1   BEFORE THE WASHINGTON UTILITIES AND

2   TRANSPORTATION COMMISSION

3   In the Matter of the Review of) Docket No. UT-023003
    Unbundled Loop and Switching   ) Volume VI
4   Rates and Review of the   ) Pages 267 to 304
    Deaveraged Zone Rate Structure.)
5   _____)

6   A hearing in the above matter was held on

7   August 1, 2003, from 9:30 a.m to 10:25 a.m., at 1300

8   South Evergreen Park Drive Southwest, Room 108, Olympia,

9   Washington, before Administrative Law Judge THEODORA

10 MACE.

11   The parties were present as follows:
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    Washington 98191, Telephone (206) 345-1574, Fax (206)
13 343-4040, E-mail asherr@qwest.com; and via bridge line
    by TED SMITH, Attorney at Law, Stoel Rives, 201 South
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15 tsmith@stoel.com.

16   THE COMMISSION, by MARY M. TENNYSON, Senior
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19   AT&T OF THE PACIFIC NORTHWEST, INC., and XO
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 1                    P R O C E E D I N G S

 2              JUDGE MACE:  Let's be on the record in the

 3    matter of the Review of Unbundled Loop and Switching

 4    Rates and Review of the Deaveraged Zone Rate Structure.

 5    This is Docket Number UT-023003.  It's August 1st, 2003.

 6    My name is Theodora Mace, I'm the Administrative Law

 7    Judge who has been assigned to hold hearings in this

 8    docket.

 9              We are assembled here today at the offices of

10    the Washington Utilities and Transportation Commission

11    in Olympia, Washington, for a pre-hearing conference to

12    discuss a motion filed by AT&T to compel Qwest to

13    provide certain information.  I would like to have the

14    oral appearances of counsel who are here in the hearing

15    room today, and then I will ask counsel who are

16    appearing on the conference bridge to enter their

17    appearances, so let's begin with AT&T.

18              MS. STEELE:  Mary Steele representing AT&T

19    and XO.

20              MR. SHERR:  Adam Sherr, S-H-E-R-R, in-house

21    counsel for Qwest.  Accompanying me are co-counsel Ted

22    Smith on the conference bridge and also Peter Copeland,

23    who is a subject matter expert.

24              JUDGE MACE:  Thank you.

25              MS. TENNYSON:  Mary Tennyson, Senior
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1   Assistant Attorney General for Commission Staff.

2   JUDGE MACE: Thank you.

3   I will turn now to the parties who are

4   appearing on the conference bridge. Verizon.

5   MR. RICHARDSON: Bill Richardson from Wilmer,

6   Cutler & Pickering. Along with me is my colleague,

7   David Kreeger.

8   JUDGE MACE: Could you spell your last name,

9   Mr. Kreeger?

10   MR. KREEGER: Sure, it's K-R-E-E-G-E-R.

11   JUDGE MACE: Thank you.

12   I understand that on the conference bridge we

13 also have Mr. Doug Denney, D-E-N-N-E-Y, and Mr. Mark

14 Bryant for AT&T; is that correct?

15   I need to have you make sure that you speak

16 up, because I'm not picking up responses. Mr. Bryant?

17   MR. BRYANT: Yes.

18   JUDGE MACE: And Mr. Denney?

19   MR. DENNEY: Yes, I'm here.

20   JUDGE MACE: Thank you.

21   MCI.

22   MS. SINGER NELSON: Michel Singer Nelson

23 appearing on behalf of MCI.

24   JUDGE MACE: Eschelon.

25   MR. AHLERS: Dennis Ahlers appearing on

1   behalf of Eschelon.

2   JUDGE MACE: Are there any other parties who

3   seek to enter their appearance by conference bridge this

4   morning?

5   Thank you. Well, before we jump right into

6   the meat of this, is there anybody that has a

7   preliminary matter?

8   MR. SHERR: Yeah, I'm sorry to interrupt, I

9   don't think Mr. Smith gave his appearance, and I think

10 he needs to make -- I don't believe he has appeared

11 formally in this docket yet.

12   JUDGE MACE: To my knowledge, he has not.

13   Mr. Smith.

14   MR. SMITH: Yes.

15   JUDGE MACE: I need to have you enter your

16 appearance today if you're going to be participating in

17 this proceeding, and I need to have you enter the long

18 form of your appearance, which means your name, address,

19 phone number, E-mail, and fax.

20   MR. SMITH: Okay. My name is Ted Smith. I'm

21 with the law firm of Stoel Rives in Salt Lake City. The

22 address is 201 South Main Street, Suite 1100, Salt Lake

23 City, Utah 84111. My direct telephone number is (801)

24 578-6961, fax number is (801) 578-6999, my E-mail

25 address is tsmith@stoel.com.

1   Did I cover everything?

2   JUDGE MACE: I believe you did, thank you.

3   Anything else of a preliminary nature?

4   What I propose today is to have AT&T present

5   the motion. We have already had a motion filing and a

6   response from Qwest as well as I believe Staff, but I

7   want to make sure that we have a complete record about

8   this. And AT&T and Qwest, I'm hoping that when you

9   present your arguments you will also address the

10   questions that were presented in the notice for this

11   hearing today. Go ahead.

