only tells you that the loop is continuous from

01263

1 the switch to the end user. I believe that's what you
2 said earlier; is that correct?

3 A. It tells us there is continuity from the
4 switch to the customer premise. It also tells us the
5 basic electrical characteristics of that circuit, that
6 there is no foreign potential on the line or imbalance
7 or impedance problems, basically verifies the
8 electrical characteristics of the line to meet
9 voice-grade service.

10 Q. But it cannot differentiate between a loop
11 connected through the splitter or one that is only
12 connected through the frame.

13 A. I'm sorry. Would you repeat that.

14 Q. It cannot differentiate between a loop that
15 has been connected through the splitter as opposed to a
16 loop that's only connected through the frame that has
17 not been connected to the splitter.

18 A. 4-TEL will test from the switch through
19 whatever path has been configured. If the splitter is
20 present in the circuit, it will test through the
21 splitter. If the circuit does not include the
22 splitter, it will go from the switch side of the frame
23 to the opposite side of the frame directly.

24 Q. I understand you are saying that the 4-TEL
25 system will test through that, but I'm asking as to

01264

1 whether it will differentiate as to whether the loop is
2 being run through the splitter or if it is not.

3 A. The 4-TEL system has the ability to provide
4 an estimated loop length, so insofar as the splitter
5 adds loop length to the circuit, it will identify a
6 longer loop. It will not identify the splitter as a
7 functional element in the circuit.

8 Q. But by identifying the longer loop, we are
9 talking a matter of a few feet in a central office and
10 one that is not practically distinguishable in test
11 results.

12 A. Typically, that's correct, yes.

13 Q. So the 4-TEL test also cannot tell whether
14 the loop is connected to the correct splitter port; is
15 that correct?

16 A. When the 4-TEL test runs from the switch to
17 the customer premise, it's done by telephone number,
18 and as long as that telephone number is active, that
19 test is completed.

20 Q. But if it can't tell whether a loop is going
21 through a splitter, one cannot expect that it could
22 tell whether it's connected to the correct splitter
23 port; is that correct?

24 A. I'm not sure I understand your question.

25 Q. Earlier, we discussed that you had said that

01265

1 the 4-TEL test cannot differentiate or cannot provide
2 results as to whether the loop is running through a
3 splitter as opposed to a loop that is not running
4 through a splitter. The only difference you said was
5 perhaps a marginal difference in distance that would
6 not be distinguishable to someone interpreting the test
7 results.

8 A. The test is run customer specific so we do
9 know that the circuit runs to the customer. We know
10 that it gets all the way to the customer.

11 Q. I think we are having some trouble. Perhaps
12 I will need to rephrase the question. My understanding
13 was that earlier you had said that 4-TEL could not tell
14 the user of 4-TEL whether or not a loop is running
15 through a splitter; is that correct?

16 A. Yes.

17 Q. So therefore, it stands to reason that 4-TEL
18 is not able to verify whether a loop is connected to
19 the correct splitter port; is that correct?

20 A. I have to assume from your question that the
21 splitter is introduced -- I'm sorry. Let me try that
22 again. A splitter can be assigned to any customer and
23 any customer can be assigned to any splitter. The
24 splitter doesn't determine whether or not we reach the
25 customer. Once the splitter is installed in the

01266

1 circuit and the 4-TEL test is originated or initiated,
2 if the test completes, then we have connected the
3 customer to the correct splitter and the circuit is
4 complete as designed.

5 Q. But the 4-TEL test does not tell you which
6 DSLAM port?

7 A. No. The 4-TEL test does not address DSLAM
8 port assignments.

9 Q. I have a few questions about cabling. If you
10 are not the correct witness for this, please let me
11 know who the correct witness would be. My
12 understanding is that Verizon is requiring the CLECs to
13 connect line sharing arrangements with using Category 5
14 cabling; is that correct?

15 A. That's correct, for the high frequency part
16 of the circuit.

17 Q. But Seicor, who is the maker of these
18 splitters, only requires Cat 3 cable in its
19 specifications; is that correct?

20 A. I have not read those specifications.

21 Q. Seicor is the maker of the splitters used by
22 Verizon; is that correct?

23 A. Yes.

24 Q. Will you accept subject to check that Seicor
25 specifications only require Cat 3 cabling?

01267

1 A. Yes.

2 Q. Isn't it true that Cat 5 cabling is more
3 expensive than Cat 3 cabling?

4 A. Category 3 cabling, yes, is cheaper than
5 Category 5 cabling. Category 5 housewiring is what
6 most new houses are built with, so Category 5 not only
7 provides a standard consistent at the CO end, it also
8 protects the central office other equipment from
9 electromagnetizing influence, sometimes referred to as
10 radio frequency interference. The Category 5 cabling
11 is used to protect other equipment in the central
12 office from that radiated interference, which is why
13 it's only used in the high frequency side of the
14 circuit.

15 Q. On Page 4 of your responsive direct
16 testimony, you discuss the reasons why Verizon
17 Northwest is not offering shelf-at-a-time ordering
18 option for the Verizon Northwest owned splitter
19 configuration; that is splitter configuration No. 3.
20 One of those reasons is that CLECs would have to
21 provide a projection of their expected demand forecast,
22 as it were, as I understand it. Are you aware that
23 CLECs are already providing forecasts to Verizon
24 Northwest, those that are assigned line sharing
25 agreements with Verizon in the State of Washington?

01268

1 A. I understand that forecasts were provided,
2 yes. I don't know with what frequency they are updated
3 or with what degree of accuracy they have been
4 received.

5 Q. You would accept subject to check, and you
6 can actually turn to Exhibit 218, if you may, which is
7 the line-sharing amendment executed by Covad and
8 Verizon that CLECs are providing quarterly forecasts on
9 a rolling six-month basis of expected line sharing
10 demands.

11 A. Okay.

12 Q. For the cabling required for the combined
13 voice and data path between the MDF and the splitter,
14 so the combined voice and data cabling between the MDF
15 and the splitter, what category of cabling is Verizon
16 Northwest requiring?

17 A. I believe that's Category 5.

18 Q. For the voice-only path between the MDF and
19 splitter, what category of cabling is Verizon Northwest
20 requiring?

21 A. I believe we are only requiring Category 3.
22 MS. BRADLEY: If I might have just a moment,
23 Your Honor.

24 (Discussion off the record.)

25 Q. Just one last question. Is Verizon going to

01269

1 require shielded cross connects for the jumpers
2 carrying the data transmission?

3 A. By "cross connect," on the MDF from point to
4 point?

5 Q. Yes.

6 A. We don't require it there.

7 MS. BRADLEY: Thank you. That's all, Your
8 Honor.

9 JUDGE BERG: Mr. Butler?

10

11 CROSS-EXAMINATION

12 BY MR. BUTLER:

13 Q. Yes, just a couple brief questions. With
14 respect to your testimony on Page 3 of Exhibit 224,
15 specifically the sentence beginning on Line 21, that is
16 where you refer to surveys of former GTE central
17 offices that reveal an average cable run for
18 collocation purposes of 202 feet. Can you tell me how
19 many of the central offices that were included in that
20 survey were located in Washington?

21 A. I don't know off the top of my head this
22 state's specific breakdown. I do know that we had
23 several dozen offices scattered across the United
24 States.

25 Q. Do you know whether Mr. Behrle would be

01270

1 better equipped to answer that question?

2 A. I don't know that, but he may be.

3 MS. McCLELLAN: I believe Mr. Richter will be
4 able to answer that.

5 MR. BUTLER: That's all I have. Thank you.

6 JUDGE BERG: Dr. Gabel?

7

8

CROSS-EXAMINATION

9 BY DR. GABEL:

10 Q. Good morning, Mr. Bykerk. I'd like to first
11 follow up on a line of questioning that Ms. Bradley was
12 just asking you about and that's the Cat 3 and Cat 5
13 wiring. Where you require Covad to use Cat 5 wiring,
14 what does Verizon use in the provision of its own DSL
15 services?

16 A. We would use Category 5 as well.

17 Q. I just need a little help on clarifying one
18 thing. If you could turn to your rebuttal testimony of
19 August 4th, Exhibit T-224, Page 4, Line 17, the acronym
20 HMDF, could you define what you mean by an HMDF?

