I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Larry Richter. My business address is 600 Hidden Ridge, Irving, Texas 75038.

Q. ARE YOU THE SAME LARRY RICHTER WHO FILED DIRECT[1] AND SUPPLEMENTAL DIRECT TESTIMONY IN PHASE B OF THIS PROCEEDING?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. My testimony responds to statements made by witnesses Weiss, Klick and Pitkin (representing the Joint Intervenors), witness Gillan (representing AT&T), witness Knowles (representing XO Washington, Inc.), and Staff witness Roth concerning Verizon's cost study submitted in support of its non-recurring charges. Specifically, I will describe how Verizon's company-specific costs are the appropriate costs and point out the incorrect assumptions and conclusions those witnesses present in their testimonies.

[1]My Phase B Direct Testimony filed on December 22, 2000 adopted and replaced the Phase B Direct Testimony of Linda Casey.

II. NRC COST STUDY METHODOLOGY

Q. PLEASE SUMMARIZE WITNESS ROTH'S ADJUSTMENTS TO VERIZON'S COSTS IN SUPPORT OF NON-RECURRING CHARGES.

A. Ms. Roth proposes that costs be adjusted for ordering functions in the following manner[2]:

1. Reduce "Production Order Entry" connection and disconnection based on the Enhanced Extended Link ("EEL") service order function;
2. Include zero costs for "Error Correction" and "Jeopardies".
3. Modify the "Meet Point" function time based on the EEL service order function;
4. Adopt Qwest loop conditioning times for Engineering and Field work activities for Verizon;
5. Eliminate National Open Market Center ("NOMC") shared/fixed costs; and
6. As an alternative, adopt six minutes for processing an LSR (adopted in 17th Supplemental Order in Docket Nos. UT-960369, et al).

For all other activities, Staff recommends either **(Confidential)** minutes for Local Service Requests ("LSRs") or **(Confidential)** for Access Service Requests ("ASRs") for a new service order "Production Order Entry" connection[3].

[2]Phase B Responsive Testimony ("RT") of Jing Y. Roth, pages 5 – 6.
[3]Roth Phase B RT at Exhibit JYR-C3, footnote 2.

Service Ordering Work Times

Q. WHAT METHOD DID VERIZON USE TO DETERMINE THE WORK TIMES ASSOCIATED WITH EEL SERVICE ORDER PROCESSING?

A. Verizon processes Competitive Local Exchange Company ("CLEC") EEL service orders at its National Access Contact Center ("NACC"). In order to determine the costs associated with service order processing time, the Company conducted a time and motion study on a small sample of employees who work in the center. Verizon did not conduct a time and motion study on all employees in the NACC because it is not practical or necessary to observe every employee for a given period of time due to the size and amount of activity that occurs at this center. As a result, Verizon's time and motion study uses a "Time Base Calculation" methodology that allocates the productive time of each NACC employee to the different processes involved in CLEC service orders.

Due to the nature of the work involved at the NACC, it is impossible to observe every minute of work time attributable to a *particular* work activity because the work is not of a continuous, uninterrupted nature. For example, a service representative may begin the process of order production, then distribute the shell order to other departments within Verizon that must provide critical information for the order (e.g., reservation of facilities). Accordingly, the service representative must wait for the order to be returned for further processing. In the meantime, the same service representative will begin another activity that is unrelated to the processing of the first service order. Because there are numerous activities that must be performed for each individual order type and such activities are not performed on a continuous, uninterrupted basis, it is impossible to accurately attribute

every production hour expended to a particular type of order. However, the total time expended for all of the activities studied may be readily obtained from the time cards of employees that complete the work. Thus, the time and motion studies conducted by Verizon capture the basic nature of the work performed, index the individual work activity types based on the weight each type of order carries (in terms of the employee's total work activity time), then allocate all of the expended hours accordingly.

Q. DO YOU AGREE WITH MS. ROTH'S RECOMMENDATION TO REDUCE EEL SERVICE ORDER PROCESSING TIME?

A. No. Ms. Roth takes exception to the "Time Base Calculation" methodology used in Verizon's NRC study. Ms. Roth proposes to incorrectly utilize only the "Time Study Minutes Per Order" of **(Confidential)** minutes (initial work time) as the total amount of time required for completing the activities associated with processing a new service order. The **(Confidential)** minutes is the amount of time per order that a NACC representative, who was observed during the study period, spent on the initial processing of a new order. It does <u>not</u> represent the <u>total</u> amount of time a NACC representative spends to complete the processing of a new order. The resulting work time Ms. Roth's methodology produces is further flawed because it does not consider the "Probability of Occurrence" factor that is applied to the total minutes per order and reflects the frequency an order is "touched." As a result, Ms. Roth's methodology inappropriately excludes **(Confidential)** minutes per order that are expended in the work center to complete a new service order, and therefore should be rejected.