12   MS. STEELE: Thank you. The data request at

13   issue seeks customer location information that's

14   contained in Qwest databases. The information requested

15   for the most part is information that has been produced

16   by Qwest in other proceedings. Our request here is

17   slightly expanded on that, as I will describe a little

18   later. Qwest admits that customer location information

19   is relevant. In fact, it's using customer location

20   information in its own model at this point, which is

21   different from what it has done in previous cases. But

22   customer locations are relevant because that's how the

23   network in these models is built.

24   The response that Qwest has made in seeking

25   to withhold this information is that, first, AT&T has

1   not made this motion soon enough, and second, that the

2   information is not accurate enough in its current form,

3   that it would have to be in essence scrubbed to make it

4   more accurate before it should be produced, and that

5   that is too burdensome for the Commission to require of

6   Qwest. I would like to give some background on the

7   request and how the data is used to put this in context

8   and to reply to Qwest's arguments.

9   As I indicated, both the HAI model, Hatfield,

10 I have been doing this too long now, it's the HAI model

11 it's called, both of those models used information about

12 customer locations. As filed currently in this

13 proceeding, the HAI model uses two commercial databases

14 from which those customer locations are derived.

15 Qwest's model, and this is in response to question

16 number three, that the model Qwest is using now comes

17 from the FCC's universal service model. That model uses

18 customer locations that are what we call surrogates,

19 meaning it doesn't use actual customer locations, it

20 instead places customers along roads located within the

21 census block group where we know the customers are. So

22 rather than placing them precisely where the customers

23 are, it spreads them out across the census block group.

24   Until recently, there has not been a lot of

25 litigation about the accuracy of the customer locations

1   used in the model, but over the past couple of years in

2   the past few proceedings with Qwest, there have been

3   concerns raised by Qwest regarding the customer

4   locations used in the HAI model. And the request that

5   AT&T and XO made here for both Qwest's and Verizon's

6   information came out of concerns, out of those concerns

7   raised by Qwest. We would like to use the most accurate

8   data possible within the model, and the request of Qwest

9   was an attempt to get whatever information was available

10 about customer locations to allow us to use whatever is,

11 in fact, the best and most accurate data.

12   Now I want to address Qwest's claim that we

13 should have made this motion earlier and tell you why it

14 is that, in fact, it was not made until now, and that

15 requires me to explain how the data is used once it is

16 obtained. For use in a model, the customer location

17 information has to be processed. It has to be geocoded,

18 meaning a longitude and latitude has to be assigned to

19 it. So once the information is obtained, it is given to

20 a commercial firm called TNS, and that commercial firm

21 does the geocoding and then processes the information

22 for use in the model. This is not a simple process,

23 it's actually a quite expensive process. It costs tens

24 of thousands of dollars to have information like that we

25 have requested processed through the model. So deciding

 1   whether or not to seek this information, there is a cost

 2   benefit analysis that has to be done.

 3   And frankly, we weren't sure it made sense to

 4   continue to push for this information until recently,

 5   but a couple of things have happened recently that have

 6   caused us to seek the information with the motion. The

 7   first is that in mid June Verizon supplied its customer

 8   location information, very much the same data. We asked

 9   the same data request of both Qwest and Verizon, and

10   Verizon complied, and therefore we would like to, if

11   possible, provide information from both Verizon and

12   Qwest to TNS at the same time so that it can be

13   processed together and perhaps avoid some of the expense

14   that would be required by doing two separate batch

15   processes were we to get information from Qwest at a

16   later time.

17   The second thing that's happening is that now

18   both Verizon and Qwest are seeking discovery about the

19   TNS process and about the commercial data bases that are

20   used within the model. This is information that AT&T

21   and MCI that sponsors the model here can not supply.

22   Because it is commercial information that is valuable to

23   TNS, it is essentially copywrited information. It's

24   like if Qwest asked us to copy a copywrited book that

25   was in our possession, we can't do that. It is

1   commercially available to both Qwest and Verizon, and

2   they could go and seek the information from the third

3   party, TNS or the owners of the commercial databases.

4   However, if we were to use commercial, I'm sorry, if we

5   were to use information from Qwest and Verizon in the

6   model rather than this commercial information, that is a

7   lot of the discovery that has been requested, we then

8   could respond to that and provide the information that

9   is sought. So that is the thinking that went on in

10   deciding to file this motion to compel.

11   Now I want to respond to the burden argument

12   that Qwest has made. First of all, Qwest has admitted

13   that it does have customer location data in its

14   databases, and that information could be provided

15   relatively easily. It was provided in the Arizona

16   proceeding in which I was involved within a few weeks.

17   The argument that Qwest is making is not that it doesn't

18   have the information, but that it should be permitted to

19   scrub the data if it was going to turn it over and that

20   that process is too burdensome.