21 A. That nomenclature originated with
22 Mr. Zulevic's responsive testimony, and I carried it
23 forward. I understand it to mean the horizontal side
24 of the MDF.

25 Q. Lastly, were you in the room this morning

01271

1 when I was asking Mr. Boshier about the use of
2 intermediate distribution frames?

3 A. Yes, I was.

4 Q. Are intermediate distribution frames used in
5 Verizon's network in Washington?

6 A. Not to my knowledge. We would only use those
7 anywhere in GTE on an exception basis, and I know of no
8 such exception at this point.

9 DR. GABEL: Thank you.

10 JUDGE BERG: Any additional
11 cross-examination, Ms. Bradley?

12 MS. BRADLEY: No, Your Honor.

13 JUDGE BERG: Any redirect?

14 MS. McCLELLAN: Yes, Your Honor.

15

16 REDIRECT EXAMINATION

17 BY MS. McCLELLAN:

18 Q. The Category 3 cable for the voice service,
19 is that the same as the standard central office cables
20 used for other POTS services?

21 A. Yes.

22 MS. McCLELLAN: Thank you. No further
23 questions.

24 JUDGE BERG: Any further questions from
25 anybody? At this time, Mr. Bykerk, you are excused

01272

1 from the witness stand. Thank you very much for being
2 present and testifying. Mr. Behrle, if you will come
3 on up.

4 (Witness sworn.)

5 JUDGE BERG: Ms. McClellan?

6

7

DIRECT EXAMINATION

8 BY MS. McCLELLAN:

9 Q. Good morning, Mr. Behrle. Could you please
10 state your name and business address for the record?

11 A. My name is David L. Behrle, and my business
12 address is 201 North Franklin Street, Tampa, Florida,
13 and the zip code is 33602.

14 Q. Did you prepare or cause to be prepared the
15 exhibits that have been marked T-230 through 239?

16 A. That is correct.

17 Q. Do you have any changes or corrections to
18 your testimony?

19 A. Yes, I do. In Exhibit T-230, on Page 4, the
20 sentence at Lines 14 and 15 should be deleted. On the
21 next page, which is the second Page 4, needs to be
22 relabeled as Page 4-A, and then on Page 5, I have two
23 changes. They are related. On Line 14, the word
24 "finally" should be deleted. The next word "this"
25 should become "the," and then at the end of the

01273

1 response on Line 17, I would like to add a clarifying
2 sentence to the testimony that says, "Finally, the
3 sales, advertising, and marketing cost factor is
4 applied to yield the total monthly cost for the
5 GTE-owned splitter configuration." That concludes my
6 changes.

7 CHAIRWOMAN SHOWALTER: I don't have a Page 6.

8 THE WITNESS: I don't have one either.

9 Q. (By Ms. McClellan) With those changes, if I
10 were to ask you the questions contained in your
11 testimony, would they be the same today?

12 A. Yes.

13 MS. McCLELLAN: With that, I would like to
14 move for the admission of Exhibits T-230 through 239.

15 JUDGE BERG: Hearing no objections, T-230
16 through 239 are admitted.

17 MR. KOPTA: Your Honor, I should have noted
18 this on the record, but I notice that Exhibit 231 and
19 C-232 appear to be the same exhibit, and following our
20 convention, I believe it should be 231 and C-231, but
21 perhaps Ms. McClellan could clarify if they are, in
22 fact, one exhibit or two separate exhibits.

23 MS. McCLELLAN: I believe that they are.

24 JUDGE BERG: What I'd like to do just to
25 remain consistent, since what is presently marked as

01274

1 232 is just the confidential portion of 231, what has
2 been previously identified as Exhibit C-232 will be
3 changed to C-231, and the Exhibit No. 232 will be
4 blank. Thank you, Mr. Kopta. Exhibit C-231 is
5 admitted.

6 MS. McCLELLAN: With that, Mr. Behrle is
7 available for cross.

8 JUDGE BERG: Ms. Bradley, I'm going to have
9 you begin cross-examination, and we would look for a
10 convenient time at approximately 11:45 to break.

11 MS. BRADLEY: Okay, Your Honor.

12

13 CROSS-EXAMINATION

14 BY MS. BRADLEY:

15 Q. Good morning, Mr. Behrle.

16 A. Good morning.

17 Q. I'm going to start off and go straight to
18 C-231 and have you walk me through some of the numbers.
19 If you look at Page 2 of C-231, I wanted to ask you
20 about material loadings. Being a layperson and not a
21 costing expert, could you explain to me what is
22 included in those material loadings?

23 A. There are four components of material
24 loadings. There are supply, which is a freight charge,
25 sales tax, a provisioning charge, and then minor

01275

1 materials.

2 Q. The provisioning charge, what exactly does
3 that entail?

4 A. That would include the warehousing of the
5 material, transport to the central office from a
6 central warehouse where we take delivery of the
7 equipment from the manufacturer.

8 Q. And that's different from freight?

9 A. The freight charge would be from the
10 manufacturer to our warehouse.

11 Q. And sales tax is included in that material
12 loadings?

13 A. That's correct.

14 Q. Minor materials, could you explain that,
15 please?

16 A. Yes. Minor materials, as we've used it in
17 the study, is an average factor for the nuts and bolts,
18 extra wiring for similar circuit equipment.

19 Q. Splitters are not circuit equipment though,
20 are they?

21 A. It's my understanding that they would be
22 booked in that account, so they are treated as circuit
23 equipment.

24 Q. But my understanding is that a splitter is
25 just a filter and there are no electronics involved; is

01276

1 that correct?

2 A. There is no power requirement, but it is
3 still a piece of equipment.

4 Q. But it is different from a circuit electronic
5 in the sense that there is no power involved, fewer
6 things to break.

7 A. True, but it doesn't mean there would not be
8 any minor materials associated in installing the
9 splitter shelf into the bay.

10 Q. I'm not disputing that there would be minor
11 materials. I'm just suggesting that it would be
12 different because it is not a circuit equipment, and
13 there isn't the wiring that would necessarily be
14 involved in equipment that requires DC power.

15 A. That may be, but at the time I did the study,
16 we did not have any actual work orders to establish
17 specific minor materials for this arrangement, so we
18 did a standard operating procedure of applying minor
19 material loading factor in which we used all circuit
20 equipment as a surrogate for this interim configuration
21 of the Verizon-owned splitter.

22 Q. I'm going to go down this chart here, and
23 after material loadings, one has capital recovery.
24 Could you explain that, please?

25 A. Capital recovery is the return of capital and

01277

1 also it includes the cost of money and also the
2 depreciation of the capital.

3 Q. Over how much time is this number calculated?

4 A. Over how much time?

5 Q. Right. You said this is for the recovery of
6 capital and the depreciation, and my limited
7 understanding for accounting is that depreciation
8 usually needs to be figured over a set period of time.

9 A. The bottom line answer is I don't know the
10 period of time and the depreciation that supports the
11 number.

12 Q. Is there a Verizon witness who would be able
13 to provide that?

14 A. Not that I'm aware of. It's my understanding
15 that the depreciation that's included in the capital
16 recovery number is a standard depreciation for a
17 circuit type equipment.

18 Q. Composite income tax, I think I would
19 understand; maintenance and support, property tax.
20 Sales, advertising, and marketing; you modified your
21 testimony just a few moments ago to add that the sales,
22 advertising, and marketing cost factor is applied to
23 yield the total monthly cost, and I'm assuming that
24 that is referring that that change in your testimony
25 was to account for this number or this factor here; is

01278

1 that correct?

2 A. Yes. I was just going to clarify that the
3 sentence in my testimony did not change this exhibit.
4 The exhibit calculations have not changed.

5 Q. So this sales, advertising, and marketing
6 factor is in addition to the costs that Verizon is
7 proposing to charge the CLECs for this GTE-owned
8 splitter or Verizon-owned splitter option; is that
9 correct?

10 A. That is correct.

11 Q. But Verizon is withdrawing this option on
12 December 15th; is that correct?

13 A. That's my understanding.

14 Q. So Verizon is increasing costs for sales and
15 advertising for an option which it will no longer offer
16 in a few months.

17 A. Well, I would take a different perspective.
18 The sales, marketing, and advertising cost factor is a
19 recovery of costs associated with a provisioning of
20 this configuration, and to the extent that we would
21 not -- some of those costs are recovering Mr. Boshier's
22 salary as a wholesale and marketing manager
23 provisioning this configuration.