Q. ARE MR. WEISS' REVISED CALCULATIONS OF VERIZON'S SERVICE ORDER PROCESSING TIME BASED ON SOME OF THE SAME INCORRECT ASSUMPTIONS AS MS. ROTH'S?

A. Yes. Although Mr. Weiss appropriately applies a "Probability of Occurrence" factor, he also assumes that the "initial work times" contained in Verizon's NRC study are equal to the total amount of time required for completing the activities associated with completing the processing of a new order. Thus, Mr. Weiss' revised work times are flawed for the same reasons explained above regarding Ms. Roth's calculations.

Q. PLEASE RESPOND TO MS. ROTH'S PROPOSAL TO EXCLUDE WORK TIME FOR ERROR CORRECTION AND JEOPARDIES FOR PROCESSING EEL SERVICE ORDERS.

A. Ms. Roth assumes that work time adjustments made in the 17th Supplemental Order (see item 2 & 6 of her list above) should apply equally to the costs submitted in this proceeding. It is inappropriate to apply any of the adjustments from prior Commission Orders to Verizon's NRC cost study submitted in this proceeding, because the cost study has been updated to reflect more current work times. The original work times, which were the basis for the cost studies submitted in earlier proceedings, were based on studies conducted when Verizon's NACC was in a start-up mode. Many assumptions had to be made at that time by Verizon's Subject Matter Expert ("SMEs") because many processes were still very manual in nature. Thus, Verizon's NRC study in Docket UT-960369, et al. did not reflect a study of actual service order process activity, but estimates of the amount of time necessary to complete those future activities.

In August 1999, Verizon was able to conduct work time studies of actual wholesale Access Service Requests ("ASRs") being completed that reflect the impact of OSS enhancements for projects in progress and anticipated OSS enhancements projected within the foreseeable future. The work times of **(Confidential)** minutes for error corrections and **(Confidential)** minutes for jeopardies included in Verizon's NRC study were developed based on the same time and motion study described above for EEL service order processing. These times are more accurate than Ms. Roth's estimates, and her recommendation to use zero costs or, in the alternative, six minutes for processing an ASR, should be rejected.

Q. IS IT APPROPRIATE TO MODIFY THE TIME ESTIMATE FOR "MEET POINT" AS MS. ROTH RECOMMENDS? (ITEM 3 IN THE LIST ABOVE)

A. No. Ms. Roth again assumes that the initial work time equals the total work time. Ms. Roth's recommendation should be rejected for the same reasons I have outlined above regarding her calculations for reducing EEL service order processing time.

Q. IS IT APPROPRIATE TO USE (CONFIDENTIAL) MINUTES OR (CONFIDENTIAL) MINUTES FOR NEW SERVICE ORDER "PRODUCTION ORDER ENTRY" CONNECTION FOR ALL OTHER ACTIVITIES BESIDES EELS AS MS. ROTH RECOMMENDS?

A. No. It is inappropriate to apply any of the work time adjustments previously adopted by the Commission for Qwest. Similar to the time and motion study performed at the NACC, Verizon's NRC cost study was also updated to reflect more current work times at

its National Open Market Center ("NOMC"). The work times developed in 1996, which were the basis for the cost studies submitted in earlier proceedings, were based on studies conducted when Verizon's NOMC was in a start-up mode. These studies reflected estimates of activities that were still very manual in nature. In August of 1999, Verizon conducted work time studies of actual wholesale LSRs being completed that reflect the impact of OSS enhancements for projects in progress and anticipated OSS enhancements projected within the foreseeable future. For these reasons, Ms. Roth's recommendation to adjust Verizon's work times for new service order production entry connection for all activities other than those for EELs should be rejected.

Loop Conditioning

Q. MS. ROTH AND WITNESSES KLICK AND PITKIN TAKE ISSUE WITH THE WORK TIMES INCLUDED IN VERIZON'S LOOP CONDITIONING STUDY. WOULD YOU LIKE TO COMMENT ON THIS?

A. Yes. I would like to point out that neither Ms. Roth nor witnesses Klick and Pitkin appear to take issue with the types of activities Verizon included in its cost study as necessary for completing the engineering and construction activities associated with removing load coils and bridged taps. Therefore, I am only addressing the validity of the work times associated with these activities that the witnesses address in their response testimony.