21   The customer location data that is within

22   Qwest's control and within its databases today is

23   relevant. The issue is not one of relevance, it's

24   rather one of what weight it should be given. Qwest is

25   arguing essentially that it's not accurate enough to be

1   used, but it is relevant, it is information about the

2   locations of Qwest's customers. And AT&T and the other

3   parties are entitled to have that information in the

4   form that Qwest maintains it now, and then it's the

5   process of the hearing to evaluate whether that

6   information is better than the commercial information

7   presently used in the HAI model. That's something we

8   argue about at the hearing. It's an issue of the weight

9   of the evidence, not its relevance. Now if Qwest were

10 to choose to take steps to make that information more

11 reliable, more accurate, we would, of course, welcome

12 those steps, but that doesn't relieve it of the burden

13 of providing what it does have today.

14   Thank you.

15   JUDGE MACE: I just would like to ask a

16 couple of questions if I may.

17   MS. STEELE: Sure.

18   JUDGE MACE: Would AT&T be using -- strike

19 that.

20   Assuming for the moment that Qwest could

21 provide the customer location information that it may

22 have in the format that it was provided in Arizona,

23 would AT&T then be giving that information to TNS to

24 insert in the HAI model?

25   MS. STEELE: Exactly, yes.

 1   JUDGE MACE: Without being scrubbed?

 2   MS. STEELE: I don't think that we have the

 3 capability of doing the scrubbing that has been referred

 4 to. I suspect that that's something that can only be

 5 done through using other information and resources

 6 available to Qwest. To the extent that we can make the

 7 information more accurate, of course, anything that can

 8 be done to make it more accurate we would like to do.

 9   JUDGE MACE: But you would take whatever they

10 gave you --

11   MS. STEELE: Right.

12   JUDGE MACE: -- if they had it --

13   MS. STEELE: Right.

14   JUDGE MACE: -- with regard to --

15   MS. STEELE: Right.

16   JUDGE MACE: -- the Arizona type information?

17   MS. STEELE: Right, and certainly evaluate

18 it, and if it could be made more accurate, we would do

19 so.

20   JUDGE MACE: Apparently you're familiar with

21 this Arizona format of information. Is it much

22 different in format from what you requested in your

23 initial discovery request?

24   MS. STEELE: I will tell you that the

25 additional -- we did request certain additional

1   information. The additional information that was

2   requested is information about high capacity loops.

3   That was not provided in Arizona. And I should indicate

4   that the information provided in Arizona was not -- did

5   not come out of a request from AT&T, but rather a

6   request from the commission there. I am not -- I would

7   have to defer to Mr. Denney who was also involved in

8   Arizona. He formulated this request and did so

9   attempting to get the same information that was obtained

10   in Arizona, but he may have something else that he can

11   add to this.

12   JUDGE MACE: Mr. Denney.

13   MR. DENNEY: Yes. The data that we got in

14   Arizona was primarily the residence and business

15   locations without regard to the type of service that was

16   at those locations. What we have asked for additionally

17   here is the specific services that are at the customer

18   locations for, you know, to improve the modeling.

19   Certainly we're better off, I mean we're -- we would be

20   well off getting, you know, at a minimum of what we had

21   got in Arizona, which would be the actual customer

22   locations. But allowing us to assign the specific

23   services to those locations would improve the accuracy

24   of the, you know, of the modeling.

25   JUDGE MACE: And why is it that AT&T would

1   not try to use the FCC universal service information

2   that Qwest is using in its own models?

3   MS. STEELE: Well, we think that's a step

4   backwards. That information is less reliable than the

5   commercial information that is used in the model today.

6   As I indicated, that --

7   JUDGE MACE: Less reliable than the

8   commercial information that's used in your model?

9   MS. STEELE: Right.

10   JUDGE MACE: Okay.

11   MS. STEELE: In the HAI model today. In

12   fact, the FCC itself indicated a preference for using

13   actual customer locations, but it chose to use this 100%

14   surrogating method because it was not commercial and

15   proprietary, it was open to the public, so that was the

16   basis for that choice. We think that commercial

17   information is better, that's why it's commercial,

18   that's why it's valuable.

19   JUDGE MACE: Thank you.

20   Mr. Sherr.

21   MR. SHERR: Thank you, and this is Adam Sherr

22   for Qwest again. Mr. Smith and Mr. Copeland are on the

23   line, and I may ask to defer to them on certain points.

24   JUDGE MACE: Certainly.

25   MR. SHERR: Let me briefly reiterate the

1   bases that Qwest is opposing the motion to compel, and

2   there are three, rather than two as Ms. Steele

3   discussed. The first one is the untimeliness issue, and

4   that's based on WAC 480-09-480(7), which requires --

5   JUDGE MACE: Can you slow down just a little.

6   MR. SHERR: Sure, I'm sorry. WAC

7   480-09-480(7), which requires motions regarding

8   discovery disputes to be timely filed. The parties were

9   clearly at impasse here in December. This motion wasn't

10 filed until July 14, some seven months later. The

11 explanation that AT&T has just given doesn't really

12 address why it couldn't have and wouldn't have filed

13 this earlier. The explanation that was just given that

14 I heard from AT&T was, well, we didn't get Verizon's

15 information until mid June, I believe they said, and I

16 don't have the ability to verify when that data was

17 provided by Verizon, but that they didn't receive that

18 data until June, and therefore at that point they had a

19 change in circumstances.