24 Q. Continuing down Page 2, and I wanted to
25 verify, this maintenance cost for jumpers that you have

01279

1 in Line 30, is the figure derived there reflective of
2 the maintenance and support factor on Line 11? It
3 appears to be in addition to the maintenance and
4 support factor on Line 11; is that correct?

5 A. You are correct. It's not part of the number
6 on Line 11. It's a separate number. It's
7 approximately one third of the number shown on Line 30.

8 Q. If I'm looking, Line 28 is actually the
9 number that is derived from the maintenance and support
10 factor, the actual charge; is that correct?

11 A. Correct.

12 Q. So what does that maintenance and support
13 cover if it does not include the jumpers?

14 A. It's the maintenance and support of the
15 splitter shelf, splitter cards, the tie cables from the
16 splitter shelf to the MDF.

17 Q. And again, these were calculated on the
18 assumption that the splitter was a piece of digital
19 circuit equipment; is that correct?

20 A. That is correct.

21 Q. On Page 3 of Exhibit C-231, it might help to
22 go through this to turn to Exhibit 215 which
23 Mr. Boshier introduced as the GTE-owned splitter
24 configuration, and perhaps we can match up exactly what
25 charge is for what item.

01280

1 A. I need a copy.

2 MS. McCLELLAN: May I approach, Your Honor?

3 JUDGE BERG: Yes.

4 Q. (By Ms. Bradley) Do you have before you,

5 Mr. Behrle, Exhibit 215, the GTE-owned splitter

6 configuration for line sharing?

7 A. Yes, I do.

8 Q. On Page 3 of your confidential cost study,

9 Exhibit C-231, you have three cable costs calculated,

10 the ADSL signal cable cost, the loop termination cable

11 cost, and the POTS return cable cost.

12 A. That is correct.

13 Q. Can you describe to me where on 215 those

14 cables are located?

15 A. I guess I can. The first one, the ADSL

16 signal cost, is the top tie cable from the splitter bay

17 to the MDF. It is then crossed connected through a

18 jumper on the MDF to the DSLAM termination on the MDF.

19 The POTS return cable cost is the second tie

20 cable, in the middle on the diagram, from the splitter

21 bay running through a cross connected jumper on the MDF

22 to the outside plant cable pair, and then the finally

23 the third, the POTS return cable cost is the bottom tie

24 cable.

25 Q. I'm sorry. The loop termination cost is the

01281

1 middle one?

2 A. Yes.

3 Q. And then the POTS return cable cost cable is
4 the bottom one?

5 A. Right, the one that goes to the MDF and is
6 jumper cross connected on the MDF to what's labeled
7 "GTE POTS voice frequency connection to the switch."

8 Q. My understanding of the methodology that
9 Verizon used was to take the assortment of standard
10 cable lengths, average them and thereby derive a price
11 for each of these cables; is that correct?

12 A. A weighted average, correct.

13 Q. A weighted average.

14 A. Correct. They all have equal weight.

15 Q. I asked Mr. Bykerk this as well, but you do
16 not know the actual length between the splitter bay and
17 the MDF in any of the Washington central offices, do
18 you?

19 A. I have the beginnings of the study. Since we
20 have done our testimony, we have analyzed the purchases
21 of Category 5 cable, 25-pair Category 5 cable, and I
22 also want to clarify that we can't tell from just that
23 part of the study that it's all to DSL or to this
24 configuration, but based on that and for qualification
25 that is for GTE Northwest, which includes a bit of

01282

1 Idaho, Oregon, and Washington so it's just not all
2 Washington, it is more defined than all of GTE. The
3 average cable length for those Category 5 cables is 136
4 feet, which is fairly comparable to like we have in the
5 study.

6 Q. That is for all Category 5 cable ordered and
7 not specific to the line-sharing configurations; is
8 that correct? I'm just trying to clarify what group of
9 cabling is being measured.

10 A. I do not have knowledge that there is much or
11 if any DSL service through a collocation. I just don't
12 know, so it's my assumption that the Category 5 cables
13 are to provide up to now the Verizon-owned DSL service.

14 Q. I wanted to clarify when we were identifying
15 each of these cables on the diagram on Exhibit 215 that
16 does this include the jumper so -- for example, for the
17 ADSL signal cable, I've got a dark line running from
18 the splitter bay to the MDF, and then does this price
19 for the ADSL signal cable cost also include the jumper
20 on the MDF that connects to the ADSL high-frequency
21 signal cable?

22 A. It only includes the maintenance of those
23 jumpers. The actual material cost and the installation
24 of the jumpers is covered in the cost support for the
25 nonrecurring charges.

01283

1 Q. So it does not include the cost of the
2 jumpers, but it includes the cost of the maintenance of
3 those jumpers?

4 A. That is correct.

5 Q. Now I'm confused, because on Page 3 of your
6 cost study, it appears to me that you have item costs
7 based on the length of the cable, so that is the price
8 of the cable; is that correct?

9 A. That is correct. This Page 3 of 3 is also a
10 supporting detail worksheet for Ms. Linda Casey.

11 Q. What I'm having trouble understanding here
12 though is you have a price next to a 50-foot length
13 cable, a price next to a 100-foot length cable, and so
14 on all the way to 300-foot length cable, and you have
15 that under a column, "item cost."

16 My difficulty in understanding is the cable
17 between the splitter bay and the MDF, the top line
18 which you identified as being the ADSL signal cable, my
19 understanding is that that actual cable is what is
20 meant by item cost and not the maintenance of the
21 jumper.

22 A. That is correct.

23 Q. But you had said that it includes the
24 maintenance of the jumper.

25 A. Well, the maintenance of the jumper is

01284

1 summarized on Page 2, so there is really not a
2 connection between Page 2 and Page 3 for the
3 maintenance of the jumper.

4 Q. That's what I wanted to clarify. I was just
5 referring to these item costs on Page 3. So here's
6 another point of confusion. If these three cable item
7 costs are specifically for the three cables connecting
8 the splitter bay to the MDF that are in the bold dark
9 lines on Exhibit 215, why are the three average
10 distances different. The average distance for the ADSL
11 signal cable, the top cable is 175 feet. The average
12 distance for the middle one is 175 feet, and the
13 average distance for the bottom one is 125 feet.

14 MS. BRADLEY: I'm sorry. Are those distances
15 confidential? I assume they are just the distances of
16 the average standard cables.

17 MS. McCLELLAN: They are not confidential.

18 MS. BRADLEY: Am I safe in assuming it is
19 simply the prices that are confidential on this page,
20 and I will refrain from specifically referring.

21 MS. McCLELLAN: Just to clarify, these are
22 costs on this page, and they are confidential.

23 MS. BRADLEY: Thank you.

24 THE WITNESS: I addressed your question in my
25 rebuttal testimony, Exhibit T-235, and it's on Page 10,

01285

1 and I will summarize briefly. When we first did the
2 study, we followed the company engineering practice
3 which outlined various cable lengths for the three tie
4 cables. In retrospect, now that that's been brought to
5 our attention, we probably should include the
6 additional cable lengths of 250 and 300 feet in the
7 POTS return tie cable so that all three would have the
8 same average length.

9 Q. But that average length of 175 feet would be
10 greater than the average length that you are finding in
11 your initial results of average cable lengths of 134
12 feet that you testified to earlier; is that correct?

13 A. But it's a timing question. The study that
14 generated the 136 was just done recently.

15 Q. I'm just asking if 175 is greater than 136;
16 is that correct?

17 A. I accept.

18 Q. In addition, isn't it correct that Verizon
19 Northwest requires CLECs to use Category 5 cables for
20 all of its cabling carrying data signals, regardless of
21 whether it's used for line sharing or to connect an
22 unbundled loop?

23 A. That I can't testify to, yes or no.

24 Q. Would you accept that subject to check?

25 A. Yes.

01286

1 Q. If that were so, then the measuring pool from
2 which you are deriving an average cable length of 136
3 feet is still imprecise or inaccurate based on the fact
4 that it is including all orders for Cat 5 cable rather
5 than line sharing specific orders; is that correct?