Q. IS THE RECOMMENDATION OF MS. ROTH AND WITNESSES KLICK AND PITKIN TO ADOPT QWEST'S LOOP CONDITIONING WORK TIMES FOR ENGINEERING AND FIELD WORK ACTIVITIES APPROPRIATE?

A. No. The Act requires that Verizon's wholesale rates recover its costs, not those of another company. Verizon's costs for loop conditioning presented in this proceeding are based on its processes and procedures for removing load coils and bridged taps.[4] These costs have not previously been considered by the Commission and should not be ignored. Moreover, the costs of another ILEC should not automatically be imposed on Verizon. ILECs do not necessarily have the same procedures or systems to perform like functions. This can create a difference in the amount of time required to accomplish similar activities. For example, variations may exist in ILECs' systems, record keeping, and the conditions under which technicians perform their specific functions. Such variations, which exist in many areas, will impact the time required to accomplish the tasks and cause the same tasks to take different amounts of time among ILECs.

Q. UPON WHAT BASIS DOES MS. ROTH ADVOCATE CONTINUING TO UTILIZE QWEST'S ADOPTED LOOP CONDITIONING WORK TIMES FOR VERIZON?

A. None. Although Ms. Roth had approximately two months to examine Verizon's documentation and seek any clarification of the costs through the discovery process, she

[4]Verizon filed an updated NRC Study for Loop Conditioning (Exhibit LR-2C) on December 22, 2000. When responding to the statements made by Ms. Roth and witnesses Klick and Pitkin, regarding Verizon's loop conditioning study, I will be referring to Verizon's updated Loop Conditioning Study.

claims that the multiple layers of data presented by Verizon posed difficulties in her interpretation of the data (Roth Phase B RT at 8). Since Ms. Roth does not present any further analysis or documentation outlining the differences between the Qwest and Verizon Loop Conditioning Studies, Verizon is unable to determine what particular activities contained in Verizon's loop conditioning study Ms. Roth claims are too high. Ms. Roth simply states that Verizon's costs are higher than Qwest's and recommends that Qwest's loop conditioning costs continue to be used for Verizon. Adopting Ms. Roth's approach, one could logically conclude that there are no network configuration, geographical or operational differences between any two ILECs at all. If that were the case (and it is not), then costs and prices could be set nationally for all states based on a single set of ILEC costs. Verizon's loop conditioning cost study details the engineering and construction activities and the associated work times that are necessary for Verizon to accomplish the load coil and bridged tap removals.

Q. DO WITNESSES KLICK AND PITKIN PROVIDE ANY ANALYSIS TO SUPPORT THEIR RECOMMENDATION TO ADOPT QWEST'S LOOP CONDITIONING WORK TIMES FOR VERIZON?

A. Witnesses Klick and Pitkin provided Exhibit JCK/BFP – 5/5C outlining their suggested revisions to Verizon's work times. However, similar to Ms. Roth, witnesses Klick and Pitkin simply substitute the Qwest work times previously adopted by the Commission. As previously noted, it doesn't appear that witnesses Klick and Pitkin disagree that the engineering and construction activities outlined in Verizon's loop conditioning study are inappropriate. They object to the work times associated with these activities.

Q. WITNESSES KLICK AND PITKIN RECOMMEND THAT VERIZON'S WORK TIMES FOR ENGINEERING ACTIVITIES BE ADJUSTED TO THE 60 MINUTES PREVIOUSLY ADOPTED FOR QWEST. IS THIS RECOMMENDATION REASONABLE BASED ON THE TYPES OF ENGINEERING ACTIVITIES LISTED IN VERIZON'S COST STUDY THAT ARE REQUIRED TO COMPLETE THE REMOVAL OF LOAD COILS AND BRIDGED TAPS?

A. No. In the 8th Supplemental Order, the Commission concluded that 60 minutes was a reasonable time for a Qwest engineer to identify the location of the load coils. (¶151 at 34). This particular activity is only one of several sub-activities that are required to complete activity number eight noted on page 16 of Verizon's loop conditioning study (Exhibit LR-2C). In fact, activity number eight requires more than **(Confidential)** hours to complete without taking into account the amount of time required for the remaining fourteen engineering activities.

The activities required for step number eight include:

> Draw work order, and permit in the CAD systems (ICGS), populate work order number assignment, and labor scheme. Automatically preposts upon work approval through ICGS & CPMS. (Exhibit LR-2C; Pg. 16).[5]

[5]ICGS is the Integrated Computer Graphics System and CPMS is the Capital Program Maintenance System.