20   But the point for -- the point is the same

21 for that data as it is for Qwest's data, which is had

22 AT&T believed this was the best possible information,

23 the most useful information on both the Verizon and

24 Qwest sides of this case, it should have pressed for

25 that earlier. I haven't seen a motion to compel in this

1   case by AT&T regarding Verizon, so I assume it received

2   that information, as they indicated, voluntarily from

3   Verizon. So the fact that it arrived in June rather

4   than in December when they asked for it doesn't address

5   the question of why AT&T didn't press the issue earlier.

6   You know, the problem we have is that this is

7   information that if AT&T believed was critical to them

8   providing the most accurate cost studies, cost models

9   possible, that they should have pressed the issue much

10   earlier. And there's a great deal of potential

11   prejudice to not only Qwest but all parties with this

12   issue being delayed for so long and to so late in the

13   proceeding. And depending on what's ordered, this could

14   cause significant delay in the proceeding and/or require

15   Qwest to divert critical resources to preparing this

16   information in the midst of a very busy discovery period

17   and testimony preparation period.

18   Again, if AT&T tries to use, and this is

19   something I believe that was indicated in the response

20   as well, if AT&T attempts to obtains this information by

21   order of the Commission and attempts to use it in

22   testimony, it's not going to probably be until the last

23   round of testimony, at which point one of two things is

24   going to happen. Either the parties, probably more than

25   Qwest, are going to object and ask for additional time,

1   which is either going to delay the hearing significantly

2   so that discovery into what AT&T did with the

3   information that was received, how it was scrubbed, how

4   it was used can be learned and additional testimony and

5   response can be prepared, which isn't currently in the

6   schedule, or there's going to be a delay in the

7   proceeding, or there's going to be, probably and there's

8   going to be a delay in the proceeding, or the parties

9   are simply going to be denied the ability to do that

10 discovery and respond.

11   So this is all information that should have

12 been contained in AT&T's direct first filing so that the

13 parties had the full opportunity of the litigation

14 process to engage it and to investigate it, but AT&T

15 waited for seven months. There's no explanation still

16 why they waited so long, and it's interesting that they

17 did -- apparently they received the Verizon information

18 but didn't use it. In response of one of your

19 questions, Judge, AT&T said that they would provide the

20 information they received from Qwest to TNS and TNS

21 would then use it in the cost model. Well, if that's

22 what was going to happen, that could have happened with

23 Verizon's data, but to my knowledge it wasn't used at

24 all. And so again, it's curious to me why AT&T is

25 pressing so hard at this late date to get this

1   information from Qwest.

2   Beyond the untimeliness issue, an issue that

3   AT&T didn't discuss this morning is that this -- some of

4   this information plainly doesn't exist in Qwest's hands.

5   Some of it does, but some of it doesn't. It would,

6   first of all, it would take time and resource intensive

7   effort to compile the information that they're seeking

8   even on sort of an Arizona basis, if we can use that

9   description.

10   And then the information itself wouldn't be

11   useful in its present form. It would need to be

12   scrubbed significantly in order to be accurate. It's

13   not accurate to say that Qwest provided accurate

14   customer location information in Arizona. We didn't.

15   We provided customer location information, which we then

16   determined was only accurate 64% of the time, and so

17   it's not accurate information. We don't have accurate

18   information.

19   Also, some of the information they are

20   requesting specifically, and Mr. Copeland or Mr. Smith

21   should interrupt me if I'm wrong, I believe the M code,

22   L code, and block information that's requested in the

23   data request simply is not something that Qwest has in

24   its possession.

25   And third, and I think this point has been

1   addressed already, while in its motion AT&T implies that

2   they're asking for the same information as they obtained

3   in Arizona, they're asking for different information

4   here. That was just addressed by AT&T's subject matter

5   expert to some degree, but again, this M code, L code,

6   and block information I don't believe was provided.

7   JUDGE MACE: Is the M code, L code, and block

8   information the same as what Mr., was it Mr. Denney

9   talked about as identification of the specific services

10 at the customer locations that AT&T was asking for in

11 addition; is that what that is?

12   MR. SHERR: Let me defer to Mr. Copeland.

13   Mr. Copeland, Peter, did you hear that

14 question?

15   MR. COPELAND: Yes, I did.

16   No, that is different information. That has,

17 the M code and L codes are some sort of output from a

18 piece of software called Centrex, and I don't -- have

19 not seen that code in the output that we have available

20 in our database, or the block number.

21   JUDGE MACE: Let me ask and turn to AT&T for

22 a moment, am I interpreting your arguments correctly

23 that if you could receive information from Qwest that

24 was similar to the Arizona provided information, perhaps

25 with this additional identification of specific

1   services, would you be then dropping your request for

2   information in the format that you included in your

3   initial discovery, in other words the M code, L code, et

4   cetera?

5   MS. STEELE: We certainly do not seek

6   information that Qwest doesn't have. So to the extent

7   that they don't have M code, L code, or block

8   information, we don't seek that information. But the

9   request that we have does seek the information of the

10   type received in Arizona along with some additional

11   information. Essentially we want to get whatever they

12   have, and so the Arizona information plus information

13   about specific services if that's available, yes.

