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BEFORE THE WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of) Docket UT-030614
) Volume IV
 QWEST CORPORATION) Pages 337-655
)
 For Competitive Classification)
 of Basic Business Exchange)
 Telecommunications Services.)

A hearing in the above-entitled matter was held at 9:32 a.m. on Wednesday, September 17, 2003, at 1300 South Evergreen Park Drive, Southwest, Olympia, Washington, before Administrative Law Judge THEODORA MACE, Chairwoman MARILYN SHOWALTER and Commissioner PATRICK OSHIE.

The parties present were as follows:

QWEST CORPORATION, by Lisa Anderl and Adam Sherr, Attorneys at Law, 1600 Seventh Avenue, Room 3206, Seattle, Washington 98191.

COMMISSION STAFF, by Jonathan Thompson and Lisa Watson, Assistant Attorneys General, 1400 S. Evergreen Park Drive, S.W., P.O. Box 40128, Olympia, Washington, 98504-1028.

PUBLIC COUNSEL, by Simon ffitich, Assistant Attorney General, 900 Fourth Avenue, Suite 2000, Seattle, Washington, 98164.

DEPARTMENT OF DEFENSE, FEDERAL EXECUTIVE AGENCIES, by Stephen S. Melnikoff, Attorney at Law, Regulatory Law Office, U.S. Army Litigation Center, 901 N. Stuart Street, Suite 700, Arlington, Virginia, 22203-1837.

Barbara L. Nelson, CCR
 Court Reporter

1 ADVANCED TELCOM GROUP, INC., by Richard
2 H. Levin, Attorney at Law, 3554 Round Barn Boulevard,
3 Suite 303, Santa Rosa, California, 95403.

4 WebTEC, by Arthur A. Butler, Attorney
5 at Law, Ater Wynne, 5450 Two Union Square, 601 Union
6 Street, Seattle, Washington, 98101.

7 WORLDCOM, INC., by Michel Singer
8 Nelson, Attorney at Law, 707 17th Street, Suite 4200,
9 Denver, Colorado, 80202.

10 AT&T, by Letty S.D. Friesen, Attorney
11 at Law, 1875 Lawrence Street, Suite 1500, Denver,
12 Colorado, 80202.

13 INTEGRA TELECOM OF WASHINGTON, by Karen
14 J. Johnson, Corporate Regulatory Attorney, 19545
15 Northwest Von Neumann Drive, Beaverton, Oregon,
16 97006.

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1 JUDGE MACE: Let's be back on the record in
2 Docket UT-030614. This is the second day of our
3 scheduled evidentiary hearing. Unless there's
4 something of a preliminary nature, we can begin the
5 cross-examination of Mr. Teitzel. Is there anything
6 preliminary? If not, then, would you stand, please,
7 and raise your right hand?

8 Whereupon,

9 DAVID L. TEITZEL,
10 having been first duly sworn by Judge Mace, was
11 called as a witness herein and was examined and
12 testified as follows:

13 JUDGE MACE: Please be seated. It's Mr.
14 Sherr? You're going to present the witness?

15 MR. SHERR: Yes, thank you.

16

17 D I R E C T E X A M I N A T I O N

18 BY MR. SHERR:

19 Q. Good morning, Mr. Teitzel.

20 A. Good morning, Mr. Sherr.

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

23 A. Yes, my name is David Teitzel. My last name
24 is spelled T-e-i-t-z-e-l. My business address is
25 Room 3214, 1600 7th Avenue in Seattle, zip code

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1 98191.

2 Q. Do you have before you your direct testimony,
3 which has been marked as Exhibit 51, and exhibits to
4 that testimony, which have been marked as Exhibits 52
5 through 59?

6 A. Yes, I do.

7 Q. And do you have your rebuttal testimony,
8 which has been marked as Exhibit 60?

9 A. Yes, I do.

10 Q. Were those pieces of testimony and exhibits
11 prepared and assembled by you or at your direction?

12 A. Yes, they were.

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

15 A. I do not.

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

18 A. Yes, I have three fairly minor corrections
19 I'd like to make.

20 JUDGE MACE: This is Exhibit 60-RT or 60-T?

21 MR. SHERR: Yes.

22 THE WITNESS: It's 60-RT, isn't it?

23 Q. It is.

24 A. Thank you.

25 Q. Go ahead.

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1 A. Thank you. On Exhibit 60-RT, at page 3, in
2 footnote one, I would like to change the word "order"
3 to read "comments," c-o-m-m-e-n-t-s. We reference to
4 WUTC comments to the FCC in our 271 proceeding in
5 this state, and it was actually comments, not an
6 order.

7 At page 5 of that same exhibit, at line 12,
8 I would like to change the word "Qwest" to read
9 "Washington," so the sentence would say that the
10 Washington QPAP, et cetera.

11 At page 6, line 16, another minor change,
12 the word "markets" has an S. There should be no S.
13 It should not be plural; it should be singular, so
14 please strike the S.

15 Q. Any other corrections?

16 A. Those are the extent of my corrections on
17 the rebuttal testimony.

18 Q. With those corrections, do you believe that
19 your testimony and exhibits are true and correct?

20 A. Yes, I do.

21 MR. SHERR: Your Honor, Qwest would offer
22 for admission Exhibits 51 through 60, and Mr.
23 Teitzel's available for cross-examination.