The first sub-step of activity number eight is to “draw the work order” which requires the engineer to log in into the ICGS system and retrieve a work order shell. The second sub-step of "permit in the CAD systems (ICGS)” requires the engineer to retrieve a diagram of the current make-up of those facilities that require deloading. The third and last sub-step, which takes the most time to perform, is to “populate the work order number assignment and labor scheme.” This sub-activity requires the technician to go to the CPMS system and retrieve the work order number. The system will ask the engineer several questions regarding the work to be performed. The engineer must develop a work order narrative describing all work activities to be performed and estimate the financial costs, including the hours required for the engineer and the technician, based on the activity to be performed. The engineer must also make any necessary changes to the existing diagram of the facilities to be deloaded and include any notes to ensure the technician will precisely understand what changes are required to those facilities. Finally, the engineer must review the work order and issue it for the appropriate internal approvals.

Q. WOULD THE 60 MINUTE ENGINEERING WORK TIME PREVIOUSLY ADOPTED BY THE COMMISSION BE ADEQUATE TO PERFORM THE REMAINING FOURTEEN ACTIVITIES OUTLINED IN VERZION’S LOOP CONDITIONING STUDY?

A. No. Even if you excluded activity number eight, which would be inappropriate, the remaining fourteen engineering activities require significantly more than 60 minutes to complete. In fact, activity number one, four, and five each require over sixty minutes to

complete. For example, step one requires the engineer to input the customers address information into the AAIS/mark system to determine the cable number and pair assignment associated with that particular address. Once this information is accessed, the cable number and pair assignment information is input into the ICGS system to retrieve a diagram of the current facilities make-up. The information accessed from ICGS is then checked against a plat map to determine whether there are any pending work orders that will impact the current facilities make-up.

Activity number four requires the engineer to develop an outline of the necessary work to be completed. This activity includes identifying whether any city or county permits are required; what parties need to be involved in completing the work order; what approvals are required based upon the estimated cost of completing the work order; and the actual modification to the facilities that are required. The outline of this information is then used to complete the detailed work order functions noted in activity number eight.

Activity number five requires the engineer to fill out the necessary forms for requesting permit approval from the city or county. The engineer must also deliver the forms to the appropriate department for the city or county. Once the city or county receives the request for a permit, the engineer must also respond to any questions concerning the permit request.

Q. PLEASE BRIEFLY DESCRIBE THE CONSTRUCTION ACTIVITIES AND THE ASSOCIATED WORK TIMES INCLUDED IN VERIZON'S LOOP CONDITIONING STUDY.

A. In reviewing page 14 of Verizon's loop conditioning study (Exhibit LR-2C), one can see that there are twelve construction activities associated with aerial and buried cable. Those same construction activities are also required for underground cable facilities. Generally, the differences in the work times proposed by Verizon for aerial and buried cable as compared to the work times proposed for underground cable is that the work times for underground cable assume a two-man work team. Due to safety reasons, Verizon's policy requires a two-man team to perform underground cable construction activities. When working in underground facilities, gas fumes frequently migrate to manholes, creating the possibility of a dangerous situation. To ensure the work area is safe, the workers must remove (pump) water and purge the air from the manholes before the necessary work can be performed. Using a two-man team permits the team members to ensure that their partner is not overcome by gas fumes or lack of oxygen while working in the underground facilities. Thus, the three additional construction activities[6] required for underground cable facilities are associated with ensuring that the work environment for underground facilities is safe.

[6]See construction activities described on lines 22 through 24 on page 15 of Verizon's December 22, 2000 Loop Conditioning Study.

Q. WHAT CONCERNS DO YOU HAVE WITH WITNESSES KLICK AND PITKIN'S RECOMMENDED ADJUSTMENTS TO THE WORK TIMES ASSOCIATED WITH VERIZON CONSTRUCTION ACTIVITIES?

A. In reviewing witnesses Klick and Pitkin Exhibit JCK/BFP-5/5C (Page 2 of 4), one can see that witnesses Klick and Pitkin arbitrarily reduced the work time from **(Confidential)** minutes to **(Confidential)** minutes for receiving the work assignment and traveling to the work site. This is an inappropriate adjustment because it does not provide a reasonable amount of time for the Verizon technician to: 1) review the work order with his supervisor to ensure he understands the work required; 2) ensure the technician has all the necessary supplies for the job and if not, picking up the necessary supplies; and 3) travel to the actual work site. In addition, the witnesses further reduce the work time for underground cable facilities by 50%, so that the work time is the same as that for aerial and buried cable facilities. This is an inappropriate adjustment since two workers are required to understand the work assignment and travel to the underground facilities work site as compared to one worker traveling to the aerial and buried cable work site. As indicated above, a two-man work team is required when working on underground facilities due to safety reasons. The work times for understanding the work assignment and traveling to the work site for underground facilities account for this by doubling the work time for traveling to the aerial or buried cable work site, which only involve one worker.