14   JUDGE MACE: All right, thank you.

15   Go ahead, Mr. Sherr.

16   MR. SHERR: Thank you. The third point, and

17   again I would invite your questions afterwards, and

18   hopefully myself or Mr. Smith or Mr. Copeland can

19   respond, the third point has already been beaten to

20   death a little bit, and that is that we don't believe

21   this information is reasonably calculated to lead to the

22   discovery of admissible evidence. Because as explained

23   in some detail in Qwest's response, the data is

24   inherently unreliable in the form that could be

25   provided, which is again this Arizona format. It's

1   inherently unreliable, and we have grave concerns that

2   it will be simply plugged in to the HAI model and will

3   be done so at such a late date that the parties will be

4   denied the opportunity to understand what steps AT&T

5   took, if any, to scrub the data and make it accurate and

6   could potentially influence the decision in this case to

7   a great extent. And again connecting back to the

8   timeliness argument, that the time for this motion was

9   six months ago when AT&T was aware that we were unable

10   and unwilling to provide the level of detail of

11   information that they were looking for.

12   Thank you very much.

13   JUDGE MACE: We turn to Commission Staff and

14   ask if, Ms. Tennyson, if you have any arguments on this

15   motion.

16   MS. TENNYSON: Well, Staff's position

17   essentially is if we could obtain more accurate data by

18   a delay in the proceedings, then maybe that's an

19   appropriate way to go if, in fact, there is a need to

20   delay the proceedings to get the -- allow Qwest to

21   provide the data in an accurate form. I think it would

22   be helpful to know what specific inaccuracies, what and

23   where in the data are those inaccuracies that Qwest

24   asserts must be scrubbed or significantly scrubbed I

25   believe was the term that Mr. Sherr used. Because

1   again, the purpose of the proceeding is to get accurate

2   costs. If we have more accurate and specific data, we

3   are going to come out with better estimates of the

4   costs, and that is the purpose of the proceeding.

5   JUDGE MACE: Actually, that turns me back to

6   the list of questions that was propounded in the notice

7   of this proceeding, and, Mr. Sherr, I don't think you

8   really addressed some of the questions. For example, 4

9   and 5, in certain Qwest states, Qwest loop rates are

10   based on where a customer resides relative to the wire

11   center, what information sources are used to establish

12   those rates, can that be integrated into a cost model or

13   the Hatfield model? And then number 5, is it possible

14   to provide a sample of customer location data that would

15   somehow be able to be used to adjust loop lengths? I

16   think the focus of the questions was that the Commission

17   wants the most accurate customer location data

18   available, and I have heard, for example, that the FCC

19   data that you use may not be very accurate and that TNS

20   information may not be the most accurate, and so how can

21   we get to more accurate information? This is a

22   longstanding concern of the Commission's. I think I

23   recall reading in an order 980311 the Commission had

24   some serious concerns about accurate customer location

25   data. So I would like to have you address that issue

1   and those questions.

2   MR. SHERR: Sure, and Mr. Copeland I believe

3   is available to provide a response on those questions 4

4   and 5.

5   MR. COPELAND: Yes, and if you wish, I can

6   respond to Staff's question concerning what scrubbing

7   would need to take place of the data, and I will start

8   there if you don't mind. The scrubbing would be due to

9   the fact that on our 14 state basis, this database is

10   only able to get an accurate customer service address

11   location 64% of the time out of the engineering records

12   that matches the telephone number properly. The other

13   -- the next level of detail that it would have would be

14   a listing address that would be in the directory, and

15   then the third level of accuracy would be a billing

16   address. And these problems may not -- these may cause

17   problems, because these, the listed address or the

18   billing address, might not be the actual service

19   locations. We only have the actual service locations

20   64% of the time in the way that the data comes out of

21   the database. That's our raw data, that's what we

22   provided in Arizona.

23   In order to correct this, the process is very

24   similar to the process that TNS went through, and that's

25   TNS as being the data provider for the HAI geographic

1   data, that they went through a process with their

2   commercial databases with the Metromail where they got

3   residential customer addresses and the Dunn & Bradstreet

4   data where they got business addresses, where they

5   looked at those locations that they got from those two

6   databases and compared them to census block information.

7   They put those addresses in census blocks and compared

8   them to the towns of the census blocks that were

9   available at the time.

10   So a similar process would need to be run

11   with the Qwest data given that we only have 64% that we

12   can count on as the actual service locations, where we

13   would need to take these addresses and go assign them,

14   determine the block to the best of our ability from that

15   and any geographic information service provider to do

16   this kind of work. And --

17   JUDGE MACE: So let me just interrupt for a

18   moment if I may. What you're saying then is that if

19   Qwest were required to provide the Arizona type

20   information for Washington, which may be accurate only

21   64% of the time, then AT&T could submit this information

22   to TNS and have them sort through it to then insert into

23   their model?