24 JUDGE MACE: Is there any objection to the
25 admission of those proposed exhibits? Hearing no

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1 objection, I'll admit them. And Ms. Singer Nelson.

2 MS. SINGER NELSON: Thank you.

3

4 C R O S S - E X A M I N A T I O N

5 BY MS. SINGER NELSON:

6 Q. Good morning, Mr. Teitzel.

7 A. Good morning.

8 Q. I'm going to be focusing on three exhibits,
9 so if you want to have those handy, they're Exhibits
10 51-T, which is your direct testimony, 60-RT, which is
11 your rebuttal testimony, and 61, which is Qwest's
12 response to Public Counsel DR 26 and Confidential
13 Attachments A and B.

14 And I would note for the record, too, that
15 the exhibit list that was put together before the
16 case just had a typographical error in it. For
17 Exhibit Number 61, we had Qwest response to Staff
18 Data Request 26 and confidential attachments, and it
19 should read Qwest response to Public Counsel DR 26
20 and confidential attachments.

21 JUDGE MACE: That might have been something
22 that appeared on the exhibit list and not on the
23 exhibit itself.

24 MS. SINGER NELSON: Right, yes, I'm sure
25 that it was my mistake when I sent the exhibit list

0345

1 in.

2 Q. Okay. With that, Mr. Teitzel, let's first
3 turn to Exhibit 51-T.

4 A. I have that.

5 Q. Page three.

6 A. I have that page.

7 Q. Now, at the top of the page, you mention
8 that CLECs reported -- were reported -- I think on
9 page two, in an FCC report, that CLECs were reported
10 serving over 406 access lines?

11 A. That's 406,000 access lines; that's correct.

12 Q. Does that include residential lines?

13 A. Yes, it does. That is all lines served in
14 the state by CLECs.

15 Q. Does that also -- okay. So that also
16 includes Verizon territory and independent territory?

17 A. It would be a statewide total; that's
18 correct.

19 Q. Now, the statewide total of access lines you
20 refer to on page 16 of your direct testimony, it's
21 3,960,744 lines; is that right?

22 A. For ILECs and CLECs combined in the state,
23 that is true. That's what the FCC reports.

24 Q. So the CLEC total of 406,000, then, is
25 roughly 10 percent of that number; is that right?

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1 A. Roughly, that's correct.

2 Q. What is Qwest's total access line count in
3 Washington, including both residential and business?

4 A. I don't have the precise number on the stand
5 with me of total access lines, but it's in excess of
6 two million access lines, I can tell you that.

7 Q. Thank you. Let's turn to your direct
8 testimony at page 15, please.

9 A. I have that page.

10 Q. Now, here's where you started talking about
11 wireless service competition?

12 A. Yes.

13 Q. And at the bottom of the page, line 21, you
14 mention a number of 2,866,458 wireless units in
15 service in Washington. Do you see that?

16 A. That data was as reported to the FCC by the
17 wireless carriers in their most recent local
18 competition report.

19 Q. So that's as of December 2002?

20 A. That's correct.

21 Q. Is that business and residential?

22 A. Wireless service doesn't have a specific
23 class of service category as would local exchange
24 service, so it could be used for either business or
25 residence applications.

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1 Q. So let's take the statewide total wireline
2 access line number that you have on page 16, it's
3 that 3,960,000 number --

4 A. Okay.

5 Q. -- and add the total number of wireless
6 lines.

7 A. I don't have a calculator on the stand. Are
8 you asking me to sum total those two?

9 Q. Yes.

10 A. May I get a calculator quickly?

11 Q. The only problem with this one is the
12 numbers don't always show up correctly.

13 JUDGE MACE: Mr. Reynolds is providing a
14 calculator to the witness. Let the record show that
15 Mr. Reynolds provided a calculator to the witness.

16 MS. SINGER NELSON: Thank you.

17 THE WITNESS: Thank you. I now have a
18 calculator.

19 Q. Okay. Could you please combine those two
20 numbers?

21 A. Okay. And the wireless number was on what
22 page, again? Excuse me.

23 Q. Page 15, at the bottom. It's 2,866,458
24 lines.

25 A. Got it. That total would be 6,827,202.

0348

1 Q. Okay. Thank you. So that number represents
2 the total number of wireless and wireline access
3 lines, both residential and business, in the entire
4 state of Washington; is that right?

5 A. It would represent wireline residential and
6 business access lines in the state, plus wireless,
7 which is non-class of service specific.

8 Q. Okay. But it would be a total?

9 A. Yes, it would be.

10 Q. Thank you. Moving on to page 16 of your
11 testimony, and you do mention at this page of your
12 testimony that we don't know the number of wireless
13 business lines that exist?

14 A. That's correct.

15 Q. By the way, does Qwest provide wireless
16 services in Washington?

17 A. Yes, it does.

18 Q. Did you include Qwest's share of the
19 wireless market in your market share calculation for
20 this case?

21 A. I did not. In fact, wireless service was
22 not identified in the market share calculation at
23 all. It was strictly provided as context for the
24 telecommunications market in Washington being broader
25 than just wireline. In other words, Qwest faces

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1 competition from other forms of service beyond
2 traditional CLEC wireline competition.