My other concern with witnesses Klick and Pitkin's recommended adjustments is that they propose to use the 120 minute work time for aerial and buried and the 160 minute work

time for underground cable previously adopted for Qwest for the Verizon construction activities, excluding IP Support Center and traveling to work site activities. These work times are inadequate to complete the necessary activities outlined on page 14 of Verizon's Loop Conditioning Study. The Commission should ignore the arbitrary and inappropriate adjustments made by witnesses Klick and Pitkin to Verizon's construction activities work times and adopt Verizon's proposed work times, which reasonably account for the amount of time required to complete the necessary activities outlined in Verizon's Loop Conditioning Study.

Q. PLEASE DESCRIBE THE MAJOR AERIAL AND BURIED CABLE ACTIVITIES THAT ARE NECESSARY FOR LOOP CONDITIONING AND REQUIRE MORE THAN 120 MINUTES IN TOTAL TO COMPLETE.

A. There are three activities (8, 9 and 12) associated with aerial and buried cable that take approximately an hour or more to complete. Activity number 8 refers to the activity of opening a splice case which requires a technician to remove lockbar nuts in a certain sequence, removing the lockbar assembly, removing the rear and front splice closure shells, and removing the casing that holds the excess length of cable within the cable splice closure. Activity number 9 generally includes the work time associated with the technician hooking up the tone generator equipment at the central office ("CO") to identify the pair to be deloaded in the field; travel time from the work site back to the CO to disconnect the tone generator equipment after work is completed, and then check with the customer to ensure the service is working. If the customer can not be contacted, then the technician must verify the integrity of the circuit. Activity number 12 refers to

the closing of the splice case that involves lubricating the splice case on the end plate sealing area and the lockbar studs, wiping the end plates and closure shells thoroughly to remove any foreign substance, preparing the cable to fit inside the splice closure shell, reinstalling the closure shells, tightening the lockbar nuts in the proper sequence, and flash testing the closure.

Q. PLEASE DESCRIBE THE MAJOR UNDERGROUND CABLE ACTIVITIES THAT ARE NECESSARY FOR LOOP CONDITIONING AND REQUIRE MORE THAN 160 MINUTES IN TOTAL TO COMPLETE.

A. First, I would like to point out that the major activities described above for aerial and buried cable and the reasons why a 120 minute work time is not adequate to complete these activities are also applicable to underground cable. Based on page 15 of Verizon's Loop Conditioning Study, the three additional activities required for underground cable facilities are activity number 22, 23, and 24. Generally, it takes approximately **(Confidential)** to perform activity number 22 and 23, assuming very little water is required to be pumped out of the manhole. Of course, if a significant amount of water is required to be pumped out of the manhole, additional time will be necessary. Activity number 24 requires the technician at the work site to test the manhole to ensure there is no combustible gas prior to performing any work in the manhole. If the test indicates the manhole still has combustible gas present, the technician must wait a period of time before testing the manhole again. Since there is a two-man team performing all of the construction activities for underground cable, the work times for these activities must account for both workers.

Q. WITNESSES KLICK AND PITKIN CLAIM THAT IT IS COMMON PRACTICE TO DELOAD ALL 25 CABLE PAIRS IN A RELEVANT BINDER GROUP WHEN THE ILEC RECEIVES A REQUEST TO DELOAD A SINGLE LOOP. DO YOU AGREE WITH THIS RECOMMENDATION?

A. No. It is certainly not Verizon's practice to simultaneously deload a full complement of 25 cable pairs when the Company receives a request to deload a single loop. If one of the 25 cable pair requires deloading in order to provision advanced services, it does not mean that the remaining 24 cable pairs will be used in the same manner. For example, a portion of the 24 cable pairs may be used to provide voice service that will continue to require a conditioned loop. Therefore, there is no guarantee that all 25 cable pairs will be used for advanced services as witnesses Klick and Pitkin incorrectly assume. Moreover, Verizon could incur additional costs if it initially deloads all 25 cable pairs in a binder group and then subsequently is required to recondition the same cable pair in order to provision voice service. This would be a very inefficient and costly practice.