24   MR. COPELAND: Yes, that would be -- they

25   would be able to do that. They did not do that step in

1   Arizona. They just took the step where they geocoded

2   the raw addresses out of our data and placed that in the

3   model, but the more accurate way would be to compare

4   those address locations to the census block data and

5   make sure there's at least as many households in the

6   block as the census stated. And so they could take the

7   higher of the two, the block or the Qwest data, as they

8   did with the Metromail data when they went through and

9   created their geographic database initially. So that's

10   essentially the process that would need to be run to

11   scrub the data to provide the most accurate data that

12   you can get.

13   JUDGE MACE: Let me turn to AT&T then. Let

14   me ask AT&T, if they received information from Qwest

15   similar to the Arizona information, would AT&T then

16   submit that to TNS for this type of correction of the

17   data?

18   MS. STEELE: I'm going to answer that and

19   then turn to Mr. Denney, who may be closer to the

20   situation, and my answer unfortunately is I don't know.

21   We would have to talk to TNS to find out how much this

22   would cost, because frankly it's a time consuming and

23   expensive process. It's already going to be in the tens

24   of thousands without that step, so I know it was about

25   $40,000 in Arizona without the scrubbing step, so we

 1   would have to evaluate that.

 2   Doug, do you have anything else to add?

 3   MR. DENNEY: We certainly can look at the

 4   data for, you know, try to determine if there is

 5   anomalies in the data, you know, that type of thing. I

 6   would actually have to talk to TNS, you know, to say

 7   exactly what, you know, what every detail of the process

 8   that they go through is.

 9   Mark, do you have any more detail than that?

10   MR. BRYANT: Not really, no, I agree with you

11   on that. It's a function of what would be required.

12   JUDGE MACE: All right, here's another

13   question, may be posed to both parties, but -- well, let

14   me ask you this, let's ask AT&T. If this information

15   that Qwest would provide was different from the Verizon

16   information, wouldn't that create a problem of

17   inconsistency of accuracy of information or format of

18   information that would make it difficult to have a good

19   record in the proceeding?

20   MS. STEELE: Meaning if we used the Verizon

21   information that came from Verizon and used the

22   commercial data for Qwest; is that --

23   JUDGE MACE: Either that or would AT&T's,

24   pardon me, Qwest's Arizona type information be different

25   than what Verizon has provided?

1   MS. STEELE: At this point I don't think

2   there are significant differences. It's really a case

3   of how accurate is the data. We think that what has

4   been filed today is pretty darn accurate, but --

5   JUDGE MACE: By Verizon?

6   MS. STEELE: Well, why don't I step back and

7   talk about the Verizon data, because I do want to

8   correct something that Mr. Sherr said, and then we can

9   segue into a direct response to the question.

10   Verizon, one week before the direct filing

11   deadline, we got the customer location information from

12   Verizon. We did not receive it in time to use it within

13   the filing, because it takes a substantial processing

14   time, it would have taken several weeks. So the filing

15   today, the HAI model as filed with the direct testimony,

16   uses for both Verizon and Qwest the commercial databases

17   rather than the Verizon data, so today we have no

18   anomaly.

19   But if we were to receive actual Qwest

20   customer location information, the intent would be to

21   run both Verizon and Qwest, so again we would have

22   available -- essentially in the record you would have

23   both at that point. You would have the commercial

24   information, and you would have the information from the

25   companies, and an evaluation could be done at that point

1   as to what the most accurate numbers are.

2   JUDGE MACE: Did you want to add anything to

3   that, Mr. Sherr?

4   MR. SHERR: The only thing I wanted to

5   respond to was to AT&T's answer that it doesn't know

6   whether it would run it through the scrubbing process.

7   I mean that again goes to Qwest's concern and fear,

8   which is that AT&T is going to take the raw information,

9   which we are representing is not accurate for these

10   purposes, and it's simply going to -- it's simply going

11   to have TNS plug it in in its current form. It's going

12   to make the cost benefit decision that it's not worth

13   the expense, and it's simply going to plug it in.

14   Without a commitment that AT&T is going to expend the

15   resources and the effort to make sure it's clean, it's

16   not relevant, nor is it likely to lead to relevant

17   information. It's likely to lead to inaccurate

18   information.

19   MS. TENNYSON: Your Honor, if I might provide

20   an additional point of view on the part of Staff, what

21   Staff hears, what I'm hearing Qwest say at this point is

22   it doesn't want to provide the information because it

23   might not -- because AT&T might not use it in a way

24   Qwest thinks is the best way or might not correct it in

25   a way Qwest thinks it should be corrected. I would

1   submit that is not a proper reason for denial or refusal

2   to provide information in discovery. That is, as

3   Ms. Steele has argued, that goes to the weight of the

4   evidence and is a question of judgment and review for

5   the trier of fact. It is not a reason for not providing

6   information in response to a discovery request.

7   JUDGE MACE: Thank you, I would like to turn

8   to another question, thank you, I appreciate that

9   comment.

10   Mr. Sherr, you indicate or Qwest indicates

11   that the Arizona type information would only be 64%

12   accurate, whatever that actually means, but 64%

13   accurate, and that then it would have to go through some

14   type of a scrubbing process. Do you have an idea of

15   what level of accuracy you have after the scrubbing

16   process?