3 Q. And Qwest Wireless is one of the forms of
4 competition to Qwest wireline services; is that
5 right?

6 A. I would have a hard time saying that Qwest
7 Wireless is a form of competition. It certainly
8 would be an alternative a Qwest wireline customer
9 could choose to satisfy its telecommunications needs,
10 but I wouldn't classify Qwest Wireless as competing
11 with Qwest wireline in that definition.

12 Q. Then further down on page 16, line 14 and
13 15, you point out that wireless is also not a
14 substitute for large Centrex and PBX systems; is that
15 right?

16 A. I'm sorry. Are you talking about the
17 question beginning at line 11 on page 16?

18 Q. Yes, and specifically lines 14 and 15.

19 A. I believe my answer was that, in certain
20 larger applications, business applications, wireless
21 may not lend itself to full substitution, but it
22 certainly can be integrated as a component in those
23 services and possibly displace a certain number of
24 lines in those larger systems.

25 Q. But you can't quantify that?

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1 A. I have no means of quantifying that, no.

2 Q. And then you, in the next line, mention that
3 Ascendant offers systems that enable the integration
4 of wireless phones into a PBX system?

5 A. That's correct.

6 Q. But you don't know the number of
7 subscribers; is that right?

8 A. I have no way to identify the number of
9 subscribers. This is a deregulated market. These
10 entities were not parties to this case. The data
11 doesn't exist.

12 Q. Then turning to page 17, lines two through
13 seven, you're talking about whether smaller
14 businesses can use wireless as a direct substitute
15 for Qwest wireline?

16 A. Yes.

17 Q. Do you see that?

18 A. I do.

19 Q. And you mention landscapers and real estate
20 agents as the types of businesses that would
21 substitute wireless for wireline?

22 A. Yes, I do.

23 Q. There's no evidence in the record of the
24 numbers of landscapers or real estate agents that
25 replaced their wireless service -- or replaced their

0351

1 wireline service with wireless, is there?

2 A. There's no specific evidence in terms of
3 quantifying that particular application, other than a
4 recognition that these are the types of typical small
5 business customers who would find wireless to be a
6 good alternative. Customers typically would spend
7 much of the time out of the office, don't necessarily
8 have a need for a fixed wireline at a fixed location.

9 Q. And what information do you have to support
10 that statement?

11 A. Just my general experience in the
12 marketplace, my discussions with the marketing
13 organizations at Qwest.

14 Q. Have you ever been a landscaper?

15 A. Not for pay.

16 Q. Okay. And are you or have you ever been a
17 real estate agent?

18 A. No, I have not.

19 Q. Okay. Let's go to page 18 of your
20 testimony.

21 A. I have that page.

22 Q. Regarding the question starting at line six,
23 and specifically I'm focusing on lines nine through
24 11, would you agree with me that pricing comparisons
25 between wireline and wireless services are not

0352

1 straightforward?

2 A. I would agree that the services aren't
3 direct identical correlaries. In other words, a
4 wireless service is not available as a direct
5 substitute -- at least priced as a direct substitute
6 for 1FB with no features. Typically, that --
7 wireless is not priced in that manner. Wireless
8 includes typically a certain amount of usage, a range
9 of features, in some instances, toll. So it is not
10 priced in a precisely identical manner as a flat
11 business line.

12 Q. And would you -- you would also agree with
13 me, then, that the wireless service is packaged
14 differently than wireline service?

15 A. It is typically packaged differently, and
16 it's technically offered in a different technical
17 platform. One obviously is wireless, one is
18 obviously wireline.

19 Q. And that makes it difficult to compare those
20 two types of services?

21 A. Again, they're not priced identically the
22 same, so you cannot make precisely identical
23 comparisons. I think customers make purchase
24 decisions based on how they use their telecom
25 service. If they, in fact, do use a certain number

0353

1 of features, call long distance in a certain calling
2 area which may be free calling with a wireless plan,
3 then certainly wireless is an attractive alternative.

4 Q. Will you turn to page 22, please?

5 A. I have that page.

6 Q. And this is in a section where you start
7 discussing voice over Internet protocol?

8 A. I see that.

9 Q. In lines nine through 11, you state that
10 direct comparisons between voice over IP and Qwest
11 wireline service are not easily made.

12 A. Again, the context there was comparing a
13 voice over IP offering to a stand-alone business
14 local exchange analog line. And typically, the VoIP
15 offerings that I'm aware of are packages of service.
16 I talk about the Vonage package, which includes
17 unlimited local and long distance calling. And
18 clearly, the Qwest 1FB doesn't have that.

19 JUDGE MACE: I'm sorry, you're referring to
20 something with initials, and I don't know what that
21 means.

22 THE WITNESS: I apologize. 1FB refers to
23 single party flat business line.

24 JUDGE MACE: Thank you.

25 THE WITNESS: But certainly to the extent

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1 that Qwest offers a package of service as we do with
2 our business unlimited package currently, certainly
3 as a CLEC offers a package, such as MCI's
4 Neighborhood service for business, this offering is
5 clearly an option available to those customers today.

6 Q. But it's difficult to make direct
7 comparisons between voice over IP and wireline?

8 A. As I mentioned, I think the functionality of
9 the service, to the extent the customer needs to make
10 telephone calls, local and long distance, and use a
11 certain range of features, from a functional
12 comparison, the customer can use either service
13 interchangeably. The VoIP offering is not priced
14 identically to a stand-alone flat business line.