NOMC Shared/Fixed Costs

Q. PLEASE RESPOND TO STAFF WITNESS ROTH'S PROPOSAL TO ELIMINATE THE NOMC SHARED/FIXED COSTS (ITEM 5 IN THE LIST ABOVE).

A. Ms. Roth provides the following rationale for eliminating the costs (Roth Phase B RT at 12):

1. The costs have been recovered through the shared cost allocation or the common cost allocator established by Verizon in its ICM;
2. The total annual charge factor utilized in the analysis is a composite of various factors for which Verizon provides no documentation to support;
3. There is no valid basis for the total amount of the costs; and
4. The costs are not Washington specific.

These arguments for eliminating Verizon's NOMC shared/fixed costs are now moot as the result of the issuance of the Commission's 13th Supplemental Order in this proceeding. This Order addressed the permanent rates for line sharing, collocation, OSS, and Verizon's NOMC shared/fixed cost charge. In that Order, the Commission adopted Verizon's NOMC shared fixed cost charge of $4.92. (13th Supplemental Order at ¶180)

UNE Migration Charge for EELS

Q. PLEASE RESPOND TO MR. KNOWLES' STATEMENT THAT VERIZON HAS NOT PROPOSED A CHARGE FOR CONVERSION OF SPECIAL ACCESS TO UNES.

A. Verizon acknowledged this omission and filed a study supporting the proposed migration charge for EELs and supporting testimony on January 8, 2001.[7]

[7]Larry Richter Supplemental Direct Testimony (LR-3T) dated January 8, 2001. The cost study is labeled Exhibit LR-5C.

Dark Fiber and Sub-Loop Unbundling

Q. WITNESS GILLAN CLAIMS THAT VERIZON'S PROCESSES FOR PROVISIONING DARK FIBER ARE COSTLY AND REQUIRE CLECS TO "GUESS" WHERE DARK FIBER MAY BE LOCATED (GILLAN PHASE B RT AT 10). IS THIS A VALID ARGUMENT?

A. No. As Verizon's witness Kirk Lee explains in his Phase B Supplemental Responsive and Rebuttal Testimony, Verizon has no automated inventory system in place that provides information specific to the location of dark fiber in its network. Consequently, Verizon must conduct labor-intensive searches of its records to determine if dark fiber exists along a particular route in Verizon's network.

Q. MR. WEISS QUESTIONS THE WORK TIMES FOR SUB-LOOP UNBUNDLING AT THE CUSTOMER LOCATION, STATING THAT THE (CONFIDENTIAL) APPEAR TO BE EXCESSIVE (WEISS RT AT 24). HOW WERE VERIZON'S WORK TIMES FOR SUB-LOOP UNBUNDLING AT THE CUSTOMER LOCATION DEVELOPED?

A. The work times for disconnection that Mr. Weiss discusses were developed from actual employee records, which capture service order volumes through the National Order Collection Vehicle ("NOCV") and the associated work time spent by employees on the activities from the Standard Time Activity Reporting ("STAR") system. As Mr. Weiss recognizes, this data, which is included on page 10-WA-44 of Exhibit LC-2C, represents disconnect work done at the customer location. As the cost study indicates, this disconnect time occurs only **(Confidential)** of the time on disconnect orders.

Accordingly, Verizon has included only **(Confidential)** minutes of the **(Confidential)** in its calculation for this activity. Thus, the total cost for sub-loop disconnection at the customer location is **(Confidential)** and is not the **(Confidential)** about which Mr. Weiss complains.

Q. HAS MR. WEISS MADE AN ACCURATE EVALUATION OF THE WORK TIMES HE DISCUSSES FOR DISCONNECTION AT THE CUSTOMER'S LOCATION?

A. No. Mr. Weiss' testimony would lead the Commission to believe that Verizon is including **(Confidential)** of cost for every sub-loop disconnection at the customer's location. Mr. Weiss misreads Verizon's cost study inputs and inadvertently selected the wrong cost. The work that this cost is attributed to occurs only in rare circumstances that require premises work for a loop disconnection at the main distribution frame ("MDF") and does not represent a disconnection of a sub-loop from the intra-building cable. That cost is reflected in Exhibit LC-2C on page 10-WA-44, Serving Terminal Interconnection, and shows a work time of **(Confidential)** minutes. Approximately **(Confidential)** minutes is reasonable for this activity.

Other

Q. PLEASE DESCRIBE THE CORRECTION OF SPREADSHEET LINKAGES THAT WITNESSES KLICK AND PITKIN NOTED IN THEIR PHASE B RESPONSE TESTIMONY.