6 A. It may include some based on your premise.

7 MS. BRADLEY: Your Honor, I would like to
8 introduce Covad Cross Exhibit No. 240 and C-240, the
9 confidential portions of that cross exhibit, which is
10 Verizon's responses to Data Request No. 4 posed by
11 Rhythms.

12 MS. McCLELLAN: No objection.

13 JUDGE BERG: Exhibit 240 and C-240 are
14 admitted.

15 Q. (By Ms. Bradley) Mr. Behrle, do you have a
16 copy of that in front of you?

17 A. Yes, I do.

18 Q. Attachment 4, which is the confidential
19 portion of the response to Data Request No. 4, is a
20 contract for the purchase of Seicor splitters by
21 Verizon; is that correct?

22 A. That is correct. That was actually signed by
23 GTE.

24 Q. Unfortunately, we don't have the best page
25 numbering on this contract, but I am in the exhibit

01287

1 section of the contract. There is Exhibit B, which is
2 attached at the end of the contract, and Exhibit B is
3 product and product prices.

4 A. I have that.

5 Q. My understanding is that these are prices for
6 splitters and splitter shelves purchased from Seicor;
7 is that correct?

8 A. Yes. That is a price list that is dated with
9 the contract back in, I believe, September of '98.

10 Q. This is what Verizon produced to Rhythms
11 though upon the data request for a representative
12 contract with Seicor; is that correct?

13 A. That is correct.

14 Q. If I look an Page 3 of your Confidential 231,
15 I believe, I have a price for a Line 5, a CO splitter
16 shelf, 23 inches, ADSL generic. That cost that is
17 listed in Column D is different from the cost in the
18 contract that is what Verizon, or GTE who signed the
19 contract, is paying Seicor. If you look at the second
20 line, CO splitter shelf, 23 inches, ADSL, without
21 naming the costs so we don't get into a confidential
22 exhibit, those two numbers are different; is that
23 correct?

24 A. That is correct.

25 MS. BRADLEY: Your Honor, this might be a

01288

1 good time for a break.

2 JUDGE BERG: All right. We'll be off the
3 record.

4 (Lunch recess taken at 11:45 a.m.)

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01290

1 splitter configuration, which Mr. Boshier presented in
2 Exhibit 215 attached to his testimony. Could you turn
3 to that exhibit, please?

4 A. Yes, I have it.

5 Q. When I look at Exhibit 215, the bold lines
6 that represent the incremental facilities for line
7 sharing, I only count two jumpers on the main
8 distribution frame. One connecting the splitter bay to
9 the ADSL high-frequency signal cable to the DSLAM and
10 one connecting the splitter bay to the OSP cable pair?

11 A. My copy shows three.

12 Q. The third jumper would be connecting the
13 splitter bay to the GTE POTS voice frequency cable?

14 A. As shown on my copy. (Witness indicating.)

15 Q. I'm looking at sort of the bolded lines as
16 being the incremental facilities. That jumper from the
17 splitter bay to the GTE POTS voice frequency, would
18 that not be a jumper that would ordinarily connect the
19 OSP cable pair to the GTE POTS voice frequency?

20 A. Without the line splitter, without line
21 sharing, the jumper would run from the outside plant
22 cable pair that connects the customer to the MDF, and
23 that jumper would be run to the POTS voice frequency
24 connection to the switch; that is correct.

25 Q. That is a jumper cost and a jumper cable that

01291

1 GTE or Verizon would have to provide for itself
2 regardless of whether they were line sharing or not; is
3 that correct?

4 A. The timing is that the jumper would be
5 connected between the switch and the outside plant
6 cable pair to provide POTS service, and then the
7 request for line sharing comes, and to accommodate the
8 request for line sharing, the jumper has to be broken
9 from that connection and then a new jumper connecting
10 voice frequency to the switch to the splitter, so that
11 is a cost that is incurred because of line sharing.

12 Q. My understanding is that is a provisioning
13 cost that would be collected in the nonrecurring cost
14 rather than an ongoing maintenance cost, which seems to
15 be presented in your monthly recurring charge.

16 A. No, I would disagree. To establish the
17 jumper, the base material of the jumper, and to
18 provision that the central office technician to do the
19 labor to make the connection, true, that is a
20 nonrecurring cost, but the annual maintenance of that
21 jumper, say the jumper is broken in time, it's that
22 maintenance of the jumper that would be monthly
23 recurring.

24 Q. The maintenance of that jumper is something
25 that GTE would have been paying for anyway, providing

01292

1 to itself, if line sharing were not provisioned on that
2 line.

3 A. That is correct.

4 Q. If I can turn you to cross Exhibit 243 and
5 C-243, and I would look like to move for the admission
6 of these exhibits. These are Verizon responses to
7 Rhythms Data Request No. 6 and the confidential
8 attachment.

9 MS. McCLELLAN: No objection.

10 JUDGE BERG: Exhibit 243 and C-243 are
11 admitted.

12 Q. (By Ms. Bradley) In Exhibit C-231, Page 3,
13 Column E, Verizon adds a 10 percent --

14 JUDGE BERG: Off the record.

15 (Discussion off the record.)

16 Q. In Column E where you have the 10 percent of
17 the material cost listed as an engineering cost, and
18 that is the estimate that is referenced in Rhythms Data
19 Request No. 6. This data request response bases that
20 10 percent on these two work orders estimates for the
21 provisioning of line sharing splitters; is that
22 correct?

23 A. There is a clarification that's included in
24 the supplemental response, which I understand is part
25 of Exhibit 243, that clarifies that we do not use the

01293

1 work orders to base the 10 percent estimate on. The 10
2 percent estimate was used in the cost study, and then
3 the work orders were found, and that also sort of
4 validated the number, but the 10 percent estimate is an
5 engineering estimate for this type of equipment.

6 Q. So what is the 10 percent estimate based on
7 then?

8 A. In this case, it's based on engineering
9 judgment.

10 Q. This 10 percent assumes then that more
11 expensive materials will cost more to engineer. There
12 is always a direct relationship between the two; is
13 that true?

14 A. Within the parameters of circuit equipment, I
15 don't know the full range of value of circuit
16 equipment.

17 Q. I'm sorry. I didn't quite understand your
18 answer to my question. Do you want me to repeat the
19 question? Taking 10 percent of the material cost and
20 using that for an engineering estimate assumes that
21 there is a direct relationship between the materials
22 and the cost of engineering; that if a material is more
23 expensive, it will cost more to engineer. 10 percent
24 of a thousand dollars is more than 10 percent of one
25 hundred dollars.

01294

1 A. On that basis, that is correct.

2 Q. Does that direct relationship hold true, in
3 your opinion?

4 A. I do not personally do the engineering of the
5 work orders so I could not comment, and I would also
6 say that to the extent that we do not have that precise
7 of any other estimate of engineering time for this type
8 of equipment, this was the best estimate we had at the
9 time and still do at this time.

10 Q. So there are only two work orders still for
11 engineering estimates at this time?

12 A. There are more work orders, but as we stated
13 in testimony, we still have not been able to get our
14 hands on completed work orders.

15 Q. So Verizon is not basing this 10 percent on
16 completed work orders; is that correct?

17 A. That is correct.

18 Q. I'd like to bring you to Cross Exhibit No.
19 245, and this is Rhythms' responses to Rhythms Data
20 Request No. 8.

21 MS. BRADLEY: I'd like to move for admission
22 of Exhibit 245, Your Honor.

23 MS. McCLELLAN: No objection.

24 JUDGE BERG: Exhibit 245 is admitted.

25 Q. (By Ms. Bradley) You prepared the response

01295

1 to this data request, which asks for a description of
2 the basis for a 10 percent assumed need for maintenance
3 spares for splitter cards; is that correct?

4 A. That is correct.

5 Q. And in this, you simply referred to a Verizon
6 engineering procedure manual that is attached; is that
7 correct?

8 A. That is correct.

9 Q. I think I'd like to ask this question again,
10 and if you are not the witness -- what is the basis for
11 the 10 percent reserve for maintenance spares? You
12 referred me to an engineering manual that didn't
13 provide a basis for this number of 10 percent.

14 A. For a basis?

15 Q. Yes. What is the reasoning behind needing 10
16 percent maintenance spare capacity on hand at all
17 times?

18 A. The need for maintenance inventory, spare
19 inventory of equipment, is in case a piece of equipment
20 fails. You want to maintain service for the customer.