15 Q. Mm-hmm.

16 A. It's not packaged that way. So from that
17 perspective, that comparison cannot be directly made.

18 Q. Does Qwest provide voice over IP services?

19 A. I'm aware that Qwest is involved in trials
20 out of region in voice over Internet protocol. I
21 believe we're doing some technical trials now in
22 region. To my knowledge, we're not providing
23 commercially VoIP service.

24 Q. And that includes in Washington?

25 A. That's my understanding.

0355

1 Q. Then you go on to mention Vonage. Is that
2 how you say it?

3 A. It's Vonage.

4 Q. Vonage?

5 A. That's correct.

6 Q. Vonage is a provider of business services?

7 A. That's right.

8 Q. Do you present any evidence of the number of
9 customers that Vonage has in Washington?

10 A. Unfortunately, Vonage is a nonregulated
11 entity, they're not a party to this case, there was
12 no means of collecting that evidence. Vonage does
13 not publish it publicly. Highly confidential data.
14 I simply acknowledge that they're marketing their
15 service currently in Washington.

16 Q. Okay. And then you also mention Package 8.
17 Do you present any evidence of the number of
18 customers that Package 8 has in Washington?

19 A. It would be the same response.

20 Q. Moving on to page 23, your -- you mentioned
21 Five Star Telecom. And is it the same response? Do
22 you present any evidence in this docket of the number
23 of business customers that Five Star Telecom has in
24 Washington?

25 A. Again, the acknowledgement here in context

0356

1 is that Five Star, Packet 8, Vonage, other providers
2 are marketing service in this state. To the extent
3 they're actively marketing service, it suggests to me
4 that they're contacting customers, making sales to
5 customers. To the extent that's the case, it would
6 suggest that Qwest's evidence in this docket, which
7 is focused on our wholesale service volumes, is
8 conservative, and that's the purpose for this
9 discussion.

10 Q. Well, Qwest has no means of assessing the
11 number of business customers served by alternative
12 voice over IP providers, as you've stated?

13 A. As I mentioned, it's a deregulated entity,
14 not subject to oversight by this Commission at this
15 point. Its customer data is highly confidential and
16 not available publicly. I don't have access to that.

17 Q. You can't quantify VoIP's actual current
18 availability to customers, can you?

19 A. Voice over Internet protocol telephony, or
20 VoIP, is available wherever broadband service is
21 available, through cable modem linkages, through DSL
22 providers, et cetera, so it's technically available
23 wherever that sort of functionality exists today in
24 the state.

25 Q. But it's not quantifiable?

0357

1 A. The absolute number of customers served by
2 those entities is not yet quantifiable.

3 Q. Thank you.

4 A. I don't have that data.

5 Q. Let's move on to your -- yes, okay.

6 Actually, you reference in both Exhibit 51-T and
7 Exhibit 60-RT some surveys that Qwest commissioned in
8 Iowa and Idaho?

9 A. That's correct.

10 Q. And are those surveys contained in Exhibit
11 61?

12 A. The results of those surveys are contained
13 in Exhibit 61; that's correct.

14 Q. Thank you. Let's move to Exhibit 61.

15 A. I have that exhibit.

16 Q. The first question I have is whether Qwest
17 used wireline service to conduct the surveys or
18 whether the pollster used wireline service to conduct
19 the surveys?

20 A. I'm not sure I fully understand your
21 question. Are you asking me did the survey -- the
22 actual researchers use wireline service to call
23 customers?

24 Q. Yes, that's my question.

25 A. The answer's yes.

0358

1 Q. Okay. Do you know whether the customers
2 received the calls on their wireline phones?

3 A. Yes, they did. These calls were
4 specifically targeted to wireline customers --

5 Q. Okay.

6 A. -- to ask their opinions about the extent to
7 which they view wireless as a reasonable substitute
8 for wireline.

9 Q. Did Qwest commission these surveys for
10 regulatory proceedings in Iowa and Idaho?

11 A. The survey was commissioned specifically for
12 a regulatory proceeding in Idaho, and that proceeding
13 is still pending, by the way.

14 Q. How about -- oh, I'm sorry.

15 A. In Iowa, we have filed a petition --
16 testimony has not yet been filed, but these results
17 will be incorporated into the testimony when it is
18 filed in that proceeding.

19 Q. Were you involved in those proceedings?

20 A. Yes, I was.

21 Q. Or are you involved in those proceedings?

22 A. Yes, I am.

23 Q. But didn't Qwest present the Iowa study to
24 the Iowa board and did not the Iowa board find the
25 study to be insufficient to establish a prima facie

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1 case in support of Qwest deregulation?

2 A. The Iowa Board did express some misgivings
3 about the study. They were not litigated in a formal
4 hearing. The researcher was not present to defend
5 the study, so I think that is still an open issue.
6 We will certainly address that in the testimony when
7 it's filed.

8 Q. But the board rejected the study as support
9 of deregulation in its order finding that Qwest had
10 failed to establish a prima facie case?

11 A. That was not a regulatory proceeding; that
12 was a legislative proceeding in that context, and
13 once again, the docket that is now open is a
14 regulatory proceeding before the board.

