

**Exhibit No. \_\_\_-T (PMS-7T)**  
**Docket No. UT-061625**  
**Witness: Paula M. Strain**

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of the Petition of**

**DOCKET NO. UT-061625**

**QWEST CORPORATION**

**To be Regulated Under an Alternative  
Form of Regulation Pursuant to RCW  
80.36.135**

**REPLY TESTIMONY OF**

**PAULA M. STRAIN**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

**RE: SEPARATIONS FREEZE ADJUSTMENTS**

**February 16, 2007**

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1 **I. INTRODUCTION**

2

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

4 A. My name is Paula M. Strain. My business address is 1300 S. Evergreen Park Drive  
5 S.W., P.O. Box 47250, Olympia, WA 98504. My email address is  
6 pstrain@wutc.wa.gov.

7

8 **Q. Did you file testimony previously in this docket?**

9 A. Yes, I filed direct testimony on January 29, 2007, on behalf of the Commission's  
10 Staff (Staff).

11

12 **II. SCOPE OF TESTIMONY**

13

14 **Q. What is the scope of your reply testimony?**

15 A. I am presenting reply testimony on behalf of Commission Staff on the adjustments  
16 proposed by both Dr. Robert Loube, on behalf of Public Counsel, and myself to  
17 reduce expenses and rate base for DSL and special access investment.

18

19 **III. SUMMARY OF TESTIMONY**

20

21 **Q. Please summarize your testimony.**

22 A. Both Dr. Loube and I proposed adjustments to rate base and operating expenses to  
23 account for the effect of the FCC's separations freeze on Qwest's results of

1 operations. Dr. Loube characterizes his adjustment as providing alternative interstate  
2 investment, and its impact on separations factors and expenses, and transferring  
3 investment and expense to the interstate jurisdiction. Staff's adjustment is limited to  
4 reducing intrastate rate base and expenses to remove amounts associated with  
5 services that are not considered intrastate services. Staff takes no position on either  
6 the separations factors themselves or on what level of investment or expenses is  
7 appropriate for the interstate jurisdiction.

#### 8 9 IV. DISCUSSION

10  
11 **Q. In Exhibit No. \_\_\_ C (RL-11C), Dr. Loube calculated Qwest's results of**  
12 **operations, including the effect of adjustments for DSL and Special Access**  
13 **investment and associated expenses. What are the differences between Dr.**  
14 **Loube's adjustments and those in your exhibit?**

15 A. Dr. Loube and I used the same starting point for our calculations, Qwest's intrastate  
16 results of operations for 2005, with intrastate rate case adjustments (JR adjustments)  
17 calculated by Qwest. Dr. Loube and I both calculated adjustments for DSL and  
18 special access investment. Dr. Loube's adjustments to DSL and special access costs  
19 are larger than my adjustments. Dr. Loube used a different method than I did to  
20 calculate his special access adjustment<sup>1</sup> and adjusted more plant categories than I  
21 did. He also included adjustments to corporate operations expense and to network  
22 and general support expenses as part of his calculation.

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<sup>1</sup> Dr. Loube used a revenue ratio to calculate special access investment; I used an access line ratio as the basis for my adjustment to special access investment. See Exhibit No. \_\_\_ C (RL-1TC), pages 59-60; Exhibit No. \_\_\_ C (PMS-4C), pages 2 and 3.



1 **Q. Does this conclude your reply testimony?**

2 **A. Yes.**