21 Q. I understand, but how did the number 10
22 percent, how was that derived?

23 A. I do not have that personal experience. That
24 is an engineering judgment accumulated within GTE, now
25 Verizon, and that's accumulated into the engineering

01296

1 practice and reflected on Page 16 of 17.

2 Q. You, yourself, do not know though.

3 A. Where the 10 percent came from, no.

4 Q. I'm going to move to Exhibit C-234, which is
5 your cost study for Option No. 1, CLEC-provided virtual
6 collocation configuration?

7 A. Would you restate that?

8 Q. It's C-234, and it's the cost schedule for
9 the CLEC-provided splitter in a virtual collocation; is
10 that correct?

11 A. Yes.

12 Q. I'm looking at Page 2 of 2, Line 6, and this
13 is the cost for the 10 percent maintenance spares; is
14 that correct?

15 A. One moment. On reflection, the number in
16 Column D for Row 6 is, subject to checking the
17 calculations of the model, is probably incorrect. It's
18 not the same number on comparable page to Exhibit
19 C-231, and if we are incorrect, I apologize for the
20 error.

21 Q. So will Verizon be submitting revised cost
22 schedules reflecting a correction?

23 JUDGE BERG: I think that should be responded
24 to by counsel.

25 MS. McCLELLAN: I guess so.

01297

1 JUDGE BERG: We'll make that Bench Request 8
2 so that it will be provided to the Bench as well as to
3 other parties. It's a reconciliation between C-231 and
4 C-234, Page 2, Line 6.

5 THE WITNESS: Your Honor, I believe I
6 misrepresented the worksheet on Exhibit C-234. The
7 presentation is not the same, but I believe the
8 calculations are correct. The 10 percent in the
9 worksheet on Page 2 of Exhibit C-234 is applied in
10 Column E, the quantity. That's where the 10 percent
11 occurs, so the splitter module item cost of Column D is
12 represented again as the same, and the 10 percent is
13 represented in the quantity, so I apologize for the
14 confusion. It is my mistake, but I think upon checking
15 that that will be verified.

16 JUDGE BERG: To the extent that if you had
17 the opportunity to present it differently so that it
18 would at least in appearance be more consistent, then
19 that would certainly suffice, Ms. McClellan.
20 Otherwise, if there is further explanation to clarify
21 the validity of the numbers between the two documents,
22 we would be willing to go ahead and allow you,
23 Mr. Behrle, to continue, but if that explains it, then
24 I think we will move forward and take other questions.

25 MS. McCLELLAN: Thank you, Your Honor.

01298

1 Q. (By Ms. Bradley) I'll go back to Line 6, and
2 assuming that that is a correct number, the 10 percent
3 for maintenance spares is basically -- well, let me
4 back up a step, but there are, to my understanding, 24
5 cards in a splitter, so when Verizon is calculating 10
6 percent for maintenance, they are calculating 10
7 percent of that 24; is that correct?

8 A. That is correct.

9 Q. So Verizon is charging or proposes to charge
10 the CLECs for 2.4 cards; is that correct?

11 A. That is correct. If I might add, that is on
12 an average basis.

13 Q. So some central offices will have two cards
14 and others will be three cards?

15 A. It's hard to split a card.

16 Q. On this same Exhibit C-234 on Page 1, I'm
17 looking at the bottom half calculation of monthly cost,
18 and you testified that in this configuration where the
19 CLEC is providing the splitter, Verizon estimated its
20 costs based on its own experience provisioning its own
21 splitters; is that correct?

22 A. Well, it's not based on the experience but on
23 the cost study that I present here.

24 Q. The prior cost study of a Verizon provided
25 splitter.

01299

1 A. A cost study representation of what we
2 expect.

3 Q. Exhibit C-231. I just want to be clear for
4 the record.

5 A. Correct.

6 Q. So the costs estimated in C-231 were taken as
7 the basis for the costs in C-234; is that correct?

8 A. That is correct.

9 Q. On Line 24, there is a material loading
10 charge or factor, I should say, a percentage. My
11 understanding from your earlier testimony was that the
12 material loading factor was based on four items: the
13 supply, which is freight charges; sales tax;
14 provisioning charge, which included warehousing, and
15 minor materials, such as nuts and bolts. Why is there
16 a material loading charge for the equipment cost of a
17 splitter when the CLEC is providing the splitter and
18 presumably paying the sales tax and the freight, et
19 cetera?

20 A. That is a good question, and in this cost
21 study, we are determining the monthly maintenance cost
22 and operational cost of similar equipment, and we are
23 using the Verizon-owned equipment in this cost study as
24 a surrogate measurement.

25 The maintenance and support factor that you

01300

1 see on Line 8 is a maintenance and support factor that
2 is used within Verizon for the State of Washington for
3 similar circuit equipment to which splitter equipment
4 is booked, and that factor is based on fully injured
5 and installed equipment, including material loadings,
6 so on that basis, it's appropriate to represent the
7 equipment as if it was fully installed by Verizon,
8 calculating a maintenance cost and operational costs.

9 Q. This factor for the maintenance is in
10 support. Verizon based this on similar circuit
11 equipment, you said?

12 A. The totality of all circuit equipment in that
13 plan account in the State of Washington.

14 Q. You earlier said "similar circuit equipment"
15 though; is that correct?

16 A. I did, and I was referring to -- maybe I
17 misspoke because I'm not aware of other similar
18 line-sharing equipment, but the other equipment that's
19 in the circuit equipment account, since they are both
20 in the same account, I call them similar.

21 Q. And the other circuit equipment in that
22 account is equipment that requires DC power; is that
23 correct?

24 A. They may and they may not.

25 Q. Can you give me an example of a piece of

01301

1 equipment that does not?

2 A. No, I could not.

3 MS. BRADLEY: Your Honor, if I may have a
4 moment to consult with counsel.

5 (Discussion off the record.)

6 Q. (By Ms. Bradley) Let me go back to the
7 material loading factor for a moment. It appears on
8 the two cost schedules, C-231 and C-234, that Verizon
9 did not make any adjustments based on the fact that the
10 CLEC would be providing the equipment, paying the sales
11 tax, and handling the freight and other expenses; is
12 that correct?

13 A. Are you going to the other exhibit?

14 Q. The two cost schedules, C-231 and C-234, in
15 deriving the monthly recurring charges.

16 A. I'm sorry, what is the question.

17 Q. In deriving the monthly charges, Verizon, it
18 appears, did not make any adjustments based on the fact
19 that the CLEC is purchasing the splitter equipment and
20 providing it, paying for the material loading factor,
21 such as sales tax, freight, et cetera.

22 A. We did not.

23 Q. There have been no adjustments based on the
24 difference between a splitter and DC-powered equipment
25 within the circuit equipment account; is that true?

01302

1 A. Yes. As far as I know, there is no separate
2 maintenance and support factor for those two separate
3 categories of equipment, so we use the same.

4 MS. BRADLEY: That is all, Your Honor.

5 JUDGE BERG: Mr. Butler?

6

7

CROSS-EXAMINATION

8 BY MR. BUTLER:

9 Q. Mr. Behrle, I just wanted to clarify for my
10 own mind the size of the relay racks that Verizon used,
11 eight foot racks or seven foot racks?

12 A. I can't depend on the central office. The
13 study upon which this is done is upon a seven-foot
14 rack.

15 Q. If you could turn to Exhibit C-231, it would
16 be Page 3, under Line 3, there is a reference to an
17 eight-foot relay rack. Does that change your answer?

18 A. It would refine the study. You are correct;
19 the description in the equipment item does reference an
20 eight-foot rack, and on a going-forward basis with
21 other studies, new states, an eight-foot rack is
22 reflected, and so the capacity in Column I is going up
23 to reflect an additional shelf.

24 Q. So is it correct then that cost studies that
25 you use to base the prices in this proceeding assume

01303

1 the use of an eight-foot versus a seven-foot rack?

2 A. The cost study reflects a seven-foot rack, so
3 in that sense, the description on Column A, the
4 description is incorrect. The engineering practice
5 which we have entered into evidence in the record
6 discusses a seven-foot rack, and a seven-foot rack from
7 the engineering practice is reflected in the capacity
8 of the study, and then we went back to find the price
9 support of splitter shelves, cards, and so on to get a
10 current price, not the contract price that we talked
11 about earlier but a current price in our GTE supply
12 systems. That price list describes the equipment as a
13 relay rack 8 foot by 23 inches, so that's where the
14 description came from, so the disconnect in timing of
15 doing the various piece parts was not caught.