15 MS. SINGER NELSON: Judge Mace, may I
16 approach the witness?

17 JUDGE MACE: You may.

18 MS. SINGER NELSON: I only one have copy of
19 this.

20 JUDGE MACE: Would you show it to Counsel
21 for Qwest first, please?

22 MS. SINGER NELSON: Oh, okay. Sure. All
23 right.

24 JUDGE MACE: What is it that you've provided
25 to the witness?

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1 MS. SINGER NELSON: It is an order from the
2 Iowa board, and I'll ask the witness to identify it.
3 I'll do it that way, Judge.

4 Q. Mr. Teitzel, can you please identify the
5 document that I've handed to you?

6 A. Yes, I can. This is an order from the Iowa
7 Utilities Board in Docket INU 03-04, and it's
8 entitled Order Accepting Filing, issued August 7th,
9 2003.

10 Q. And can you please turn to the disposition
11 at the end of the order?

12 A. Yes, I can. And let me just mention that
13 this is the order accepting the petition that Qwest
14 filed in the Iowa docket I'm referring to, the
15 regulatory proceeding, and this is the docket in
16 which we will be filing testimony once a procedural
17 order is issued.

18 Q. Okay. Can you read --

19 A. Yes. At page four, near the bottom of the
20 page, and I'll quote, the order says, The board finds
21 that Qwest's petition does not provide sufficient
22 data to support a prima facie finding of effective
23 competition. Therefore, the board will not formally
24 docket this matter at this time. When Qwest files
25 additional information sufficient to make a prima

0361

1 facie case, the board will be -- excuse me, the
2 matter will be formally docketed. At such time, the
3 board will determine an appropriate procedural
4 schedule for this proceeding.

5 Q. Thank you.

6 A. Did you want me to read on?

7 Q. No.

8 A. Okay.

9 Q. And was the information that Qwest filed
10 with its petition that the Commission found to be
11 insufficient to establish a prima facie case the
12 survey in Iowa?

13 A. The survey was not presented in this case
14 and will be presented in our testimony.

15 JUDGE MACE: Did you say it was not?

16 THE WITNESS: It was not presented in this
17 docket. It will be presented in our testimony that
18 will be filed once a procedural schedule is issued.
19 What the board's referring to here is that our
20 petition lacks specific detail around the specific
21 services that were included in the petition, and that
22 detail has now been filed with the board.

23 CHAIRWOMAN SHOWALTER: I'm going to ask that
24 this document be made an exhibit. It's not helpful
25 to have a paragraph out of an order read and not have

0362

1 the rest of the context.

2 MS. SINGER NELSON: I understand that,
3 Chairwoman, and I will add this to my exhibits.

4 JUDGE MACE: Let's mark this as Exhibit 83.
5 It's MCI cross, and it's an Iowa board decision.

6 MR. SHERR: Your Honor?

7 JUDGE MACE: And I'd expect that you'll
8 provide copies --

9 MS. SINGER NELSON: I will.

10 JUDGE MACE: -- to all the parties and six
11 for the Bench, please.

12 MS. SINGER NELSON: Yes.

13 MR. SHERR: Your Honor, I apologize for
14 interrupting. I would like to make a request for a
15 copy of that relatively soon so that I could possibly
16 redirect on it. Obviously, I don't have a copy of
17 it.

18 JUDGE MACE: At the break this afternoon.

19 MR. SHERR: That would be great. Thank you.

20 THE WITNESS: And Your Honor, if I might on
21 this topic, just a point of clarification?

22 JUDGE MACE: Well, sure.

23 THE WITNESS: Okay. I believe I was asked
24 whether the wireless study that's referenced in
25 Exhibit 61 was presented to the board. It was

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1 presented informally to the board. It was not
2 presented in a formal proceeding.

3 JUDGE MACE: Was not presented with the
4 petition that was filed with the board?

5 THE WITNESS: It was not.

6 JUDGE MACE: All right. Thank you.

7 THE WITNESS: It was an informal
8 presentation.

9 JUDGE MACE: Thank you.

10 Q. Okay. Let's move on to the Idaho
11 proceeding.

12 A. Yes, ma'am.

13 Q. And as you mentioned before, Idaho -- the
14 Idaho Commission has not issued a decision; is that
15 right?

16 A. They have not.

17 Q. But is it true that the Idaho Staff found
18 the survey could not seriously be viewed as
19 meaningful evidence?

20 A. Sorry, would you ask that question again? I
21 think I misunderstood.

22 Q. Is it true that the Idaho Staff found that
23 the Idaho survey could not be viewed as meaningful
24 evidence?

25 A. The Idaho Staff in the Idaho proceedings

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1 challenged the survey. As you mentioned, the docket
2 is still open, the Commission is still considering
3 the evidence and they have not issued an order. We
4 believe the survey clearly does show the substantial
5 proportion of our business customers, approximately
6 30 percent in this instance, view wireless as a
7 reasonable substitute for business wireline.

8 JUDGE MACE: I'd like to just ask, Mr.
9 Teitzel, in both of these other jurisdictions, is
10 Qwest seeking competitive classification for the same
11 business services it's requesting here, and also, is
12 it a statewide application as it is here?

13 THE WITNESS: Thank you. In Idaho, we're
14 asking for classification in nine specific exchanges,
15 primarily in southern Idaho. It is not statewide.
16 We are asking for deregulation in Idaho in that
17 proceeding. In Iowa, the docket concerns 37 specific
18 exchanges, and we're asking for deregulation in Iowa
19 of residential and business service.