17   MR. SHERR: Mr. Copeland.

18   MR. COPELAND: It definitely wouldn't be

19   100%, because you would be using census data to help

20   ensure and improve the accuracy. It would -- I would

21   just be taking a guess that it would probably be in the

22   80% level and that there's no way you can get 100%, but

23   you would be improving it just because you would be

24   checking it against the census data at the census block

25   level, which is after the 2000 census, which would be --

1   JUDGE MACE: You have to speak up, because

2   the reporter is making a record, and she can't hear you.

3   MR. COPELAND: Okay, I'm sorry. I'm just

4   taking a very rough guess that it would be in the 80%

5   level of accuracy based on the use of census data and

6   the fact that that data would only be three years old at

7   the time. There still will be some addresses that can't

8   be properly geocoded, but someplace in the, you know,

9   80% to 90% area would probably be the area of accuracy

10 if you did this, but that's just a very rough estimate

11 off the top of my head.

12   JUDGE MACE: Do you have any figures about

13 how accurate the data Verizon provided is?

14   MR. COPELAND: I have never seen the Verizon

15 data, so I have no idea.

16   JUDGE MACE: Mr. Richardson.

17   MR. RICHARDSON: Yes, Your Honor, I can speak

18 to the Verizon data, and also I'm checking this, because

19 my understanding is that we provided a CD to AT&T on May

20 22nd, and frankly we're quite surprised that the model

21 that was filed didn't use any of the data that was

22 requested. I'm a little puzzled, and I'm checking that

23 right now.

24   But the data that we used in our model was

25 other data, not this particular data. It was locations

1   of serving terminals which were used as proxies for

2   customer locations. They're within the drop length of

3   the customer. We did not use the data provided on

4   customer addresses for all of the reasons that Qwest has

5   identified, having to do with the fact that, one, it

6   doesn't identify nearly as many customer addresses, and

7   two, the data suffers from some of the unreliability

8   problems that have been discussed.

9   So I want to underscore the timeliness point

10   that Qwest has made. We provided that data really

11   without any prompting to AT&T who had asked for it many

12   months earlier, and it did take a while for us to

13   collect the data, and it apparently -- to say we have a

14   disagreement here, and I'm trying to check this, but my

15   records are that the CD was provided on May 22nd.

16   JUDGE MACE: Mr. Richardson, I know that it's

17   probably impossible -- well, strike that, it may not be

18   impossible. I appreciate your comments about the data

19   that Verizon used in its model as opposed to the data

20   that was submitted pursuant to the discovery request.

21   I'm wondering if you can give any estimate of the

22   accuracy of either of those sets of data.

23   MR. RICHARDSON: Let me have Mr. Kreeger

24   address that, because he's more familiar with the

25   details, Your Honor.

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         1   MR. KREEGER: Your Honor, I don't have the

         2   exact percentage of customers from which the Verizon

         3   data had addresses, but my understanding based on

         4   Verizon's experience in other jurisdictions is that it's

         5   about on the -- it's roughly comparable to the

         6   percentage that Qwest was discussing. The 64% number

         7   that Qwest discussed is comparable to the numbers that

         8   we have seen in other jurisdictions.

         9   JUDGE MACE: Would you apply that 64%

        10   accuracy figure to the data that Verizon used in its

        11   cost model?

        12   MR. KREEGER: No, the data that Verizon used

        13   in its cost model locates a much higher percentage of

        14   the customers, because by relying on the serving

        15   terminal location instead of the individual customer

        16   location, if you have, for example, six or seven

        17   customers or more or, you know, four or five customers

        18   that are served by the same terminal, you don't need to

        19   have the exact address and latitude and longitude for

        20   each one of those customers, because you now have the

        21   address for the -- you have the location for the

        22   terminal.

        23   The other benefit of using the terminal

        24   location data is that you can take the terminal

        25   locations out of the assignment systems that Verizon has

1   and match that up with other records from other

2   engineering systems and get more precise locations for

3   the terminals than you could otherwise get with just the

4   assignment data. That is a process that you can't do

5   with customer addresses, because the engineering systems

6   don't have the data about the actual customer addresses

7   the way they do about the terminal location.

8   JUDGE MACE: Thank you.

9   I would like to turn back to Qwest for a

10 moment. We have talked about the 64% accuracy figure

11 quite a bit, and I haven't tried to identify what you

12 think the accuracy of the data you're actually using in

13 your model is. AT&T has pointed out in argument that

14 there are some problems with that data. Do you agree

15 that there are some problems with the FCC universal

16 service data?

17   MR. SHERR: Again, let me defer to

18 Mr. Copeland or Mr. Smith on that.

19   MR. COPELAND: This is Peter Copeland, and

20 the FCC felt that the fact that interested parties

21 really can't access and determine the accuracy of the

22 commercially available data easily and thoroughly makes

23 the growth surrogate data that's in the census's model

24 that the FCC uses the best choice, and that's why they

25 felt it's the most reliable choice. They felt that

1   associating customers with the distribution of roads was

2   very likely to correlate with actual customer locations.

