

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Continued Costing and )  
Pricing of Unbundled Network Elements, ) Docket No. UT – 003013  
Transport, Termination, and Resale )  
) Part B  
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**SUPPLEMENTAL TESTIMONY OF  
TERESA K. MILLION  
ON BEHALF OF  
QWEST CORPORATION**

**SEPTEMBER 12, 2000**

1 **Q. PLEASE STATE YOUR NAME, POSITION, EMPLOYER, AND BUSINESS ADDRESS.**

2 **A.** My name is Teresa K. Million. I am employed by Qwest Corporation (Qwest), as Director –  
3 Service Costs. My business address is 1801 California Street, Room 4450, Denver, Colorado  
4 80202.

5 **HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?**

6 **A.** Yes.

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 **A.** The purpose of my testimony is to supplement the record with respect to the cost studies  
9 previously filed with this Commission in Part B of Docket No. UT-003013 on August 4, 2000  
10 by providing the underlying cost models associated with each study. I am providing model  
11 documentation (i.e., User's Manuals) where available and electronic copies of the cost studies.  
12 In addition, I am filing a corrected version of the OC-3 and OC-12 Cost Study.

13 The electronic copies of the model documentation and the cost studies (2 compact discs) were  
14 filed with the Commission on September 11, 2000. The corrected version of the OC-3 and OC-  
15 12 cost study is attached to this testimony as confidential exhibit TKM-14.

1 **Q. WHY ARE YOU FILING THESE COST MODELS AT THIS TIME?**

2 **A.** I am filing the cost models at this time because Commission Staff requested the cost models and  
3 model documentation be made available for review of the investment amounts used as inputs  
4 in the cost studies filed on August 4, 2000.

5 **Q. WHAT COST MODELS ARE YOU PROVIDING?**

6 **A.** I am providing the following cost models:  
  
7 WINPC3, versions 2.04, 2.05 and 2.06;  
8 ENRC, the Element Nonrecurring Cost model;  
9 the Transport model;  
10 NAC, the Network Access Channel model;  
11 LoopMod, the Loop Module;  
12 OCN, the Optical Channel N (number unknown); and  
13 the Additional Plugs Development spreadsheet.

14 **Q. WHAT IS THE PURPOSE OF THE WINPC3 MODEL?**

15 **A.** The WINPC3 model is the Wholesale Program used to estimate Total Element Long Run  
16 Incremental Cost (TELRIC) in development of recurring rates for Low-side Channelization,

1 OC-3 and OC-12, and various loop UNEs (unbundled network elements). The loop UNEs filed  
2 in Part B of this docket include DS1 and DS3 capable loops, DS1 capable feeder, and interoffice  
3 and loop dark fiber. WINPC3 applies appropriate factors to the direct investment to determine  
4 total direct costs. In Washington, 19.62% is applied to total direct costs to determine the  
5 directly attributable costs, and 4.05% is used to develop common costs.

6 **Q. WHY WERE THREE VERSIONS OF WINPC3 SUBMITTED?**

7 **A.** Three versions of WINPC3 have been submitted because three different versions were used by  
8 the cost analysts in the cost studies. New version numbers are assigned each time a change is  
9 made to the Wholesale Program, even if the change relates only to the way data is presented in  
10 the output portion. Qwest's policy is to use the most recent version of the program available,  
11 thus, if cost analysts prepare cost studies at different times they use different versions of  
12 WINPC3. The differences in the three versions submitted with this filing are due to changes  
13 in the format output, and not to any calculations performed by the program.

14 **Q. WHICH COST STUDIES ARE SUPPORTED BY WHICH COST MODELS LISTED**  
15 **ABOVE?**

16 **A.** The ENRC model is used to develop investment amounts for the various unbundled elements  
17 in the Nonrecurring Cost Study. The Low-side Channelization Study receives investment inputs

1 from both the Transport Model and the Additional Plugs Development spreadsheet. The  
2 Transport Model also provides investment data for the OC-3 and OC-12 Cost Study, as does the  
3 OCN model. Finally, the recurring cost study for the loop UNEs receives investments from the  
4 NAC model and the LoopMod.

5 **Q. WHAT CORRECTIONS DID YOU MAKE TO THE OC-3 AND OC-12 COST STUDY?**

6 **A.** In the previously submitted cost study the investments for the OC-12 E-UDIT were overstated.  
7 Lines 92 and 93 of the WINPC3 Investments Worksheet contained investments for Buried Cable  
8 – NonMetallic and Intrabuilding Network Cable – NonMetallic that were in error because they  
9 represented additional amounts for those accounts that should not have been included. In the  
10 corrected cost study, these additional investment amounts have been removed from the cost  
11 calculation. This change results in a \$2.73 reduction in the direct cost of the OC-12 E-UDIT,  
12 and a corresponding \$3.41 reduction in price.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 **A.** Yes.