20 JUDGE MACE: Thank you.

21 MS. SINGER NELSON: And Judge, instead of
22 going through the process of having Mr. Teitzel
23 review Staff's recommendations, I would ask to be
24 able to make copies of Staff's post-hearing
25 memorandums in the Idaho case and make those part of

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1 the record here.

2 MR. SHERR: Your Honor, I would object to
3 the admission of that at this point. Staff in that
4 case is a party to the case; it's not advisory staff,
5 and those post-hearing submissions are summaries and
6 do not contain all the underlying evidence that's in
7 the record, and so they may be misleading.

8 And I have the fortunate coincidence of
9 being the attorney in that case, as well, and I can
10 tell you that the post-hearing brief of Staff was
11 very short and did not cite to the record much and so
12 it's not going to be instructive to this Commission
13 without having the entire underlying record.

14 MS. SINGER NELSON: Your Honor, I think that
15 Staff -- the Idaho Staff's opinion and evaluation of
16 the Idaho study and the context of the deregulation
17 petition in Idaho is helpful. It does mention
18 several times its assessment of the study in the
19 context of the docket, and I do think that it would
20 be helpful for this Commission. It's relevant as to
21 the evidence that Qwest has presented in this docket
22 relating to the Idaho survey, and I think it would be
23 helpful for the Commission to know how the Idaho
24 Staff evaluated that in the context of its case.

25 JUDGE MACE: I think we'll sustain the

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1 objection to the presentation of that for the record.

2 Q. Okay. Let's go to the surveys themselves.

3 First of all, Exhibit 61, Attachment A, is the Iowa
4 survey?

5 A. That's correct.

6 Q. Page three of that document shows that the
7 number of Iowa businesses that were surveyed is 405?

8 A. That's correct.

9 Q. With ten or fewer lines?

10 A. That's also correct.

11 JUDGE MACE: Let me ask, this is yellow in
12 my set of the exhibits. This is confidential
13 information. I don't want to create a problem with
14 regard to violating confidentiality here.

15 MR. SHERR: Thank you, Your Honor. May I
16 have just a moment?

17 JUDGE MACE: Yes.

18 MR. SHERR: Thank you for your indulgence,
19 Your Honor. Unfortunately, not being the attorney
20 for the Iowa case, I don't know exactly what about
21 these numbers is confidential. I assume before they
22 were filed this was a work product that Qwest -- that
23 Qwest has commissioned, and so until such time as it
24 was filed, it would be confidential. I don't know
25 whether it's been filed as confidential in Iowa.

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1 JUDGE MACE: It would be helpful if we could
2 just have cross-examination without clearing the room
3 on the document.

4 MR. SHERR: I would agree. I mean, to the
5 extent that the parties are able to refer to this
6 document and point to a number without saying it, it
7 might be helpful, but I understand that that might be
8 a little burdensome. I don't know how much
9 cross-examination there is on it.

10 CHAIRWOMAN SHOWALTER: Another distinction
11 is the methodology versus the results. And I don't
12 know where Counsel's questioning is going, but could
13 you possibly decide that the methodology is not
14 confidential, but the results are, and we could keep
15 the questioning so as to not reveal the results? I
16 don't want to push you. It just seems like that
17 would be a natural distinction.

18 MR. SHERR: Right. I don't know if there
19 would be a distinction between the methodology and
20 the results, to be honest.

21 MS. SINGER NELSON: One thing I noted is
22 that when the surveys were discussed in the
23 testimony, the results were not made confidential.

24 CHAIRWOMAN SHOWALTER: You mean in Mr.
25 Teitzel's testimony?

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1 MS. SINGER NELSON: Yes. So I don't know if
2 that affects your thoughts on it. I'm happy to do it
3 either way. The numbers are in the record, so it's
4 not as easy to do it that way, but if you are
5 concerned about the confidentiality, I'm happy to
6 honor that.

7 CHAIRWOMAN SHOWALTER: Well, if the number's
8 in the record, there's been a waiver of
9 confidentiality, so let's take a moment and discuss
10 it.

11 MR. SHERR: Thank you. Would it be okay if
12 I discussed it with Mr. Teitzel, since he was a
13 witness in that case and he may know more about
14 what's confidential and what's not?

15 JUDGE MACE: Sure.

16 CHAIRWOMAN SHOWALTER: Why don't we take a
17 five-minute pause.

18 MR. SHERR: Thank you.

19 (Recess taken.)

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

21 MR. SHERR: Thank you for that opportunity.
22 I have spoken with Counsel for MCI, and we've agreed
23 to treat this, because there's still a little bit of
24 uncertainty about this, treat this as confidential,
25 except to the extent that anything -- Qwest has

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1 disclosed anything in a nonconfidential fashion in
2 testimony or otherwise, that obviously is not
3 confidential anymore, and MCI is willing to refer to
4 things in here by pointing to them, rather than
5 saying them on the record.

6 JUDGE MACE: Go ahead, then.

7 MS. SINGER NELSON: That's fine.

8 Q. First of all, before we get to the surveys
9 themselves, Mr. Teitzel, there's no directory for
10 wireless customers, is there, that shows their phone
11 numbers?

12 A. There is no -- pardon me. There's no
13 stand-alone directory for wireless business
14 customers. However, wireless customers can buy a
15 foreign listing to have printed in the directory of
16 their choice if they so choose.