3   So we feel that is overall the best data to utilize,

4   because you can see it, and you can actually, you know,

5   have some confidence that it's, you know, it's being

6   used for other purposes, regulatory purposes.

7   JUDGE MACE: Ms. Singer Nelson.

8   MS. SINGER NELSON: Yes, Judge.

9   JUDGE MACE: Do you have anything, any

10 comments to make with regard to this motion?

11   MS. SINGER NELSON: I would just say that MCI

12 joins in all of AT&T's arguments, and I would support

13 everything that Ms. Steele has said as well as

14 Mr. Denney. I don't have anything to add of substance.

15   JUDGE MACE: Thank you.

16   Mr. Ahlers.

17   MR. AHLERS: I have nothing further.

18   JUDGE MACE: Thank you.

19   MR. COPELAND: Your Honor.

20   JUDGE MACE: Who is this?

21   MR. COPELAND: This is Peter Copeland.

22   JUDGE MACE: Yes, Mr. Copeland.

23   MR. COPELAND: Did you want me to continue

24 with answers to questions 4 and 5?

25   JUDGE MACE: Yes.

1   MR. COPELAND: We have, in answer to question

2   4, two states where our loop rates do have a distance

3   based deaveraging, and those states are Wyoming and

4   Montana. And these are based on retail zones that have

5   existed for a number of years, and I went back and

6   talked to some of the local people, and they even

7   predate their earliest knowledge, which is 1985, on

8   those zones. The zones are actually based on maps that

9   were hand drawn along a section of township line and

10   range in township lines to create the zone. Customer

11   locations that are in there, we now, you know, there's

12   we have a base of established addresses and zones marked

13   in our customer service records, so those can be

14   accessed mechanically now. And when new plant is

15   constructed, those, the range and township of the

16   location is provided to a group who compares against the

17   map, provides then the zone that that will be in input

18   into the customer records systems, and then that data

19   can be accessed for the unbundled network element zones

20   as well as the retail zones. So that is how that is

21   provided now. It would be a very difficult to integrate

22   this data, I'm not sure of a way to do it, into the HAI

23   model. I'm not sure of how to do that. AT&T, Doug

24   Denney might have an idea how that can be done, but

25   right now I don't know of a way to match the cluster

1   data in HAI with the construction of the zones as they

2   stand in actuality.

3   As far as number 5, the Qwest customer

4   location data, the raw address data that we have really

5   can not be used to modify loop lengths in HAI, because

6   the address data doesn't provide a loop length

7   associated with that address. You would have to get --

8   use a different database that would actually have the

9   cable records layout that would give you the length of

10 the cable going to, for a telephone number, to an

11 address, and that would be a sort of a separate

12 database, and that would be how the plant is currently

13 physically laid out to reach that customer, but that's

14 not a part of the database that has the customer

15 address.

16   JUDGE MACE: Thank you.

17   Anything else?

18   MR. COPELAND: Not from me.

19   JUDGE MACE: Does Staff have anything further

20 they want to add at this point?

21   MS. TENNYSON: Well, one query that we had

22 also, the statement that Qwest has made about the data

23 being 64% accurate was made on a 14 state basis, and I

24 believe the data requested in this data request and the

25 motion is Washington state specific data, and we haven't

1   heard anything about whether there is a difference in

2   the accuracy of the Washington data or if there's a way

3   to determine that.

4   JUDGE MACE: Mr. Sherr.

5   MR. SHERR: Mr. Copeland.

6   MR. COPELAND: Right now I do not have the

7   data to let me know if Washington would be different

8   from the 14 state average. I just don't have that. It

9   could be determined if we had to pull the data, because

10   we would know the number of times that the data came

11   from the engineering database. So we could -- if we

12   pulled it, we could determine the exact percentage at

13   that point.

14   JUDGE MACE: That's a very good segue into

15   the next question, which is, if the Commission required

16   Qwest to provide for Washington the Arizona type of data

17   plus the information about specific services, what

18   length of time are we talking about?

19   MR. COPELAND: If we didn't have to do the

20   piece on the specific services, we could pull the data

21   within 20 days. I would have to check on what

22   additional programming would be necessary to see what

23   that would take, if that would lengthen the time to pull

24   that raw data. I'm not sure at this point. I would

25   have to talk to a programmer who would be doing the data

1   extract.

2   JUDGE MACE: And how long would it take you

3   to determine that?

4   MR. COPELAND: If I could reach him today, I

5   could have an answer today.

6   JUDGE MACE: I would like to have that answer

7   provided to me if you would.

8   MR. SHERR: Okay.

9   JUDGE MACE: Let me ask if there is anything

10 further on behalf of AT&T.

11   MS. STEELE: I have nothing further.

12   JUDGE MACE: Anything further on behalf of

13 Qwest?

14   MR. SHERR: Nothing, thank you.

15   JUDGE MACE: Does any other party have any

16 other comment they want to make about this motion at

17 this point?

18   All right, if not, then I thank you very much

19 for your kind attention and for the good arguments of

20 counsel, and we are adjourned.

21   (Hearing adjourned at 10:25 a.m.)

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