16 Q. Do I understand your answer to mean that the
17 capacity assumptions for a rack used in the cost study
18 are those which would be applicable to a seven-foot
19 rack or to an eight-foot rack?

20 A. A seven-foot rack.

21 MR. BUTLER: I have no further questions.

22 JUDGE BERG: Dr. Gabel?

23

24 CROSS-EXAMINATION

25 BY DR. GABEL:

01304

1 Q. Good afternoon, Mr. Behrle. I would like
2 first to ask you to turn to Exhibit 230, Page 7, Lines
3 3 through 6. This is your direct testimony. I believe
4 it's been renumbered Page 6.

5 CHAIRWOMAN SHOWALTER: No. There was a 4 and
6 4-A and then 5 and then 7.

7 Q. This is under the heading "other issues." I
8 was just wondering that subsequent to the filing of
9 your direct testimony, did GTE complete the study that
10 you referred to here?

11 A. For trouble isolation?

12 Q. Yes.

13 A. No, we have not.

14 Q. So at this point in time, the pricing for
15 that will be done as you describe at Lines 5 and 6.

16 A. That is correct.

17 Q. Turning to Exhibit 234, Line 8, Page 1, is
18 this same factor used for jumpers? The factor that's
19 here on Page 1, Line 8 would be used for jumpers?

20 A. I believe I would have to defer that question
21 to Ms. Linda Casey.

22 Q. Referring to Exhibit 231, Page 3 of 3, Column
23 B, Lines 10 through 15, would you explain why these
24 discreet sizes were used?

25 A. Yes. In the development of the cost study,

01305

1 we then relied on engineering practice, I believe one
2 entered into evidence on Exhibit 235, and then within
3 the engineering practice, it listed cable lengths that
4 were available for engineers to write up on work
5 orders, and it was those lengths that were incorporated
6 into the study. At the time we did the study, we did
7 not know the cable length, and rather than use a number
8 without support, we just used every cable that was in
9 the engineering practice, equal weight, and you see the
10 study as we developed it.

11 Q. Based on evidence that you have in hand at
12 this time, what is the average length that's
13 appropriate for this study?

14 A. The bottom answer is we really don't know.
15 The study I referenced this morning is the beginnings
16 of a study. It represents all Category 5 cable
17 purchased for the former company, GTE Northwest, and to
18 the extent it represents more than just line sharing,
19 more than just the eight orders we have in service
20 today for Washington customers, it would have to be
21 refined, and also to clarify, the study that we are
22 talking about would not be the response to the Bench
23 request to provide a study, so that study would still
24 have to be developed.

25 Q. But for the study of GTE Northwest, I

01306

1 remember the value you mentioned this morning, was it
2 132?

3 A. I can check that. That number was 136.

4 Q. In that case of 136, would the GTE practice
5 be to buy a 150-foot length cable and then add to that
6 the termination at the stub end of the cable?

7 A. That is correct. The connectorized cables
8 have a connector already manufactured and installed on
9 one end, and that can go on the splitter or it can go
10 on the MDF, depending on the cable, but the other end
11 of the cable would be shortened for the distance it
12 required, so any discreet distance above -- like you
13 offer in your suggestion, if it was 75 feet, you would
14 require 100-foot cable.

15 Q. Staying on this page, turning to Column G,
16 Page 3 of 3, Exhibit C-131, would you explain why the
17 installation costs increase as the length of the
18 cabling increases? I guess another way of putting it
19 is have you assumed the same cost of installation per
20 foot?

21 A. Yes, we have.

22 DR. GABEL: Thank you. I have no further
23 questions.

24 JUDGE BERG: Any questions from the
25 Commissioners? Ms. Bradley?

01307

1 MS. BRADLEY: No, Your Honor.

2 JUDGE BERG: Mr. Butler? Ms. McClellan, any
3 redirect?

4 MS. McCLELLAN: Yes, Your Honor.

5

6 REDIRECT EXAMINATION

7 BY MS. McCLELLAN:

8 Q. Mr. Behrle, do you recall this morning you
9 had some questions from Ms. Bradley about the sales,
10 marketing, and advertising costs for the ILEC-owned
11 splitter configuration; do you recall that?

12 A. Yes, I do.

13 Q. She asked why Verizon recovers cost for
14 sales, marketing, and advertising for a service that
15 would discontinue in December; do you recall that?

16 A. Yes.

17 Q. And you stated that that category included
18 costs associated with, for example, product managers
19 for the line sharing product?

20 A. (Witness nods head.)

21 Q. This category incurs costs that GTE has
22 actually incurred to date for this splitter
23 configuration; is that correct?

24 A. Yes.

25 Q. And GTE will continue to incur those costs as

01308

1 long as it offers that splitter configuration; is that
2 correct?

3 A. That is correct.

4 Q. Do you have what was marked as Exhibit 241
5 and C-241. I believe it was a cross exhibit to Covad.

6 A. Yes, I do.

7 Q. Do you recall this morning you had some
8 questions on Exhibit C-234, which is DLB 2-C, Page 3 of
9 3, and it was Line 5, Column D?

10 A. With one correction. I believe you
11 referenced the last exhibit as 234. I think you may
12 have said 231. That's my Exhibit DLB 4-C, so that's
13 Exhibit C-234, Page 2 of 2, Column D, Row 5. Yes, I
14 have that.

15 Q. And that's labeled "CO splitter shelf 23 ADSL
16 generic"?

17 A. Well, I'm seeing that as Row 4.

18 Q. I'm sorry. I have the wrong one. You are
19 right. So the correct exhibit number is C-234, Row 4,
20 Column D.

21 A. Yes, I'm there.

22 Q. And that is the same number that is in
23 Exhibit 231, Page 3 of 3, Line 5, Column B; is that
24 correct?

25 A. That is correct.

01309

1 Q. Is the backup support for the number, which
2 is the identical number in both of those exhibits,
3 contained in Exhibit C-241?

4 A. Yes, it is, and it's in the Attachment 5-A
5 that comprises Exhibit C-241.

6 Q. Can you point to the page where that backup
7 is located?

8 A. So in Exhibit C-241, Attachment 5-B, Page 6
9 of 21, about five lines down there is an item
10 description that says "shelf generic CO ADSL splitter."
11 I believe that's the item we are talking about, and
12 that's identified on this page as like Row 1. There is
13 actually about five rows down, and then approximately
14 eight rows below that is a line reading left to right
15 that says "default unit price," and that's the number
16 that we have in the study.

17 Q. What is this page a depiction of?

18 A. This page represents the inquiry to what we
19 call the G Team's management system of prices for
20 equipment costing, engineering, the whole gamut of
21 those activities, and that provides the current price
22 reflecting current purchase orders, contracts, and so
23 on.

24 Q. MS. McCLELLAN: Your Honor, I'd like to move
25 for the admission of Exhibit 241 and C-241.

01310

1 JUDGE BERG: Ms. Bradley, any objection?

2 MS. BRADLEY: No objection, Your Honor.

3 JUDGE BERG: Exhibits 241 and C-241 are
4 admitted.

5 MS. McCLELLAN: Your Honor, I have no further
6 questions.

7 JUDGE BERG: Ms. Bradley, any additional
8 cross?

9 MS. BRADLEY: Just one moment, Your Honor.
10 No further questions, Your Honor.

11 JUDGE BERG: Ms. Smith?

12 MS. SMITH: Yes.

13

14 CROSS-EXAMINATION

15 BY MS. SMITH:

16 Q. I'm Shannon Smith. I'm representing
17 Commission staff. In response to a question from your
18 counsel with respect to Exhibit C-241, Page 6 of 21,
19 the default unit price, does Verizon receive a volume
20 discount for any of these items?

21 A. My answer is I do not know, but I would think
22 that to the extent we would that it would be reflected
23 in this price.