A. Witnesses Klick and Pitkin point to the absence of a linkage that would provide the source documentation for a **(Confidential)** cost in Exhibit JCI/BFP – 7/7C. This linkage error has been corrected as shown in Revised Exhibit LC-2C filed on November 13, 2000. Contrary to witnesses Klick and Pitkin's claim, the correction of the linkage error does not impact the summary of costs included in Verizon's NRC study.

III. OPERATIONAL SUPPORT SYSTEMS ("OSS")

Q. WITNESSES KLICK AND PITKIN ARGUE THAT CLECS SHOULD NOT BE ASKED TO PAY THE FULL COST OF PROVIDING UP-TO-DATE OSS SYSTEMS WHILE, AT THE SAME TIME, PAY NRCS THAT DO NOT REFLECT THE FULL BENEFIT OF THE EFFICIENCIES THAT THESE SYSTEMS ARE DESIGNED TO GENERATE (JCK/BFP – ITC RT AT 49 – 50). IS THIS A VALID ARGUMENT?

A. Yes. However, witnesses Klick and Pitkin incorrectly imply by this statement that Verizon is requesting in Phase A of this proceeding recovery of OSS costs associated with a fully mechanized OSS. This is not the case. For example, to date, Verizon has provided CLECs with the ability to query, in real time and in an electronic format, all information necessary to process a pre-order request, and to receive electronically from Verizon any responses, error messages, or selection information necessary to complete each request. These examples demonstrate that Verizon is currently providing access to electronic interfaces that fully meet the requirements of providing CLECs access to the

same functionalities available to Verizon.[8] The costs included to provide these OSS functionalities and the corresponding efficiencies are reflected in Verizon's cost studies and reflect a level of mechanization that is available today, not a final full flow through capability. Thus, there is no inconsistency between the level of OSS enhancements implemented by Verizon for CLECs and the dollar amount of OSS cost recovery requested by Verizon in Phase A of this proceeding.

Q. SHOULD VERIZON PROPOSE HYPOTHETICAL COSTS THAT ASSUME END-TO-END ELECTRONIC PROCESSING OF ALL CLEC REQUESTS?

A. No. This hypothetical assumption presents several difficulties. First, because this end-to-end electronic processing does not exist, estimating the costs for the system and the costs to transition to such a system, is virtually impossible. Second, such a system will require significant investment for which Verizon will be entitled to seek recovery from CLECs. CLECs cannot effectively argue on one hand that Verizon has not expeditiously upgraded its systems to accommodate mechanized processes and at the same time argue that OSS costs already expended to provide CLECs access to the same functionalities Verizon provides itself are too high.

Q. VERIZON INCLUDES COSTS FOR ORDERING EVEN THOUGH THE CLEC REQUESTS ARE SUBMITTED VIA THE ELECTRONIC GATEWAY

[8]These electronic interfaces do not provide end-to-end 100% electronic provisioning of all order types as Klick and Pitkin advocate.

DESCRIBED ABOVE. VERIZON DESCRIBES THIS AS A "SEMI-MECHANIZED" PROCESS. WHY IS THAT?

A. As I described earlier, Verizon does not have fully mechanized processing end-to-end for its own retail services. While the most simple resale and unbundled loop service requests can flow through the electronic gateway into Verizon's ordering system, the majority of orders require some manual work on the part of the NOMC. The work times Verizon includes for ordering are reflective of the flow-through percentage projected within the foreseeable future **(Confidential)** and any other efficiencies **(Confidential)** anticipated from OSS projects in progress. The work times in the cost study reflect the activities that are required to process and release orders as they will be processed in the foreseeable future.

Q. WITNESSES KLICK/PITKIN AND WEISS PROJECT ZERO ORDERING COSTS IN THEIR ADJUSTSMENTS BY POPULATING THE "FULLY-MECHANIZED" COLUMNS IN VERIZON'S COST STUDY. WHY IS THIS INAPPROPRIATE?

A. This is inappropriate for two reasons. First, neither Verizon nor any other ILEC has achieved anything approaching 100% automatic processing end-to-end for all telecommunications services. Moreover, there is no evidence that this will change in the foreseeable future. Second, even in a fully-mechanized environment for order receipt from CLECs that allows direct processing into Verizon's ordering systems without human intervention, there will still be some error corrections or jeopardy situations that will

require some follow-up intervention procedures. Therefore, even in the most forward-looking environment, some costs should be expected.