17 Q. Is it widely distributed, any such wireless
18 directory that you're referring to?

19 A. To my knowledge, there's no stand-alone
20 wireless directory that exists. I think I was
21 mentioning that wireless can buy foreign listings to
22 be printed in the white pages directory of Qwest or
23 another directory provider if they so choose.

24 Q. Okay. But my point is that it's not widely
25 distributed like a wireline directory is?

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1 A. I think there's a distinction to be made
2 here. If a wireless customer chooses to use that
3 wireless service, and I'll just -- I'll say as their
4 primary telephone service or their only telephone
5 service, it's highly likely that customer will want
6 their number listed in the phone book, the standard
7 phone book. In that instance, they can have a
8 listing by using a foreign listing and purchasing
9 that listing from the telephone company and have that
10 listing purchased and listed wherever that phone
11 book's distributed.

12 Q. But the public cannot go to a directory and
13 get a listing of all wireless phone numbers and the
14 subscribers to those phone numbers like what we can
15 do for wireline numbers, recognizing that some
16 numbers are nonpublished?

17 A. A stand-alone wireless telephone number
18 directory does not exist.

19 Q. Okay.

20 A. Except for the instance I mentioned where a
21 wireless customer wants to, on an optional basis,
22 have their wireless phone number appear in the
23 standard white page directory.

24 Q. Thank you. And my issue was with your use
25 of the term stand-alone. I didn't know if you meant

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1 that, by stand-alone, wireless versus wireline, or a
2 set of numbers contained in a book that includes all
3 wireless numbers. That's -- that was my confusion
4 with your answer.

5 A. And I'll try to clarify a bit more. All
6 wireless numbers are not automatically printed in the
7 telephone book, as are wireline numbers.

8 Q. Thank you.

9 A. However, wireless customers can opt to have
10 the numbers appear if they choose.

11 CHAIRWOMAN SHOWALTER: I am finding this
12 exchange rather confusing, because the questions and
13 the answers don't seem to be quite joining up. My
14 understanding of what you're saying is that, for
15 wireline customers, they are in the main telephone
16 book unless they opt to be unlisted?

17 THE WITNESS: That is correct.

18 CHAIRWOMAN SHOWALTER: And that wireline, it
19 is the reverse. They're not in the telephone book
20 unless they purchase space in it, in which case
21 there's no distinction. A reader of the telephone
22 book would not know whether the number was wireline
23 or wireless; is that correct?

24 THE WITNESS: That's correct. I think you
25 said for wireline customers in your second example.

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1 CHAIRWOMAN SHOWALTER: I meant wireless.

2 THE WITNESS: For wireless customers, they
3 can optionally choose to have the number listed, but
4 they have to purchase that listing.

5 CHAIRWOMAN SHOWALTER: Okay. But at that
6 point, there's simply a book or several books,
7 depending on who's producing them, but that the
8 numbers are not going to be shown to be wireline
9 versus wireless?

10 THE WITNESS: That's absolutely true.

11 CHAIRWOMAN SHOWALTER: Thank you.

12 Q. Oh, and the other follow-up question, before
13 we get to the surveys, is whether Qwest did a similar
14 study for Washington?

15 A. We did not do a similar study for
16 Washington. These studies are fairly expensive.
17 Clearly, the wireless evidence in this docket is not
18 the centerpiece of our evidence. It's offered to
19 inform the Commission that other options are out
20 there for business customers beyond wireline standard
21 offerings, such as wireless and VoIP offerings.

22 Q. Were the surveys the centerpiece of your
23 evidence in the Idaho and Iowa cases?

24 A. In Idaho, we are relying solely on wireless
25 competition as our competitive evidence. It's a --

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1 it's the first case of its kind I'm aware of in the
2 country, as a matter of fact. In Iowa, the wireless
3 evidence will be part of the evidence, but not the
4 centerpiece in that docket.

5 Q. Now, let's get to the Iowa survey, which is
6 Attachment A.

7 A. I have that.

8 Q. And as we talked about, this is
9 confidential, so I'll direct your attention to
10 particular pages and numbers, and we'll ask questions
11 that way.

12 A. That's fair.

13 Q. So let's go to page four.

14 A. I have that page.

15 Q. And that page reflects the number of Iowa
16 businesses that were included in the survey; is that
17 right?

18 A. I'm sorry, were you referring me to page
19 four?

20 Q. Or page three, page three.

21 A. Yes, on page three, it does show the number
22 of Iowa businesses that were surveyed.

23 Q. And then page four contains the purpose of
24 the survey?

25 A. Yes, it does.

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1 Q. Page 18 is the section of the survey that
2 addresses business customers?

3 A. That is correct.

4 Q. That's where it begins?

5 A. That's correct.

6 Q. Then on page 19, the top paragraph discusses
7 the percentage of Iowa businesses that have cell
8 phones; is that right?

9 A. That's correct.

10 Q. And what I was going to have you do is
11 actually calculate that number for the record, but in
12 light of the fact that this information's
13 confidential, I will -- I'll just do that in the
14 brief to present that information to the Commission.