24 MS. SMITH: Thank you.

25 JUDGE BERG: All right. That concludes all

01311

1 questions for you today. Mr. Behrle, thank you very
2 much for being present and for testifying. Let's take
3 a break until 2:30. This is a short break that's just
4 intended to give counsel an opportunity to discuss
5 witnesses for the remainder of the day, and then I
6 would expect there would be another break before the
7 end of this afternoon's session. We will be back at
8 2:30.

9 (Recess.)

10 JUDGE BERG: At this time, we are going to
11 take Verizon witnesses Jerry Holland and Terri Maria
12 out of their previously designated sequence. In
13 connection with their testimony here this afternoon,
14 I'm going to ask that the reporter enter into the
15 transcript the description and numbers for Exhibits
16 T-260 through T-262 and T-270 through C-272 off of the
17 exhibit list which has been provided as if they were
18 read in their entirety.

19 Exhibit T-260 is Direct Testimony (JH-1T).
20 T-261 is Responsive Testimony (JH-2T). T-262 is
21 Rebuttal Testimony (JH-3T). T-270 is Direct Testimony
22 (TM-1T). E-271 is Errata to Direct Testimony. C-272
23 is Transition Cost Recovery (TM-2C).

24 At this time, Mr. Holland, would you please
25 stand and raise your right hand?

01312

1 (Witness sworn.)

2 JUDGE BERG: Ms. McClellan?

3

4 DIRECT EXAMINATION

5 BY MS. McCLELLAN:

6 Q. Good afternoon, Mr. Holland. Would you
7 please state your name and business address for the
8 record?

9 A. My name is Jerome Holland, and my business
10 address is 545 East John Carpenter Freeway, Irving,
11 Texas.

12 Q. Did you prepare or cause to be prepared on
13 behalf of Verizon Northwest in this docket the exhibits
14 that have been marked T-260 through T-262?

15 A. Yes.

16 Q. Do you have any changes or corrections to
17 your testimony?

18 A. No, I do not.

19 Q. If I were to ask you the questions contained
20 in those exhibits, would your answers be the same
21 today?

22 A. Yes, they would.

23 MS. McCLELLAN: At this time, I would like to
24 move the admission of Exhibits T-260 through T-262.

25 JUDGE BERG: Hearing no objection, Exhibits

01313

1 T-260 through T-262 are admitted.

2 MS. McCLELLAN: With that, Mr. Holland is
3 available for cross.

4 JUDGE BERG: Mr. Kopta?

5

6

CROSS-EXAMINATION

7 BY MR. KOPTA:

8 Q. Good afternoon, Mr. Holland. My name is Greg
9 Kopta representing several CLECs that have now gone
10 from being the godfather of five families to Snow White
11 representing the Seven Dwarfs. Would you turn to your
12 Exhibit T-260, which is your direct testimony,
13 specifically Page 6, and the question and answer
14 beginning on Line 5.

15 A. I'm there.

16 Q. I understand from this part of your testimony
17 that the system improvements for which Verizon is
18 seeking OSS cost recovery in this docket affects
19 processes as opposed to services and that these
20 processes affect many different services that are
21 provided to CLECs; is that correct?

22 A. Yes, that is.

23 Q. Specifically, you reference on Lines 10
24 through 11 resale and unbundled network elements, and I
25 was wondering whether the provision of interconnection

01314

1 trunks is a service that is included among the services
2 that are affected by these process changes.

3 A. In these specific projects, I don't believe
4 interconnection trunks were part of this. The
5 interconnection trunks were done primarily the same
6 case way the access trunks were done previously, so the
7 system's interfaces were already in place.

8 Q. So I take it by your answer then the ordering
9 and provisioning of interconnection trunks or the
10 systems used for ordering and provisioning
11 interconnection trunks are not those for which Verizon
12 seeks recovery through its OSS charge.

13 A. That is correct.

14 Q. Would you turn to Page 20 of the same
15 testimony, Exhibit T-260, specifically, the question
16 and answer that begin on Line 15, and at this point, I
17 believe you are discussing a project that involves
18 modifications that provide security enhancements to
19 interfaces to protect CLEC customer data; is that
20 correct?

21 A. That's correct.

22 Q. As part of the OSS modifications that Verizon
23 has made, isn't one of the objects of that modification
24 particularly the gateway through which CLECs access
25 Verizon's OSS to provide security for data that Verizon

01315

1 maintains for its customers?

2 A. It also secures that, yes.

3 Q. And would you agree with me that that
4 benefits Verizon and its customers to be able to
5 protect that customer proprietary network information
6 and other sensitive data?

7 A. No, I wouldn't agree that way. Primarily,
8 that data being prior to the Telecom Act would have
9 already been secured because only our employees have
10 access to that data, so this was a direct response to
11 the Telecom Act and what we had to fulfill that.

12 Q. But my understanding is that Verizon is to
13 allow CLECs to access its OSS constructs a gateway
14 through which the CLEC can gain access opposed to
15 giving direct access to the systems to CLEC employees;
16 is that correct?

17 A. Yes, that is correct.

18 Q. So as part of the modifications that Verizon
19 has made, those modifications are intended to at least,
20 in part, secure customer information from CLEC
21 employees.

22 A. That's one part of it. It's really a small
23 part. The main purpose of the gateway was to also make
24 it simpler for the CLECs to access the information
25 versus some of the inherent old systems we had that

01316

1 were built in a single provider mode. They are very
2 cumbersome to access.

3 Q. But at least to the extent that the
4 modifications assist Verizon to protect its customers'
5 information, that does provide some benefit to Verizon
6 and its customers, doesn't it?

7 A. I don't believe there is a direct benefit
8 there. If you ask is this gateway something that was
9 built with the idea of protecting the data that Verizon
10 ILEC had access to and also to protect the data from
11 the CLECs viewing the data, that was never an intent of
12 the gateway architecture.

13 The intent of the gateway architecture was to
14 provide nondiscriminatory access to the same
15 information that Verizon retail already had access to
16 and also to safeguard the information from one CLEC's
17 accounts to another CLEC's accounts.

18 Q. So do I understand your testimony to say it's
19 simply a side benefit that CLECs cannot also access
20 Verizon customer data as well as other CLEC customer
21 data?

22 A. I don't know if there is even a side benefit.
23 It's just something that was inherent with building the
24 gateway in order to provide the nondiscriminatory
25 access to the data.

01317

1 Q. Verizon employees have access to Verizon
2 customer data, don't they?

3 A. Yes, and so do CLECs.

4 Q. CLECs have the same access to Verizon
5 customer data that Verizon employees have?

6 A. Primarily, I believe, yes, just about exactly
7 the same access. That's received through a form of
8 what we call the customer service record.

9 Q. Is there any data to which Verizon employees
10 have access that CLEC employees do not have access?

11 A. Yes, but the only situation I'm aware of
12 would be possibly some credit information about their
13 actual customer account.

14 Q. What about anything that is specific to
15 Verizon network architecture or plans or expansion or
16 those sorts of company specific things that are
17 generally considered to be proprietary. Does the CLEC
18 going through the gateway have access to that kind of
19 information, or is that information even kept in the
20 OSS?

21 A. No. In most cases, that type of information
22 is not kept in the OSS. That is something that is done
23 through paper records.

24 MR. KOPTA: Thank you. Those are all my
25 questions.

01318

1 JUDGE BERG: Mr. Butler?

2 MR. BUTLER: No questions.

3 MS. BRADLEY: No questions, Your Honor.

4 JUDGE BERG: Dr. Gabel?

5

6

CROSS-EXAMINATION

7 BY DR. GABEL:

8 Q. Mr. Holland, I'd first like to ask you to
9 turn to your direct testimony, Page 9. You reference a
10 study done by the Gardner group. Are you familiar with
11 that study?

12 A. I've read the study.

13 Q. As a request from the Bench, could you please
14 provide a copy of the study?

15 A. Yes, I believe we can.

16 JUDGE BERG: Excuse me, Dr. Gabel, that would
17 be Bench Request No. 9.

18 Q. In your work for Verizon, have you been
19 involved in any of the proceedings in California?

20 A. Yes, I have.

21 Q. Last week, an exhibit was introduced which
22 was the decision of the Commission in a proceeding that
23 dealt with OSS costs, and in that decision, mention was
24 made of an outside audit that was done of Pacific
25 Bell's OSS expenditures, and the question I have for

01319

1 you is are you aware of any similar outside audit being
2 undertaken of Verizon's or GTE's OSS transition
3 expenses?