Q. WHAT SORT OF ERROR CORRECTIONS WILL CONTINUE TO OCCUR ONCE VERIZON HAS A FULLY MECHANIZED ORDER PROCESS?

A. Once a CLEC creates and sends the LSR electronically to Verizon, it will pass through various edits. If the upfront edits determine a hard error[9], the LSR is automatically returned to the CLEC for correction. At this point no manual intervention is required by a Verizon service representative. If the LSR passes the upfront edits, it will then need to pass additional edits. If the LSR does not pass these additional edits, a soft error[10] will occur, which will require manual intervention of the LSR by a Verizon service representative. In researching the error, the Verizon service representative will either correct the LSR or notify the CLEC that the LSR will be returned for correction. Such manual intervention has a cost associated with it that Verizon should recover from the CLEC.

Q. WHAT SORT OF JEOPARDY SITUATIONS WILL CONTINUE TO OCCUR ONCE VERIZON HAS A FULLY-MECHANIZED ORDERING PROCESS?

A. A jeopardy situation occurs when Verizon cannot meet the requested completion date for a given order. This may be due to several reasons, including lack of facilities or manpower. When a jeopardy situation occurs, manual intervention by a Verizon service

[9]Examples of hard errors include vacant fields or too many characters within a given field on the LSR.

[10]Examples of soft errors include an error in the address field (i.e., address notes 1st Avenue rather than 1st Street) or new service does not have a service code.

representative will be required to perform the following activities: 1) research why the order can not be completed within the requested time frame; 2) determine a reasonable completion date under the circumstances; and 3) notify the CLEC of the jeopardy situation and negotiate a new due date for completing the order. This process will occur in a manual or mechanized environment. As a result, Verizon will continue to incur costs in jeopardy situations even with a fully-mechanized ordering environment and those costs are appropriately recovered from the CLEC.

IV. CONCLUSION

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS IN THIS PROCEEDING.

A. In my Phase B Direct Testimony, I describe Verizon's costs and methodologies used in the Company's NRC study for dark fiber, sub-loop unbundling, EELs, UNE-Ps, dedicated transport and SS7 access service and loop conditioning. A number of parties raise costs issues in their Phase B Response Testimony, which I address in my Phase B Rebuttal Testimony. My response to these issues can be summarized in the following manner:

1) **Claims that Verizon's work times for service ordering and other activities are overstated –** I explain in detail why the adjustments recommended by Ms. Roth and witnesses Klick and Pitkin to Verizon's work times are incorrect and why the methodology used by Verizon to conduct its time and motion studies and the NACC and NOMC is appropriate and reasonable.

2) **Claims that Verizon's work times for loop conditioning activities are**

overstated – I explain in detail why the work times previously adopted by the Commission for Qwest are not adequate for Verizon based on the work activities outlined in the Company's loop conditioning study. The arbitrary assignment of Qwest work times do not take into account the methods and procedures utilized by Verizon for completing the activities necessary to deload load coils and bridged taps.

3) **Arguments regarding the elimination of Verizon's NOMC Shared/Fixed Costs –** As a result of the issuance of the Commission's 13th Supplemental Order in this proceeding, Ms. Roth's recommendation to eliminate Verizon's NOMC Shared/Fixed cost charge is rendered moot.

4) **Inaccurate evaluation of work times for disconnection at the customer's locations –** I explain why Mr. Weiss' evaluation of Verizon's work times associated with disconnection at the customer's location are inaccurate and why the work times reflected in Verizon's cost study are appropriate and reasonable.

The claims and arguments put forth by other parties as noted above are unfounded and should be rejected by the Commission. Therefore, Verizon recommends that the Commission approve the Company's NRC cost studies filed in this proceeding.

Q. DOES THIS CONCLUDE YOUR PHASE B REBUTTAL TESTIMONY?

A. Yes.

Exhibit No. _____ (LR-6T)
Docket No. UT-003013 - Phase B

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

COMMISSION

In the Matter of the Continued Costing	**)**	
And Pricing for Interconnection,	**)**	
Unbundled Elements, Transport and	**)**	**DOCKET NO. UT-003013**
Termination and Resale	**)**	**PHASE B**

PHASE B REBUTTAL TESTIMONY OF

LARRY RICHTER

ON BEHALF OF

VERIZON NORTHWEST INC.

SUBJECT: COSTS THAT SUPPORT NRCS

FEBRUARY 7, 2001

TABLE OF CONTENTS

I. INTRODUCTION 1

II. NRC COST STUDY METHODOLOGY 2

Service Ordering Work Times 3

Loop Conditioning 7

NOMC Shared/Fixed Costs 17

UNE Migration Charge for EELs 18

Dark Fiber and Sub-Loop Unbundling 19

Other 20

III. OPERATIONAL SUPPORT SYSTEMS ("OSS") 21

IV. CONCLUSION 25