15 CHAIRWOMAN SHOWALTER: I'm not sure what you
16 mean by calculate the number. There are numbers in
17 here. If this is -- I don't know if this has come
18 into the record yet or not, but --

19 MS. SINGER NELSON: The number is 54 percent
20 of what, and that would be the resulting number --

21 CHAIRWOMAN SHOWALTER: I see.

22 MS. SINGER NELSON: -- of businesses that
23 would have cell phones, as opposed to presenting the
24 information on a percentage basis.

25 Q. And then, on page 20, the top line talks

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1 about a percentage of Iowa businesses with cell
2 phones that use those cell phones while physically in
3 their place of business.

4 A. That's correct.

5 Q. And in order to actually get to the true
6 number that that percentage represents, you would
7 have to multiply that percentage times the number of
8 Iowa small businesses that have cell phones; isn't
9 that right?

10 A. Yes, that number would relate to the number
11 listed on page 19 that shows that the majority of
12 Iowa small businesses have cell phones. So this
13 percentage relates to that former percentage.

14 Q. It's not a percentage of the total number
15 that we saw on page three?

16 A. That's correct.

17 Q. So that that would make that a smaller
18 number than the percentage of the number we saw on
19 page three?

20 A. It would.

21 CHAIRWOMAN SHOWALTER: So I'm sorry to
22 interrupt here, but in other words, it's -- if we're
23 on page 20, it's that percent times the percent in
24 the first bullet on page 19 times the absolute number
25 on page three, first bullet?

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1 THE WITNESS: I think I can clarify. Of
2 the number of businesses sampled in Iowa, I think we
3 divulged that number nonconfidentially, didn't we?
4 It was 405. I think I can divulge that. Of that 405
5 that were sampled, 54 percent reported they have a
6 cell phone and use a cell phone in their business.

7 Q. Okay.

8 A. And of that number, 65 percent use their
9 cell phones -- I'm sorry.

10 Q. Are you okay revealing those numbers,
11 because that's what we were trying not to do.

12 MR. SHERR: Right. Mr. Teitzel's -- excuse
13 me, this is Adam Sherr for Qwest. Mr. Teitzel
14 stopped from reading the entire description. We'd
15 prefer that was not in the record. So the
16 percentages are fine when they're not connected to
17 what they're the percentage of. And I saw that you
18 were respecting that, and I think that Mr. Teitzel
19 realized that he was reading the entire thing, and he
20 stopped.

21 THE WITNESS: I did, inadvertantly.

22 CHAIRWOMAN SHOWALTER: But the number --

23 JUDGE MACE: Just a minute. We all need to
24 talk one at a time.

25 CHAIRWOMAN SHOWALTER: But I'm trying to

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1 follow the conversation, but it sounds to me as if
2 the absolute number has already been revealed, and
3 then there are two percentages of that, in which case
4 if the absolute number has been revealed, times one
5 percent which has been revealed, times another
6 percent which has been revealed, what is
7 confidential?

8 MR. SHERR: Right, and so you can multiply
9 the absolute number, which I think is the sample
10 size, times those percentages, but as long as you
11 haven't connected that to what that end number is the
12 result of, if -- what that equates to, I think we're
13 still okay.

14 CHAIRWOMAN SHOWALTER: I am not
15 understanding this. If you have a nonconfidential
16 absolute number and two nonconfidential percentages,
17 it simply is not confidential to multiply them out.
18 That's mathematical.

19 MR. SHERR: That's right, it's not
20 confidential to multiply that out to end up with a
21 smaller number.

22 JUDGE MACE: I think what he doesn't want to
23 have come into the record, then, is what that number
24 represents in terms of the rest of the top line on
25 page 20. In other words -- well, I won't say what it

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1 is, but in other words, that that number is X, it's
2 what's described in the rest of the first bullet on
3 the top of page 20. Am I right?

4 MR. SHERR: You're right. You articulated
5 it better than I did. I mean, certainly multiplying
6 percentages times a nonconfidential number is not
7 confidential. What makes it confidential is if you
8 know what that end result means, what it refers to.
9 And what Judge Mace said is correct. If you read the
10 rest of the top line -- on the top of the first line
11 on page 20, do you then know what that number means,
12 and that's what's confidential.

13 MS. SINGER NELSON: Excuse me. Could we
14 just make this simpler? It's become very complicated
15 and I really don't want to take up that much time. I
16 do have some questions, and they won't take too much
17 time if we go through them, so could I suggest that
18 we go into a confidential record, just so we could
19 make this easy, because I am confused now as to
20 what's confidential and what's not confidential, and
21 it would just make it easier and more quick. It
22 would help us go more quickly through the process.

23 CHAIRWOMAN SHOWALTER: Well, aside from this
24 question you're asking right now, do you have more of
25 this type of thing to ask?

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1 MS. SINGER NELSON: All of my questions are
2 that type of thing.

3 CHAIRWOMAN SHOWALTER: Maybe it is best,
4 easier to clear the courtroom.

5 MS. SINGER NELSON: Thank you.

6 JUDGE MACE: Let me ask those individuals
7 who have not signed the confidentiality agreement
8 related to the protective order, if you would clear
9 the room at this time, and we'll invite you back in
10 as soon as we're finished with this part of the
11 questioning. If you have not signed, please leave
12 the room at this point.

13 CHAIRWOMAN SHOWALTER: And we're going to
14 turn the conference bridge off in case anybody is on
15 it.

16 (The following portion of the transcript,
17 consisting of pages 380 through 415, is
18 contained in a separate and confidential
19 record.)

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