4 A. I'm aware of no audit.

5 Q. Are you aware of any plans to have such an
6 audit undertaken?

7 A. No, I'm not.

8 DR. GABEL: Thank you. I have no further
9 questions.

10 JUDGE BERG: Ms. McClellan, any redirect?

11 MS. McCLELLAN: No, Your Honor.

12 JUDGE BERG: Any questions from the parties?

13 All right, Mr. Holland, thank you very much for being
14 present and testifying. Ms. McClellan, go ahead and
15 call your next witness.

16 MS. McCLELLAN: We call Terri Maria to the
17 stand.

18 (Witness sworn.)

19 JUDGE BERG: Ms. McClellan?

20

21 DIRECT EXAMINATION

22 BY MS. McCLELLAN:

23 Q. Good afternoon, Ms. Maria. Would you state
24 your name and business address for the record, please?

25 A. My name is Terri Maria, and I'm located at

01320

1 600 Hidden Ridge, Irving, Texas.

2 Q. Did you prepare or cause to be prepared as
3 exhibits in this docket on behalf of Verizon Northwest,
4 what's been marked as T-270, E-271 and C-272?

5 A. Yes.

6 Q. Do you have any changes or corrections to
7 your testimony?

8 A. No, I do not.

9 Q. If I were to ask you the questions contained
10 in those exhibits today, would your answers be the
11 same?

12 A. Yes.

13 MS. McCLELLAN: Your Honor, I'd like to move
14 for the admission of Exhibits T-270, E-271, and C-272
15 into the record.

16 JUDGE BERG: Hearing no objections, T-270,
17 E-271 and C-272 are admitted.

18 MS. McCLELLAN: Your Honor, Ms. Maria is
19 available for cross.

20 JUDGE BERG: Ms. Bradley?

21 MS. BRADLEY: No questions, Your Honor.

22 JUDGE BERG: Dr. Gabel?

23

24 CROSS-EXAMINATION

25 BY DR. GABEL:

01321

1 Q. I just have one area of questioning,
2 Ms. Maria, and that is could you explain how these
3 costs which you identify in your exhibits were treated
4 in the cost studies that were submitted by GTE in the
5 prior cost dockets?

6 A. I am not going to be able to address how they
7 were handled in cost studies. I can tell you how I
8 captured those costs, but I won't be able to address
9 the studies.

10 Q. If I'm interested in exploring the degree to
11 which these costs may or may not be included in your
12 carrying charge factors, those would be questions for
13 Ms. Casey?

14 A. Yes, they would.

15 DR. GABEL: I have no questions.

16 MS. McCLELLAN: No questions.

17 JUDGE BERG: Ms. Maria, it looks like you got
18 the record. Thank you very much for being present.
19 Let's go ahead and take a 15-minute recess after which
20 time Mr. Ries will take the stand. We'll be back on at
21 approximately 3:10.

22 (Recess.)

23 JUDGE BERG: Before we begin the
24 cross-examination of Mr. John Ries, witness for
25 Verizon, I would like to have the reporter enter into

01322

1 the transcript those exhibits described and numbered as
2 T-280, T-281, and T-282 as if read in their entirety at
3 this time.

4 Exhibit T-280 is Direct Testimony (JR-1T).
5 T-281 is Supplemental Direct Testimony (JR-2T). T-282
6 is Rebuttal Testimony (JR-3T).

7 Mr. Ries, if you will please stand.
8 (Witness sworn.)

9 JUDGE BERG: Mr. Romano?

10

11 DIRECT EXAMINATION

12 BY MR. ROMANO:

13 Q. Good afternoon, Mr. Ries. Please state your
14 name and business address for the record.

15 A. John Ries. My address is 600 Hidden Ridge,
16 Irving, Texas.

17 Q. Do you have in front of you the exhibits that
18 have been marked T-280, T-281, and T-282?

19 A. Yes.

20 Q. Did you prepare or cause to prepare these
21 exhibits?

22 A. Yes, I did.

23 Q. Do you have any corrections?

24 A. No.

25 Q. If I were to ask you the same questions

01323

1 today, would your answers be the same?

2 A. Yes.

3 MR. ROMANO: Your Honor, I ask that these
4 exhibits be moved into the record.

5 JUDGE BERG: Hearing no objection, T-280,
6 T-281, and T-282 are admitted.

7 MR. ROMANO: Mr. Ries is available for
8 cross-examination.

9 JUDGE BERG: Ms. Bradley, would you like to
10 lead?

11 MS. BRADLEY: Yes.

12

13 CROSS-EXAMINATION

14 BY MS. BRADLEY:

15 Q. Good afternoon, Mr. Ries. I just have a
16 couple questions. I'm on Page 6 of your rebuttal
17 testimony where you discuss the collocation space
18 report. If you could walk through the collocation
19 application process and when such a collocation space
20 report would be requested. First, CLECs submit an
21 application fee as we will as an application for
22 collocation; is that correct?

23 A. That is correct.

24 Q. And then Verizon responds with a space or no
25 space response.

01324

1 A. Correct.

2 Q. If Verizon responds with a no space, a CLEC
3 may then wish to order a collocation space report for
4 further information.

5 A. That's possible.

6 Q. Given that Verizon has already surveyed its
7 premises to determine whether there is space or no
8 space, what are the additional steps provided in
9 provisioning a collocation space report?

10 A. The collocation space report would show the
11 spaces being utilized within the central office -- to
12 go back on your question, the nature of this is that
13 the request was denied because of no space, and you
14 said then the collocation applicant would request a
15 written space report; is that correct?

16 Q. Yes.

17 A. So at that point, the written space report
18 would have to lay out what was being utilized in the
19 central office, the various pieces of equipment, what
20 that equipment is utilizing and would need to show if
21 there was space being reserved for an ILEC or for a
22 CLEC. It would need to show the number of collocation
23 applicants that are existing in that central office,
24 where their space is, and the amount of space for each
25 existing collocation party.

01325

1 Q. Do you know how much Verizon is proposing to
2 charge for this space report?

3 A. That should be asked of the pricing witness.
4 I'm not sure.

5 MS. BRADLEY: That's all, Your Honor.

6 JUDGE BERG: Mr. Butler? Mr. Kopta?

7

8

CROSS-EXAMINATION

9 BY MR. KOPTA:

10 Q. Just a couple brief follow-up questions to
11 Ms. Bradley's questions. Good afternoon, Mr. Ries.
12 I'm Greg Kopta representing several CLECs. Once the
13 CLEC is denied space because of lack of available space
14 in the Verizon central office, is there any way the
15 CLEC can obtain additional information other than to
16 order this space report?

17 A. I believe there is a process that the CLEC
18 has in terms of requesting through the Commission that
19 we would have to support a denial with information
20 provided to the Commission that that central office is
21 out space, and the Commission could have a procedure to
22 review whether or not that space is available for
23 collocation or not.

24 Q. Currently, as far as you know in Washington,
25 does Verizon provide this information automatically to

01326

1 the Commission upon denial of space in a particular
2 central office to a requesting CLEC?

3 A. I believe that we do provide information to
4 the Commission at any time that we take a central
5 office off the list of having space, and it would also
6 be posted on our Web Site that that central office does
7 not have space available for collocation, and it's my
8 understanding that information would be provided to the
9 Commission at the time that we would be taking the
10 central office off that list.

11 Q. Would it include the information that's
12 included in the space report?

13 A. I would say it would, yes.

14 Q. So then I suppose the alternative that a CLEC
15 has to paying for a space report would be to request
16 the information from the Commission; is that correct?

17 A. Yes. I'm not sure what the Commission
18 procedures would be for sharing that information, other
19 than the fact that you have some requirements in terms
20 of confidentiality of the nature of the report, but
21 again, that, I assume, would be procedures laid out by
22 the Commission.

23 MR. KOPTA: Thank you.

24 JUDGE BERG: Any questions Commissioners?
25 Any redirect, Mr. Romano?

01327

1 MR. ROMANO: No, Your Honor.

2 JUDGE BERG: Mr. Ries, you came close to
3 Ms. Maria, but I think she still has the edge. Thank
4 you very much for being present and testifying this
5 afternoon. At this point in time, hearings will be
6 adjourned for the afternoon.

7 (Hearing adjourned at 3:25 p.m.)

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